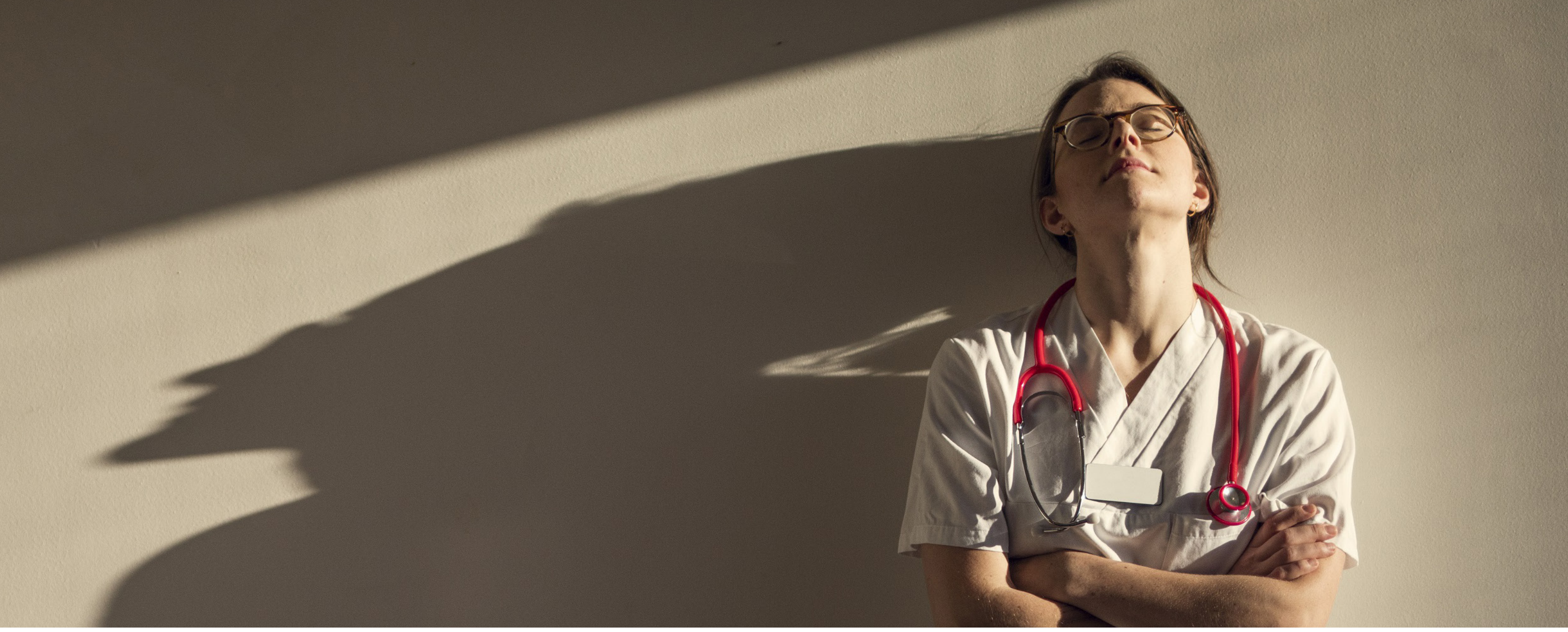


Interim report January – September 2020

July-September 2020 in brief

- Net sales amounted to SEK 2,143 M (2,154). Net sales grew organically by 5.8%.
- Adjusted EBITDA increased by 17.6% to SEK 448 M (381).
- Adjusted operating profit increased by 67.1% to SEK 208 M (125).
- Profit after financial items increased to SEK 176 M (60).
- Earnings per share rose to SEK 0.49 (0.16).
- Cash flow from operations increased to SEK 525 M (379).
- Cash conversion increased to 117.1% (109.5).
- After the end of the quarter: Acquisition of equity stake in US company Bruin Biometrics (BBI)

January-September 2020 in brief

- Net sales amounted to SEK 6,680 M (6,500). Net sales grew organically by 3.8%.
- Adjusted EBITDA increased 13.8% to SEK 1,383 M (1,215).
- Adjusted operating profit increased by 43.1% to SEK 655 M (458).
- Profit after financial items increased to SEK 468 M (325).
- Earnings per share rose to SEK 1.29 (0.90).
- Cash flow from operations increased to SEK 1,424 M (814).
- Cash conversion increased to 107.0% (69.0).

