

# Q4

**arjo**  
EMPOWERING MOVEMENT

YEAR-END REPORT  
JANUARY–DECEMBER 2023

## A solid 2023

### October–December 2023 in brief

- Net sales increased to SEK 2,879 M (2,686). Net sales grew organically by 4.9%.
- Adjusted EBITDA increased 27.6% to SEK 614 M (481).
- Adjusted operating profit increased 52.4% to SEK 342 M (224).
- Profit after financial items increased to SEK 242 M (133).
- Earnings per share rose to SEK 0.67 (0.37).
- Cash flow from operations rose to SEK 734 M (425), corresponding to a cash conversion of 124.6% (99.4).
- A dividend per share of SEK 0.90 (0.85) is proposed, corresponding to approximately SEK 245 M.

### Outlook 2024

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

"We are ending 2023 with healthy growth, significantly improved earnings and strong operating cash flow. During the year considerable focus was put on profitable growth in a market characterized by stabilization and recovery. We are now continuing our efforts to further strengthen our positions during 2024 and beyond."

JOACIM LINDOFF  
PRESIDENT & CEO

### Financial summary

SEK M	Quarter 4 2023	Quarter 4 2022	Full-year 2023	Full-year 2022
Net sales	2,879	2,686	10,980	9,979
Gross profit <sup>1, 2)</sup>	1,304	1,109	4,735	4,183
Gross margin, % <sup>1, 2)</sup>	45.3	41.3	43.1	41.9
Adjusted EBITA <sup>1, 3)</sup>	415	296	1,244	1,047
Adjusted EBITA margin, % <sup>1, 3)</sup>	14.4	11.0	11.3	10.5
Adjusted EBITDA <sup>1, 3)</sup>	614	481	2,017	1,752
Adjusted EBITDA margin, % <sup>1, 3)</sup>	21.3	17.9	18.4	17.6
Operating profit (EBIT) <sup>1)</sup>	317	170	884	693
Adjusted operating profit (EBIT) <sup>1, 3)</sup>	342	224	957	768
Profit after financial items <sup>1)</sup>	242	133	640	599
Net profit for the period <sup>1)</sup>	181	100	480	449
Number of shares, thousands	272,370	272,370	272,370	272,370
Earnings per share, SEK <sup>1)</sup>	0.67	0.37	1.76	1.65
Cash flow from operations <sup>1)</sup>	734	425	2,061	827
Cash conversion, % <sup>1)</sup>	124.6	99.4	105.9	49.2

1. A changed model for eliminating intra-Group gains was implemented in the fourth quarter, which had a marginally positive impact on Arjo's income statement and earnings per share. Comparative figures for 2022 have been restated, refer to Note 11 Restatement regarding calculations of intra-Group gains on page 19 and Financial data per quarter on page 18.

2. Comparative figures for 2022 have been adjusted based on a reclassification from other operating expenses of SEK +31 M to cost of goods sold of SEK -31 M. Of this adjustment, SEK 13 M is attributable to the first quarter and SEK 18 M to the second quarter.

3. Before exceptional items. See Alternative performance measures on page 17 and Definitions on page 21.



# A strong finish to the year

With a strong fourth quarter, we are ending a year that was mainly dominated by continued stabilization and recovery following a turbulent 2022.

Growth for the quarter was healthy in most markets and the Group grew almost 5% organically. In North America, Canada grew more than 15% while the US continued its recovery with yet another quarter of growth. The conditions in this important market are continuing to gradually improve, which is expected to carry on into 2024. Growth was also generally favorable in Global Sales, with a continuing positive trend in several of our larger markets.

Overall, we are seeing continued stabilization in both demand and the supply of materials, and we are entering the new year with stronger positions.

## Improved profitability

It is pleasing to see that the efforts to improve our long-term profitability are generating results. Key areas such as rental and service developed positively and we are continuously enhancing the efficiency of the operations.

The necessary price adjustments made during the year to offset inflation-related costs generated the expected effects during the quarter, which resulted in an improvement to the gross margin.

We maintained good cost control throughout the value chain and the adjusted operating profit improved by more than 50%.

## Cash flow exceeding SEK 2 billion

The organization has done a good job in its efforts related to working capital, for example, with inventory levels continuing to decline as planned. We can report operating cash flow of more than SEK 2 billion for the full-year and cash conversion exceeded our targets for both the quarter and the full-year. We are continuing to work actively to reduce our net debt over time, which combined with declining market interest rates means that we expect lower financial costs going forward.

Given the improved earnings and favorable outlook, a dividend of SEK 0.90 per share is proposed.

## Stable growth and favorable outlook

All in all, we are closing a year in which we continued our efforts related to efficiency improvements and profitable growth in the business, which is well in line with our strategy. Healthcare providers struggled with staff shortages and other short-term challenges in 2023, which has held back customer investments in outcome-based solutions in both patient

## Strong operating cash flow

# >2 bnSEK

Operating cash flow for the full-year amounted to SEK 2,061 M

handling and pressure injury prevention. For this reason, the progress of these two areas during the year was slower than desired, yet we believe that market conditions will gradually improve in 2024.

Considering the aging and growing global population and healthcare's challenges when it comes to delivering more care using fewer resources, we see many opportunities to continue Arjo's profitable growth journey over time. The strength of our strategy is that we can effectively meet the needs of healthcare here and now, while at the same time we are ready to gear up to apply a more outcome-based approach to healthcare's challenges as the market increasingly normalizes.

Finally, I would like to thank the Arjo organization for their hard work in 2023. We have navigated challenges and also focused our efforts on strengthening the operations for the long term. We are now looking ahead to continue this work in 2024.

JOACIM LINDOFF  
PRESIDENT & CEO

# Group performance

## Net sales per segment

SEK M	Quarter 4 2023	Quarter 4 2022	Organic change	Full-year 2023	Full-year 2022	Organic change
Global Sales	1,696	1,572	4.0%	6,352	5,753	4.3%
North America	1,096	1,022	7.7%	4,219	3,864	5.1%
Other	91	94	-7.4%	424	372	7.6%
Eliminations	-3	-2	—	-15	-9	—
<b>Total</b>	<b>2,879</b>	<b>2,686</b>	<b>4.9%</b>	<b>10,980</b>	<b>9,979</b>	<b>4.7%</b>

## Net sales and results

### Fourth quarter 2023

Net sales for the quarter amounted to SEK 2,879 M (2,686), corresponding to an organic growth of 4.9%.

In North America, net sales grew 7.7% organically with Canada contributing with yet another strong quarter. The positive trend in the US continued, with a solid performance in service and rental. Challenging market conditions continued to hold back sales in both patient handling equipment and pressure injury prevention solutions, even though both categories grew slightly year-on-year.

Global Sales grew 4.0% organically with a continuing healthy trend in service and rental. Western European markets such as the Netherlands, Italy and Ireland performed well during the quarter, while Germany and the UK fell back slightly. In the Rest of the World, volumes were solid in both sales of capital goods and rental and service, and markets such as Australia, Africa and India all made a positive contribution to the performance for the quarter.

The gross margin increased to 45.3% (41.3). Implemented price adjustments and continuing efficiency improvements to the operations generated the desired effects and partly offset the effects of inflation. Material and transportation costs continued to stabilize during the quarter.

Operating expenses developed according to plan and cost control throughout the value chain remained good. Most of the increase was attributable to higher salary costs caused by inflationary pressure, high IT expenses related to licenses and IT security measures, and a high activity level in both product development and in the sales organization.

Exceptional items amounted to SEK 25 M for the quarter and mainly referred to planned restructuring activities related to, for example, the sales organization in the US and Europe.

Adjusted EBITDA increased to SEK 614 M (481). The adjusted EBITDA margin increased to 21.3% (17.9).

Net financial items for the quarter amounted to SEK -74 M (-37). Net interest improved during the quarter but was offset by negative currency effects of SEK -17 M (7) due to the stronger SEK.

### January-December 2023

Net sales increased organically during the year by 4.7% to SEK 10,980 M (9,979).

In North America, growth increased 5.1% organically, with solid demand in both service and rental operations. The favorable performance in Canada continued during the year with double-digit growth. The year started on a weaker note in the US, with for example lower critical care rental volumes. The trend in the remaining quarters was more positive, with growth reported despite challenging market conditions.

Global Sales grew 4.3% organically during the year with healthy demand in service and the rental operations. The sales trend was solid in many Western European markets, such as France, which surpassed the UK during the year to become the Group's second largest market. In the Rest of the World, sales of capital goods performed positively and many markets, such as Australia, India, Africa and Singapore, reported a healthy sales trend.

The gross margin was 43.1% (41.9) for the full-year, with positive effects from implemented price adjustments and internal efficiency improvements. An unfavorable product mix with lower volumes in patient handling in the US and higher costs for materials and salaries held back the gross margin trend to a certain extent during the year.

Operating expenses for the year amounted to SEK 3,774 M (3,413).

Adjusted EBITDA rose to SEK 2,017 M (1,752). The adjusted EBITDA margin was 18.4% (17.6).

Net financial items amounted to SEK -243 M (-94) for the period. Negative currency effects in net financial items amounted to SEK -4 M (25) for the period.

## Currency effect

SEK M	Quarter 4 2023	Jan-Dec 2023
<b>Translation effect (vs 2022)</b>		
Sales	+60	+531
Cost of goods sold	-37	-359
Gross profit	+23	+172
Operating expenses	-16	-158
Restructuring and other operating income/expenses	+0	-2
<b>Total translation effect, EBIT</b>	<b>+7</b>	<b>+12</b>
<b>Transaction effect (vs 2022)</b>		
<b>Cost of goods sold</b>	<b>+7</b>	<b>+61</b>
<b>Recognized remeasurement effects</b>		
Other operating income/expenses	-20	-16

Translation effects for the quarter amounted to SEK +7 M and transaction effects to SEK +7 M. In addition, the recognized revaluation effects of operating receivables and liabilities amounted to SEK -20 M for the quarter.

## Cash flow and financial position

Cash flow from operations amounted to SEK 734 M (425) for the quarter. The improved cash flow was mainly the result of improved operating profit of SEK 317 M (170) and a decline in working capital of SEK -214 M (-113). Inventory build-up declined for the fifth consecutive quarter, generating a positive effect of SEK 83 M (184), with liabilities also contributing to the improvement. The improved cash flow meant that the Group's cash conversion increased year-on-year and amounted to 124.6% (99.4) for the quarter.

Cash flow from operations for the full-year amounted to SEK 2,061 M (827). This was mainly due to working capital declining by SEK -524 M during the year, when it had increased by SEK +509 M last year. Cash conversion for the full-year was 105.9% (49.2), which is above the Group's target of 80%.

Net investments for the quarter amounted to SEK 177 M (231), divided between tangible assets of SEK 100 M (153) and intangible assets of SEK 77 M (78). The investments in tangible assets include investments in the rental fleet of SEK 76 M (113).

The Group's cash and cash equivalents amounted to SEK 923 M (949) and interest-bearing net debt was SEK 4,320 M (5,044). Arjo has contracted unutilized credit facilities of SEK 4,328 M (3,891) available for refinancing outstanding commercial paper. The equity/assets ratio amounted to 49.0% (46.6). Net debt/adjusted EBITDA declined to 2.3% (2.7).

## Research and development

Arjo's gross research and development costs for the quarter amounted to SEK 83 M (65), of which SEK 42 M (25) was charged to operating profit. The gross costs correspond to 2.9% (2.4) of consolidated net sales.

## Outlook 2024

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

## 2024 Annual General Meeting

Arjo's Annual General Meeting will be held on April 18, 2024 in Malmö, Sweden. Shareholders wishing to have a matter addressed at the Annual General Meeting on April 18, 2024 can submit their proposal to Arjo's Chairman of the Board by e-mail: [agm@arjo.com](mailto: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 not later than February 29, 2024.

Ahead of the 2024 Annual General Meeting, Arjo's Nomination Committee comprised Chairman Carl Bennet (Carl Bennet AB), Jannis Kitsakis (Fourth Swedish National Pension Fund), Anna Magnusson (First Swedish National Pension Fund), as well as Chairman of the Board Johan Malmquist.

## Dividend

Arjo's Board of Directors and CEO propose a dividend for 2023 of SEK 0.90 per share (0.85). The total dividend thus amounts to SEK 245 M (232). The Board's proposed record date is April 22, 2024. Euroclear expects to distribute the dividend to shareholders from April 25, 2024.