Financial summary

SEK M	Quarter 3 2020	Quarter 3 2019	Jan–Sep 2020	Jan–Sep 2019	Rolling 12 months	Full-year 2019
Net sales[2)]	2,143	2,154	6,680	6,500	9,157	8,976
Gross profit[2)]	973	900	3,039	2,831	4,145	3,937
Gross margin, %[2)]	45.4%	41.8%	45.5%	43.6%	45.3%	43.9%
Adjusted EBITA[1)]	277	198	865	678	1,203	1,016
Adjusted EBITA margin, %[1)]	12.9%	9.2%	12.9%	10.4%	13.1%	11.3%
Adjusted EBITDA[1)]	448	381	1,383	1,215	1,896	1,728
Adjusted EBITDA margin, %[1]	20.9%	17.7%	20.7%	18.7%	20.7%	19.2%
Operating profit (EBIT)	208	89	601	422	849	671
Adjusted operating profit (EBIT) [1)]	208	125	655	458	922	724
Profit after financial items	176	60	468	325	685	542
Net profit for the period	132	45	351	244	511	403
Number of shares, thousands	272,370	272,370	272,370	272,370	272,370	272,370
Earnings per share, SEK	0.49	0.16	1.29	0.90	1.87	1.48
Cash flow from operations	525	379	1,424	814	1,862	1,252
Cash conversion, %	117.1%	109.5%	107.0%	69.0%	101.9%	74.7%

1) Before exceptional items. See Alternative performance measures on page 18 and definitions on page 21.
2) Due to the changed accounting of GPOs, net sales were restated for the 2019 comparative figures. See also Note 1 on page 13 and Note 13 on page 19.

The human body is made to move. At Arjo, we believe that high quality of care and positive clinical outcomes begin by maintaining or improving a patient's mobility. Our offering includes products and solutions for patient transfers, hygiene, disinfection, prevention of pressure injuries and deep vein thrombosis (blood clots) and for diagnostics. We also offer medical beds and various services, such as training in connection with product sales. Arjo's approach contributes to improved quality of care and enhanced efficiency, resulting in reduced healthcare costs. www.arjo.com

arjo
with people in mind

Continued healthy growth and strong profitability improvement

High activity level and continued growth

We continue to deliver profitable growth and the Group grew 5.8% organically in the quarter. The positive trend in North America continues with the region growing 9.2% organically, mainly driven by the US where the rental operations continues to perform very well, particularly in the beginning of the quarter, as an effect of Covid-19.

Growth was also solid in Rest of the World, which was up 12.1% organically. We have a positive momentum in the distributor operations, with high deliveries of medical beds. Our investments in proprietary sales companies and new distributors are generating positive effects and laying the foundation for future growth.

In Western Europe, higher volumes of medical beds contributed to growth in the region. In addition, we see that rental and service are starting to return to more normal levels.

Overall, a strong quarter characterized by high activity level, with solid demand in rental and a higher-than-expected delivery rate of medical beds.

Covid-19 remains in focus for healthcare

The challenges associated with Covid-19 remain, including the extensive need for rehabilitation of patients who required prolonged intensive care – a process that is both staff intense and costly, and where we play a key role.

We continue to see a product mix dominated by acute needs related to the pandemic with high demand in medical beds, therapeutic mattresses and rental, while access to healthcare facilities is still very restricted. This was particularly noticeable in long-term care, and is expected to continue in the fourth quarter and beginning of 2021. Demand for equipment in patient handling, hygiene and service is thus still held back. Elective care is still below normal levels, leading to lower volumes in our profitable DVT category.

Significant earnings improvement

The improved gross margin of 45.4% (41.8) was mainly driven by high volumes in the US rental operations, both in our core business and the Critical Care solutions. The efficiency programs that we have implemented and are currently driving are also generating positive effects at a higher rate than expected. Currency effects had a negative impact on gross profit for the quarter.

Cost control remains solid with a focused work across the entire value chain. Operating expenses continue to decline as a percentage of sales and the adjusted operating profit increased by 67% in the quarter.

Strong financial position

We have high liquidity and a strong financial position. Cash flow is a sign of strength in the quarter and reflects the dedicated work of the organization on working capital. Our improvement project for logistics and inventory management resumed at the end of the quarter, and is expected to generate effects on both cost and inventory levels from the fourth quarter and into 2021. Cash conversion for the quarter was at a healthy 117% (109), a good confirmation of our work on cash flow and significantly better than our current target.

Greater focus on outcome-based solutions for healthcare

To conclude, I would like to highlight the investment we made in Bruin Biometrics (BBI) at the beginning of October. Through this investment, we get access to a technology that enables objective and safe diagnosis of patients with an elevated risk of developing pressure injuries. Pressure injuries cause major and unnecessary suffering for patients affected. Healthcare's resources for treating pressure injuries is substantial and in the US alone related costs are estimated at approximately 220 billion SEK each year. This solution, combined with the launch of WoundExpress last year, strengthens our offering in the fast growing wound care market – an area with significant growth potential over the next few years.

We add a very strong quarter to the books. So far, we have learned many important lessons from Covid-19, and the organization has done a fantastic job in supporting our customers in the current situation. Outcome-based solutions will become increasingly important in the future as healthcare systems and elderly care remains under pressure. We look forward to presenting Arjo's updated strategy for 2021 and beyond, including new financial targets, at our Capital Markets Day on November 2.

Malmö, October 28

Joacim Lindoff
President & CEO

Group performance

Net sales and results

Third quarter of 2020

Net sales amounted to SEK 2,143 M (2,154) in the third quarter, and increased organically by 5.8%. The favorable performance in medical beds and therapeutic mattresses continued and demand was also high in the US rental operations, particularly at the beginning of the quarter.