## Other events during the quarter

### Major rental tender in France

During the quarter, Arjo won a major rental tender with the French public procurement organization UGAP. The renewed contract covers more than 900 customers, representing a total annual tender value of around EUR 25 M over five years, starting in 2024.

Arjo is the incumbent tender provider – a position held by the company over the last ten years.

### MDR and UKCA certification

In December, Arjo received its final Medical Device Regulation (MDR) and United Kingdom Conformity Assessed (UKCA) certificates for the EU and the UK respectively. This is well within the set deadline and is in line with Arjo's promise to provide safe and high-quality products in all aspects. These certificates replace the current Medical Device Directive (MDD) and the certification process is so extensive that the original EU deadline was moved from 2024 to 2027/28.

The completed certifications ensure that Arjo products can continue to be sold to European and UK customers with a valid CE or UKCA mark.

### Improved ESG risk rating

During the quarter, Arjo's environmental, social and governance (ESG) rating was raised by analyst firm Sustainalytics. This was the result of a significant improvement in the ESG risk rating, meaning that Arjo ranks among the ten best performing companies in the ESG ranking in terms of listed, ranked medical device companies.

Sustainalytics, which plays an important role in ESG analyses for the finance market, rates companies based on their exposure to industry-specific, material ESG risks and how well the company handles them. Arjo works continuously to integrate sustainability into its day-to-day operations and increase the transparency of its sustainability data.

Arjo also received a rating of AA from analyst and rating firm Morgan Stanley Capital International (MSCI).

# 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 subsuppliers. 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 reputation 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.

Clear instructions are in place within the Group for how to prevent, investigate and manage potential infringements. 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 Russian invasion of Ukraine until future notice. This is in line with the sanctions imposed on Russia by other countries. Arjo is carefully monitoring market developments given the turbulent economic situation following the start of the invasion.

Due to the escalating violence in Israel and Gaza in October 2023, the Group is also monitoring developments in the Middle East.

Arjo is also closely monitoring the global inflation trend.

### 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.

Due to the escalated conflict in the Middle East, with the Strait of Hormuz having become another area of conflict, Arjo is closely monitoring developments to avoid any negative impact in its value chain.

### 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 the company management and the Board, and works continuously on improving the company's sustainability activities and minimizing 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 implementing and delegated 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, EU MDR and UK MDR.

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

### 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 its surrounding infrastructure and thus is exposed to the risk of cyber attacks and other forms of intrusion 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 10.

### 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 30, 2024

**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 2023	Quarter 4 2022 <sup>1)</sup>	Full-year 2023	Full-year 2022 <sup>1, 2)</sup>
Net sales	2	2,879	2,686	10,980	9,979
Cost of goods sold <sup>1, 2)</sup>	11	-1,575	-1,577	-6,244	-5,797
<b>Gross profit<sup>1, 2)</sup></b>	<b>11</b>	<b>1,304</b>	<b>1,109</b>	<b>4,735</b>	<b>4,183</b>
Selling expenses		-533	-513	-2,163	-1,969
Administrative expenses		-365	-346	-1,462	-1,329
Research and development costs	4	-42	-25	-149	-115
Exceptional items	5	-25	-55	-73	-74
Other operating income and expenses <sup>2)</sup>		-20	2	7	8
Income from participations in associated companies		-3	-3	-11	-10
<b>Operating profit (EBIT)<sup>1)</sup></b>	<b>3, 11</b>	<b>317</b>	<b>170</b>	<b>884</b>	<b>693</b>
Net financial items		-74	-37	-243	-94
<b>Profit after financial items<sup>1)</sup></b>	<b>11</b>	<b>242</b>	<b>133</b>	<b>640</b>	<b>599</b>
Taxes <sup>1)</sup>	11	-61	-32	-160	-151
<b>Net Profit for the period<sup>1)</sup></b>	<b>11</b>	<b>181</b>	<b>100</b>	<b>480</b>	<b>449</b>
<b>Attributable to:</b>					
Parent Company shareholders <sup>1)</sup>	11	181	100	480	449
Number of shares, thousands		272,370	272,370	272,370	272,370
Earnings per share, SEK <sup>1, 3)</sup>	11	0.67	0.37	1.76	1.65

1. Comparative figures for 2022 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

2. Comparative figures for 2022 have been adjusted based on a reclassification from other operating expenses of SEK +31 M to cost of goods sold of SEK -31 M.

3. Before and after dilution. For definition, see page 21.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Note	Quarter 4 2023	Quarter 4 2022 <sup>1)</sup>	Full-year 2023	Full-year 2022 <sup>1)</sup>
<b>Net profit for the period<sup>1)</sup></b>	<b>11</b>	<b>181</b>	<b>100</b>	<b>480</b>	<b>449</b>
<b>Other comprehensive income</b>					
<b>Items that cannot be restated in profit</b>					
Actuarial gains/losses pertaining to defined-benefit pension plans		3	-15	-32	-34
Tax attributable to items that cannot be restated in profit		-19	5	-10	10
<b>Items that can later be restated in profit</b>					
Translation differences <sup>1)</sup>	11	-404	-165	-63	733
Hedges of net investments		56	-29	4	-112
Tax attributable to items that can be restated in profit		17	19	2	-15
<b>Other comprehensive income for the period, net after tax<sup>1)</sup></b>	<b>11</b>	<b>-347</b>	<b>-185</b>	<b>-99</b>	<b>582</b>
<b>Total comprehensive income for the period<sup>1)</sup></b>	<b>11</b>	<b>-165</b>	<b>-85</b>	<b>382</b>	<b>1,030</b>
<b>Comprehensive income attributable to:</b>					
Parent Company shareholders <sup>1)</sup>	11	-165	-85	382	1,030

1. Comparative figures for 2022 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

## CONSOLIDATED BALANCE SHEET

SEK M	Note	31 Dec 2023	Dec 31, 2022 Restated <sup>1)</sup>	Jan 1, 2022 Restated <sup>1)</sup>
<b>Assets</b>				
Intangible assets		7,343	7,391	7,099
Tangible assets	11	1,669	1,710	1,375
Tangible lease assets		1,111	1,107	1,101
Financial assets	7, 11	763	765	712
Participations in associated companies		139	132	123
Inventories	11	1,301	1,504	1,225
Accounts receivables		1,632	1,708	1,542
Current financial receivables	7	14	21	25
Other current receivables		548	678	481
Cash and cash equivalents	7	923	949	757
<b>Total assets</b>	<b>11</b>	<b>15,444</b>	<b>15,966</b>	<b>14,440</b>
<b>Shareholders' equity and liabilities</b>				
Shareholders' equity	11	7,582	7,432	6,714
Non-current financial liabilities	7	2,391	2,823	118
Non-current lease liabilities	7	796	809	830
Provisions for pensions, interest-bearing	7	31	29	32
Other provisions	11	305	319	313
Current financial liabilities	7	1,934	2,322	4,177
Current lease liabilities	7	365	359	328
Accounts payables		612	587	614
Other non-interest-bearing liabilities		1,427	1,286	1,314
<b>Total shareholders' equity and liabilities</b>	<b>11</b>	<b>15,444</b>	<b>15,966</b>	<b>14,440</b>

1. Comparative figures for 2022 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

## CHANGES IN SHAREHOLDERS' EQUITY FOR THE GROUP

SEK M	Share Capital	Reserves	Retained earnings	Total share- holders' equity <sup>1)</sup>
<b>Opening balance at January 1, 2022</b>	<b>91</b>	<b>766</b>	<b>6,028</b>	<b>6,885</b>
Restatement internal profit (after tax) <sup>2)</sup>	-	-	-170	-170
<b>Adjusted opening balance at January 1, 2022<sup>2)</sup></b>	<b>91</b>	<b>766</b>	<b>5,858</b>	<b>6,714</b>
Total comprehensive income for the period <sup>2)</sup>	-	606	424	1,030
Dividend	-	-	-313	-313
<b>Closing balance at December 31, 2022<sup>2)</sup></b>	<b>91</b>	<b>1,372</b>	<b>5,969</b>	<b>7,432</b>
<b>Opening balance at January 1, 2023<sup>2)</sup></b>	<b>91</b>	<b>1,372</b>	<b>5,969</b>	<b>7,432</b>
Total comprehensive income for the period	-	-57	438	382
Dividend	-	-	-232	-232
<b>Closing balance at December 31, 2023</b>	<b>91</b>	<b>1,315</b>	<b>6,176</b>	<b>7,582</b>

1. Fully attributable to Parent Company shareholders.

2. Comparative figures for 2022 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

## CONSOLIDATED CASH-FLOW STATEMENT

SEK M	Note	Quarter 4 2023	Quarter 4 2022 <sup>1)</sup>	Full-year 2023	Full-year 2022 <sup>1)</sup>
<b>Operating activities</b>					
Operating profit (EBIT) <sup>1)</sup>	11	317	170	884	693
Add-back of amortization, depreciation and write-down <sup>1)</sup>	3, 11	272	258	1,062	985
Other non-cash items <sup>1)</sup>	11	-8	-25	-22	-9
Expensed exceptional items <sup>2)</sup>		25	54	70	72
Paid exceptional items		-20	-54	-60	-78
Financial items		-55	-61	-230	-94
Taxes paid		-12	-29	-166	-233
<b>Cash flow before changes to working capital<sup>1)</sup></b>	<b>11</b>	<b>519</b>	<b>311</b>	<b>1,536</b>	<b>1,336</b>
<b>Changes in working capital</b>					
Inventories <sup>1)</sup>	11	83	184	192	-164
Current receivables		6	39	130	-76
Current liabilities		126	-110	203	-270
<b>Cash flow from operations<sup>1)</sup></b>	<b>11</b>	<b>734</b>	<b>425</b>	<b>2,061</b>	<b>827</b>
<b>Investing activities</b>					
Acquisitions of participations in associated companies <sup>3)</sup>		-	-	-24	-
Acquired financial assets		-	-	-10	-21
Net investments <sup>1)</sup>	11	-177	-231	-604	-791
<b>Cash flow from investing activities<sup>1)</sup></b>	<b>11</b>	<b>-177</b>	<b>-231</b>	<b>-637</b>	<b>-813</b>
<b>Financing activities</b>					
Raising of loans		7,930	6,586	23,730	24,328
Repayment of financial liabilities		-7,915	-6,513	-24,618	-23,747
Repayment of lease liabilities		-105	-97	-412	-377
Change in pension assets/liabilities		3	7	-3	1
Change in interest-bearing receivables		7	11	22	4
Dividend		-	-	-232	-313
Realized derivatives attributable to financing activities		-106	70	86	241
<b>Cash flow from financing activities</b>		<b>-186</b>	<b>63</b>	<b>-1,427</b>	<b>136</b>
<b>Cash flow for the period</b>		<b>371</b>	<b>256</b>	<b>-4</b>	<b>150</b>
Cash and cash equivalents at the beginning of the period		567	736	949	757
Translation differences		-14	-42	-22	42
<b>Cash and cash equivalents at the end of the period</b>		<b>923</b>	<b>949</b>	<b>923</b>	<b>949</b>

1. Comparative figures for 2022 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

2. Excluding write-down of non-current assets.

3. Capital contribution to the associated company BBI.



## 1 Accounting policies

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the applicable rules of 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 2022 Annual Report, published on [www.arjo.com](http://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.

### Changed accounting policy

During the quarter, intra-Group gains in inventories and tangible assets in the rental operations were restated. This restatement took place retrospectively, which means that comparative figures for 2022, including opening balances, have been restated. The restatement is recognized as a correction of an error in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. For further information, refer to Note 11.

### New accounting standards

No new or changed accounting standards that came into effect on January 1, 2023 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.

## 2 Segment reporting

SEK M	Quarter 4 2023						Quarter 4 2022					
	Global sales	North America	Other	Group functions	Eliminations	Arjo Group	Global sales	North America	Other	Group functions	Eliminations	Arjo Group
Product sales	906	658	85	-	-3	1,645	858	618	91	-	-2	1,565
Service incl. spare parts	365	174	6	-	0	545	316	164	3	-	0	483
Rental	425	264	-	-	-	689	399	241	0	-	-	640
<b>Total net sales</b>	<b>1,696</b>	<b>1,096</b>	<b>91</b>	<b>-</b>	<b>-3</b>	<b>2,879</b>	<b>1,572</b>	<b>1,022</b>	<b>95</b>	<b>-</b>	<b>-2</b>	<b>2,686</b>
Operating profit/loss <sup>1)</sup>	415	231	8	-337	-	317	201	248	18	-297	-	170
Net financial items						-74						-37
<b>Profit after financial items<sup>1)</sup></b>						<b>242</b>						<b>133</b>
Taxes <sup>1)</sup>						-61						-32
<b>Net profit for the period<sup>1)</sup></b>						<b>181</b>						<b>100</b>

1. Quarter 1 2022 - quarter 3 2023 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

SEK M	Full-year 2023						Full-year 2022					
	Global sales	North America	Other	Group functions	Eliminations	Arjo Group	Global sales	North America	Other	Group functions	Eliminations	Arjo Group
Product sales	3,325	2,555	399	-	-15	6,264	3,095	2,364	357	-	-10	5,806
Service incl. spare parts	1,361	663	25	-	0	2,048	1,149	587	15	-	0	1,751
Rental	1,667	1,001	-	-	-	2,668	1,510	913	0	-	-	2,423
<b>Total net sales</b>	<b>6,352</b>	<b>4,219</b>	<b>424</b>	<b>-</b>	<b>-15</b>	<b>10,980</b>	<b>5,753</b>	<b>3,864</b>	<b>372</b>	<b>-</b>	<b>-10</b>	<b>9,979</b>
Operating profit/loss <sup>1)</sup>	1,143	896	50	-1,206	-	884	794	915	85	-1,100	-	693
Net financial items						-243						-94
<b>Profit after financial items<sup>1)</sup></b>						<b>640</b>						<b>599</b>
Taxes <sup>1)</sup>						-160						-151
<b>Net profit for the period<sup>1)</sup></b>						<b>480</b>						<b>449</b>

1. Quarter 1 2022 - quarter 3 2023 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

Arjo monitors the operations following the segments Global Sales, North America and Other, which is where Arjo's Diagnostics operations are recognized. 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. The division of segments and the method of measuring the segments' results is conducted in a similar way in this interim report as the 2022 Annual Report. Assets and liabilities are not divided by segment since no such amounts are regularly reported to the chief operating decision maker.

### 3 Depreciation/amortization and write-down

SEK M	Quarter 4 2023	Quarter 4 2022	Full-year 2023	Full-year 2022
Intangible assets	-73	-73	-287	-280
<i>Of which, attributable to acquisitions</i>	-22	-22	-88	-86
Tangible assets <sup>1)</sup>	-97	-88	-376	-334
Tangible lease assets	-102	-97	-399	-371
<b>Total<sup>1)</sup></b>	<b>-272</b>	<b>-258</b>	<b>-1,062</b>	<b>-985</b>
<i>Of which, write-down</i>	-1	-1	-3	-1

1. Quarter 1 2022 - quarter 3 2023 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

Depreciation/amortization and write-downs by function, SEK M	Quarter 4 2023	Quarter 4 2022	Full-year 2023	Full-year 2022
Cost of goods sold <sup>1)</sup>	-170	-155	-652	-599
Selling expenses	-41	-38	-168	-150
Administrative expenses	-58	-61	-229	-228
Research and development costs	-2	-2	-9	-7
Other operating expenses	-1	0	-1	0
Exceptional items	0	-1	-2	-1
<b>Total<sup>1)</sup></b>	<b>-272</b>	<b>-258</b>	<b>-1,062</b>	<b>-985</b>
<i>Of which, write-down</i>	-1	-1	-3	-1

1. Quarter 1 2022 - quarter 3 2023 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

### 4 Capitalized development costs

SEK M	Quarter 4 2023	Quarter 4 2022	Full-year 2023	Full-year 2022
Research and development costs, gross	-83	-65	-297	-244
Capitalized development costs	42	40	148	129
<b>Research and development costs, net</b>	<b>-42</b>	<b>-25</b>	<b>-149</b>	<b>-115</b>

## 5 Exceptional items

SEK M	Quarter 4 2023	Quarter 4 2022	Full-year 2023	Full-year 2022
Acquisition expenses	0	0	-2	-1
Damage claims and disputes	-	-17	-	-28
Restructuring costs	-25	-12	-72	-16
Other <sup>1)</sup>	-	-25	-	-30
<b>Total</b>	<b>-25</b>	<b>-55</b>	<b>-73</b>	<b>-74</b>

1. The amount for 2022 refers to SEK 25 M of the write-down of assets in the rental operations in France, while the remaining amount refers to support for Ukraine

Exceptional items by function, SEK M	Quarter 4 2023	Quarter 4 2022	Full-year 2023	Full-year 2022
Cost of goods sold	-4	-28	-18	-30
Selling expenses	-21	-3	-44	-3
Administrative expenses	0	-23	-11	-35
Other operating costs	-	-1	-	-6
<b>Total</b>	<b>-25</b>	<b>-55</b>	<b>-73</b>	<b>-74</b>

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

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

SEK M	Dec 31, 2023	Dec 31, 2022
Other current receivables	6	45
Other financial assets	129	119
<b>Total assets</b>	<b>135</b>	<b>163</b>
Other non-interest-bearing liabilities	39	26
Additional purchase consideration	-	57
<b>Total liabilities</b>	<b>39</b>	<b>83</b>

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's previous liability for additional purchase considerations related to acquisitions was at level 3 of the fair value hierarchy.

## 7 Consolidated interest-bearing net debt

SEK M	Dec 31, 2023	Dec 31, 2022
Non-current financial liabilities	2,391	2,823
Non-current lease liabilities	796	809
Current financial liabilities	1,934	2,265
Current lease liabilities	365	359
Provisions for pensions	31	29
<b>Interest-bearing liabilities</b>	<b>5,517</b>	<b>6,285</b>
Less financial receivables	-91	-87
Less pension assets	-183	-205
Less cash and cash equivalents	-923	-949
<b>Interest-bearing net debt</b>	<b>4,320</b>	<b>5,044</b>

## 8 Key figures for the Group

SEK M	Quarter 4 2023	Quarter 4 2022	Full-year 2023	Full-year 2022
<b>Sales measures</b>				
Net sales	2,879	2,686	10,980	9,979
Net sales growth, %	7.2	9.4	10.0	10.0
Organic growth in sales, %	4.9	-2.2	4.7	-0.2
<b>Expense measures</b>				
Selling expenses as a % of net sales	18.5	19.1	19.7	19.7
Administrative expenses as a % of net sales	12.7	12.9	13.3	13.3
Research and development costs gross as a % of net sales	2.9	2.4	2.7	2.4
<b>Earnings measures</b>				
Operating profit (EBIT) <sup>1)</sup>	317	170	884	693
Adjusted operating profit (EBIT) <sup>1, 2)</sup>	342	224	957	768
EBITA <sup>1)</sup>	390	242	1,170	973
Adjusted EBITA <sup>1, 2)</sup>	415	296	1,244	1,047
EBITDA <sup>1)</sup>	589	427	1,946	1,679
EBITDA growth, % <sup>1)</sup>	37.9	-2.3	15.9	-14.0
Adjusted EBITDA <sup>1, 2)</sup>	614	481	2,017	1,752
Earnings per share, SEK <sup>1)</sup>	0.67	0.37	1.76	1.65
<b>Margin measures</b>				
Gross margin, % <sup>1, 2)</sup>	45.3	41.3	43.1	41.9
Operating margin, % <sup>1)</sup>	11.0	6.3	8.0	6.9
Adjusted Operating margin, % <sup>1, 2)</sup>	11.9	8.4	8.7	7.7
EBITA margin, % <sup>1)</sup>	13.5	9.0	10.7	9.8
Adjusted EBITA margin, % <sup>1, 2)</sup>	14.4	11.0	11.3	10.5
EBITDA margin, % <sup>1)</sup>	20.5	15.9	17.7	16.8
Adjusted EBITDA margin, % <sup>1, 2)</sup>	21.3	17.9	18.4	17.6
<b>Cash flow and return measures</b>				
Return on shareholders' equity, % <sup>1, 4)</sup>			6.4	6.3
Cash Conversion, % <sup>1)</sup>	124.6	99.4	105.9	49.2
Operating Capital <sup>1)</sup>			12,500	12,133
Return on operating capital, % <sup>1, 4)</sup>			7.7	6.3
<b>Capital Structure</b>				
Interest-bearing net debt <sup>1)</sup>			4,320	5,044
Interest-coverage ratio, multiple <sup>1, 4)</sup>			3.7	6.8
Net debt/equity ratio, multiple <sup>1)</sup>			0.6	0.7
Net debt/adjusted EBITA, multiple <sup>1, 2, 4)</sup>			2.3	2.7
Equity/asset ratio, % <sup>1)</sup>			49.1	46.5
Equity per share, SEK <sup>1)</sup>			27.8	27.3
<b>Other</b>				
Number of shares			272,369,573	272,369,573
Number of employees, average			6,679	6,751

1. Quarter 1 2022 - quarter 3 2023 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

2. Before exceptional items. See Alternative performance measures on page 17 and definitions on page 21.

3. Comparative figures for 2022 have been adjusted based on a reclassification from other operating expenses of SEK +31 M to cost of goods sold of SEK -31 M.

4. Rolling 12 months.



## 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.

	Quarter 4 2023	Quarter 4 2022	Full-year 2023	Full-year 2022
<b>Adjusted EBIT/EBITA/EBITDA SEK M</b>				
Operating profit (EBIT) <sup>1)</sup>	317	170	884	693
Add-back of amortization and write-down of intangible assets	73	73	287	280
<b>EBITA<sup>1)</sup></b>	<b>390</b>	<b>242</b>	<b>1,170</b>	<b>973</b>
Add-back of depreciation and impairment of tangible assets <sup>1)</sup>	199	185	775	705
<b>EBITDA<sup>1)</sup></b>	<b>589</b>	<b>427</b>	<b>1,946</b>	<b>1,679</b>
Exceptional items <sup>2)</sup>	25	55	73	74
Add-back of write-down of exceptional items	0	-1	-2	-1
<b>Adjusted operating profit (EBIT)<sup>1)</sup></b>	<b>342</b>	<b>224</b>	<b>957</b>	<b>768</b>
<b>Adjusted EBITA<sup>1)</sup></b>	<b>415</b>	<b>296</b>	<b>1,244</b>	<b>1,047</b>
<b>Adjusted EBITDA<sup>1)</sup></b>	<b>614</b>	<b>481</b>	<b>2,017</b>	<b>1,752</b>
<b>Cash conversion</b>				
	Quarter 4 2023	Quarter 4 2022	Full-year 2023	Full-year 2022
<b>Cash flow from operations, SEK M<sup>1)</sup></b>	<b>734</b>	<b>425</b>	<b>2,061</b>	<b>827</b>
Operating profit (EBIT), SEK M <sup>1)</sup>	317	170	884	693
Add-back of amortization and write-down of intangible assets and tangible assets, SEK M <sup>1)</sup>	272	258	1,062	985
<b>EBITDA, SEK M<sup>1)</sup></b>	<b>589</b>	<b>427</b>	<b>1,946</b>	<b>1,679</b>
<b>Cash conversion, %<sup>1)</sup></b>	<b>124.6</b>	<b>99.4</b>	<b>105.9</b>	<b>49.2</b>
<b>Net deb/equity ratio</b>				
			Dec 31, 2023	Dec 31, 2022
Interest-bearing net debt, SEK M			4,320	5,044
Shareholder's equity, SEK M <sup>1)</sup>			7,582	7,432
<b>Net deb/equity ratio, multiple<sup>1)</sup></b>			<b>0.6</b>	<b>0.7</b>
<b>Calculation of return on operating capital</b>				
			Full-year 2023	Full-year 2022
Total assets opening balance, SEK M <sup>1)</sup>			15,966	14,440
Total assets closing balance, SEK M <sup>1)</sup>			15,444	15,966
<b>Average total assets, SEK M<sup>1)</sup></b>			<b>15,705</b>	<b>15,203</b>
Average total assets, SEK M <sup>1)</sup>			15,705	15,203
Excluding average cash and cash equivalents, SEK M			-936	-853
Excluding average and other provisions, SEK M <sup>1)</sup>			-312	-316
Excluding average other non-interest-bearing liabilities, SEK M			-1,956	-1,901
<b>Average operating capital, SEK M<sup>1)</sup></b>			<b>12,500</b>	<b>12,133</b>
Operating profit (EBIT), SEK M <sup>1, 3)</sup>			884	693
Add-back of exceptional items, SEK M <sup>3)</sup>			73	74
EBIT after add-back of exceptional items, SEK M <sup>1)</sup>			957	768
<b>Return on operation capital, %<sup>1)</sup></b>			<b>7.7</b>	<b>6.3</b>

1. Quarter 1 2022 - quarter 3 2023 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

2. Refer to Note 5 Exceptional items on page 15.

3. Rolling 12 months.

## 9 Financial data per quarter

SEK M	Quarter 1 2022	Quarter 2 2022	Quarter 3 2022	Quarter 4 2022	Quarter 1 2023	Quarter 2 2023	Quarter 3 2023	Quarter 4 2023
Net sales	2,370	2,404	2,519	2,686	2,638	2,686	2,777	2,879
Cost of goods sold <sup>1, 2)</sup>	-1,335	-1,394	-1,491	-1,577	-1,501	-1,540	-1,629	-1,575
<b>Gross profit<sup>1, 2)</sup></b>	<b>1,035</b>	<b>1,010</b>	<b>1,028</b>	<b>1,109</b>	<b>1,137</b>	<b>1,146</b>	<b>1,149</b>	<b>1,304</b>
Operating expenses	-807	-849	-872	-884	-912	-951	-971	-940
Exceptional items	-6	-7	-7	-55	-19	-21	-9	-25
Other operating income, operating expenses and income from participations in associated companies <sup>2)</sup>	2	-1	-3	0	-6	15	8	-22
<b>Operating profit (EBIT)<sup>1)</sup></b>	<b>224</b>	<b>154</b>	<b>146</b>	<b>170</b>	<b>200</b>	<b>189</b>	<b>177</b>	<b>317</b>
Net financial items	-13	-20	-25	-37	-50	-50	-68	-74
<b>Profit after financial items<sup>1)</sup></b>	<b>211</b>	<b>135</b>	<b>121</b>	<b>133</b>	<b>150</b>	<b>139</b>	<b>109</b>	<b>242</b>
Taxes <sup>1)</sup>	-54	-34	-30	-32	-37	-35	-28	-61
<b>Net Profit for the period<sup>1)</sup></b>	<b>157</b>	<b>101</b>	<b>91</b>	<b>100</b>	<b>113</b>	<b>104</b>	<b>81</b>	<b>181</b>
EBIT after recalculation <sup>1)</sup>	224	154	146	170	200	189	177	317
EBIT before recalculation <sup>1)</sup>	231	158	140	161	176	186	199	306
Adjusted EBITDA after recalculation <sup>1, 3)</sup>	464	405	403	481	475	471	457	614
Adjusted EBITDA before recalculation <sup>1, 3)</sup>	490	430	420	500	474	490	504	630
Adjusted EBITDA margin after recalculation, % <sup>1, 3)</sup>	19.6	16.8	16.0	17.9	18.0	17.5	16.4	21.3
Adjusted EBITDA margin before recalculation, % <sup>1, 3)</sup>	20,7	17,9	16,7	18,6	18,0	18,3	18,1	21,9

1. Quarter 1 2022 - quarter 3 2023 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

2. Comparative figures for 2022 have been adjusted based on a reclassification from other operating expenses of SEK +31 M to cost of goods sold of SEK -31 M. Of this adjustment, SEK 13 M is attributable to the first quarter and SEK 18 M to the second quarter.

3. EBITDA before exceptional items. Refer to Note 5 Exceptional items on page 15, Alternative performance measures on page 17 and definitions on page 21.

## 10 Transactions with related parties

SEK M	Quarter 4 2023	Quarter 4 2022	Full-year 2023	Full-year 2022
Sales	7	11	32	30
Purchases of goods	-3	-6	-14	-10
Accounts receivable			2	3
Accounts payable			1	1

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.

## 11 Restatement of calculation of intra-Group gains

During the quarter, eliminations of intra-Group gains in inventories and tangible assets in the rental operations were restated. The restatement was based on a changed method for calculating internal margins on product groups and the method for reporting internal non-current assets. We believe that the changed method will result in more accurate calculations since we have unique margins for each unit and period, instead of the current standardized calculations. Furthermore, this method allows for the changes for the period specified by investment and depreciation to be divided up, instead of using changes in the net carrying amount as in the previous model.

This restatement took place retrospectively, which means that comparative figures for 2022, including opening balances, have been restated. The restatement resulted in a lower amount for inventories and tangible assets and a slightly lower amount for cost of goods sold. Depreciation of cost of goods sold will decrease when the changed model can reverse some of the intra-Group gains to specific depreciation and not in general to cost of goods sold. All affected items that have been restated retrospectively are presented below. For quarterly data, refer to Note 9 Financial data per quarter.

Balance sheet (excerpt), SEK M	Dec 31, 2022	Increase/ decrease	Dec 31, 2022 after restatement	Dec 31, 2021	Increase/ decrease	Jan 1, 2022 after restatement
Tangible assets	1,802	-92	1,710	1,454	-79	1,375
Financial assets <sup>1)</sup>	705	60	765	660	52	712
Inventories	1,674	-170	1,504	1,369	-145	1,225
<b>Total assets</b>	<b>16,167</b>	<b>-201</b>	<b>15,966</b>	<b>14,612</b>	<b>-172</b>	<b>14,440</b>
Shareholders' equity	7,624	-192	7,432	6,885	-170	6,714
Other provisions <sup>1)</sup>	328	-9	319	316	-2	313
<b>Total Shareholders' equity and liabilities</b>	<b>16,167</b>	<b>-201</b>	<b>15,966</b>	<b>14,612</b>	<b>-172</b>	<b>14,440</b>

1. The restatement refers to deferred tax.

Income statement (excerpt), SEK M	2022	Increase/ decrease	2022 after restatement
Cost of goods sold <sup>1, 2)</sup>	-5,768	-28	-5,797
<b>Gross profit/loss</b>	<b>4,211</b>	<b>-28</b>	<b>4,183</b>
Other operating income and expenses <sup>2)</sup>	-23	31	8
<b>Operating profit (EBIT)</b>	<b>691</b>	<b>3</b>	<b>693</b>
<b>Profit/loss after financial items</b>	<b>597</b>	<b>3</b>	<b>599</b>
Taxes	-149	-1	-151
<b>Net profit for the period</b>	<b>447</b>	<b>1</b>	<b>449</b>
1. Of which depreciation		91	

2. Comparative figures for 2022 have been adjusted in connection with the reporting of the second quarter based on a reclassification from other operating expenses of SEK +31 M to cost of goods sold of SEK -31 M.

### Net profit for the period attributable to:

Parent Company shareholders	447	1	449
Earnings per share, SEK (before and after dilution)	1,64	0,00	1,65

Statement of comprehensive income (excerpt), SEK M	2022	Increase/ decrease	2022 after restatement
Net profit for the period	447	1	449
<b>Items that can later be restated in profit</b>			
Translation differences	756	-23	733
<b>Other comprehensive income for the period, net after tax</b>	<b>605</b>	<b>-23</b>	<b>582</b>
<b>Total comprehensive income for the period</b>	<b>1,053</b>	<b>-22</b>	<b>1,030</b>

### Comprehensive income attributable to:

Parent company shareholders	1,053	-22	1,030
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Cash flow statement (excerpt), SEK M	2022	Increase/ decrease	2022 after restatement
Operating profit (EBIT)	691	3	693
Add-back of amortization, depreciation and write-down	1,077	-91	985
Other non-cash items	-7	-2	-9
<b>Cash flow before changes to working capital</b>	<b>1,426</b>	<b>-91</b>	<b>1,336</b>
Inventories	-165	2	-164
<b>Cash flow from operations</b>	<b>915</b>	<b>-89</b>	<b>827</b>
Net investments	-880	89	-791
<b>Cash flow from investing activities</b>	<b>-902</b>	<b>89</b>	<b>-813</b>
<b>Cash flow for the period</b>	<b>150</b>	<b>-</b>	<b>150</b>

# Parent Company financial statements

## PARENT COMPANY INCOME STATEMENT

SEK M	Quarter 4 2023	Quarter 4 2022	Full-year 2023	Full-year 2022
Administrative expenses	-49	-51	-205	-195
Exceptional items <sup>1)</sup>	0	0	-5	0
Other operating income and expenses	117	105	120	105
<b>Operating profit (EBIT)</b>	<b>68</b>	<b>54</b>	<b>-91</b>	<b>-90</b>
Income from participations in Group companies	166	77	449	158
Net financial items <sup>2)</sup>	-24	-21	-87	-55
<b>Profit after financial items</b>	<b>211</b>	<b>111</b>	<b>271</b>	<b>13</b>
Taxes	-37	-34	6	0
<b>Net Profit for the period</b>	<b>174</b>	<b>77</b>	<b>277</b>	<b>13</b>

1. Exceptional items refers to restructuring costs SEK -4 M (-), of which during the quarter SEK - (-) and acquisition expenses SEK -1 M (0), of which during the quarter SEK 0 M (0).

2. 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	31 Dec 2023	Dec 31, 2022
<b>Assets</b>		
Intangible assets	335	337
Tangible assets	1	1
Financial assets	5,911	5,896
Other current receivables, Group companies	170	86
Current receivables	29	28
<b>Total assets</b>	<b>6,446</b>	<b>6,348</b>
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity	3,973	3,928
Provisions	5	2
Current financial liabilities	1,902	2,253
Current financial liabilities, Group companies	484	133
Other current liabilities, Group companies	47	5
Other non-interest-bearing liabilities	34	28
<b>Total shareholders' equity and liabilities</b>	<b>6,446</b>	<b>6,348</b>

At the end of the period, the carrying amount of shares and participations in subsidiaries amounted to SEK 5,807 M (5,807). No change occurred during the period. 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 1,915 M (2,267). Intangible assets comprise software.



# Definitions

## FINANCIAL TERMS

### Adjusted EBIT/Operating profit

Operating profit with add-back of exceptional items.

### Adjusted EBITA

EBITA with add-back of exceptional items.

### Adjusted EBITA margin

Adjusted EBITA in relation to net sales.

### Adjusted EBITDA

EBITDA with add-back of exceptional items.

### Adjusted EBITDA margin

Adjusted EBITDA in relation to net sales.

### Cash conversion

Cash flow from operations in relation to EBITDA.

### 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	SEK480M
Number of shares, thousands	272,370
Earnings per share	SEK 1.76

### EBIT

Operating profit.

### EBITA

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

### EBITA margin

EBITA in relation to net sales.

### EBITDA

Operating profit before amortization, depreciation and write-down.

### EBITDA margin

EBITDA in relation to net sales.

### Equity/assets ratio

Shareholders' equity in relation to total assets.

### Exceptional items

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

### 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.

### Net debt/adjusted EBITDA, multiple

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

### Net debt/equity ratio

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

### Operating capital

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

### Operating expenses

Selling expenses, administrative expenses and research and development costs.

### Operating margin

Operating profit in relation to net sales.

### Organic change

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

### 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.

## MEDICAL AND OTHER TERMS

### 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.

### DVT (deep vein thrombosis)

Formation of a blood clot in a deep leg vein.

### Edema

Swelling due to accumulation of fluid in tissues.

### Ergonomics

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

### ESG

An abbreviation that stands for environmental, social and governance, which are the non-financial factors in corporate reporting.

### 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.

### 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.

### Prevention

Preventive activity/treatment.

### Pressure injuries

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

### SEM scanner (sub-epidermal moisture)

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

### 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).

### 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.

### VTE (venous thromboembolism)

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

## TELECONFERENCE

Fund managers, analysts and the media are invited to a teleconference on January 30 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-2023>

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=5001443>

Alternatively, use the following link to download the presentation:

<https://www.arjo.com/sv-se/om-oss/investerare/rapporter--presentationer/2024/>

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

<https://ir.financialhearings.com/arjo-q4-report-2023>

## FINANCIAL INFORMATION

Updated information on, for example, the Arjo share and corporate governance is available on Arjo's website [www.arjo.com](http://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](http://www.arjo.com).

The following financial statements will be published in 2024:

March 2024	2023 Annual Report
April 18, 2024	Interim report Jan-Mar 2024
April 18, 2024	2024 Annual General Meeting
July 12, 2024	Interim report Jan-Jun 2024
October 17, 2024	Interim report Jan-Sep 2024



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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, on January 30, 2024 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.

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[www.arjo.com](http://www.arjo.com)