Sales in North America increased by 9.2% in the quarter. The US is continuing to grow with high demand in rental, both in the core operations and in Critical Care. The restricted access to hospitals and long-term care facilities continued, which held back sales in Patient Handling, Hygiene and Service. DVT also declined due to postponed elective care.

Western Europe grew organically by 0.7%, with a solid performance in France, Austria and Spain. In Western Europe, continued restricted access to healthcare facilities also had a negative impact on sales of products in Patient Handling and Hygiene. However, a gradual recovery could be seen in Rental and Service, with a return towards normal levels in the quarter.

Sales in Rest of the World increased organically by 12.1%. Demand remained high in medical beds, which meant that some deliveries scheduled for the fourth quarter could be made earlier. The distributor operations continued to perform well and the Group's investments in building up its own sales companies and new distributors are generating good results. Extensive lockdown measures still in place in countries such as India had a negative impact, primarily on the rental operations in the region.

The gross margin increased to 45.4% (41.8) in the quarter. The slightly weaker product mix with lower volumes in Patient Handling and Hygiene was partly compensated by a higher share of high-spec medical beds and high profitability within the US rental operations. The previously implemented efficiency programs in the US and the UK generated positive effects in the quarter, combined with better use of resources in service and rental outside North America.

The efficiency program that is currently being carried out in Europe is progressing well and is generating savings at a higher rate than expected. The program is expected to generate full-year savings of about SEK 50 M, of which SEK 30 M already in 2020. The effects are equally distributed between gross profit and operating expenses. The total cost for this program is expected to amount to approximately SEK 75 M, of which about SEK 60 M is expected to be charged to 2020 and the remainder in 2021. SEK 48 M has been charged to the current year to date. No restructuring costs were charged to the third quarter.

Operating expenses for the quarter amounted to SEK 762 M (778). Cost control was good across the value chain and operating expenses continue to decline as a percentage of sales.

Adjusted EBITDA increased by 17.6% to SEK 448 M (381). Adjusted operating profit increased by 67.1% to SEK 208 M (125).

Net financial items amounted to SEK 32 M (29) for the quarter.

January–September 2020

Organic net sales increased by 3.8% during the period to SEK 6,680 M (6,500). Sales of medical beds and therapeutic mattresses were high, and volumes were also high in the US rental operations. Due to the extensive restrictions in many markets due to Covid-19, the Group's access to hospitals and long-term care facilities was limited during the period. This meant that categories like Patient Handling, Hygiene and Service declined during the period. DVT sales was also negatively affected by postponed elective care as a result of Covid-19.

Sales in North America increased organically by 4.8% in the period, with continued healthy growth in the US. Medical beds and therapeutic mattresses performed well, as did the US rental operations. Growth was held back by lower sales in Patient Handling and DVT.

Western Europe grew organically by 1.2% for the period, with a solid performance in medical beds and therapeutic mattresses. The limited access to hospitals and long-term care facilities resulted in lower volumes in Patient Handling, Hygiene and Service.

Sales in Rest of the World increased organically by 9.2%, with high demand in medical beds. Growth was held back by extensive lockdown measures and restrictions in the region, for example, in India.

The gross margin increased to 45.5% (43.6) in the period. The improved margin was mainly due to previously implemented efficiency measures, high volumes in the US rental operations and effective use of resources within the supply chain. The gross margin was held back by restricted access to hospitals and long-term care facilities, which resulted

Net sales by geographic area, SEK M	Quarter 3 2020	Quarter 3 2019	Organic change	Jan–Sep 2020	Jan–Sep 2019	Organic change	Rolling 12 months	Full-year 2019
North America[1,2]	855	852	9.2%	2,707	2,595	4.8%	3,637	3,525
Western Europe[2]	957	980	0.7%	3,014	2,979	1.2%	4,196	4,161
Rest of the World[2]	332	322	12.1%	959	926	9.2%	1,324	1,291
Total[1]	**2,143**	**2,154**	**5.8%**	**6,680**	**6,500**	**3.8%**	**9,157**	**8,976**

1) Due to the changed accounting of GPOs, net sales were restated for the 2019 comparative figures. See also Note 1 on page 13 and Note 13 on page 19.
2) Net sales by geographic area were adjusted for 2019 compared with previously presented figures and are now based on the customer's geographic location instead of the domicile of the sales companies.

in postponed equipment installation in Patient Handling and Hygiene, and reduced service efficiency. The slightly weaker product mix with lower volumes in Patient Handling and Hygiene was partly compensated by a higher share of high-spec medical beds and high profitability in the rental operations.

Operating expenses for the period amounted to SEK 2,382 M (2,378), with continued good cost control across the value chain.

Adjusted EBITDA for the period increased by 13.8% to SEK 1,383 M (1,215).

Adjusted operating profit increased by 43.1% to SEK 655 M (458).

Currency effect

Translation effect vs 2019, MSEK	Quarter 3 2020	Jan–Sep 2020
Sales	-134	-54
Cost of goods sold	+77	+35
Gross profit	-57	-19
Operating expenses	+38	+16
Restructuring	0	0
Total translation effect, EBIT	**-18**	**-3**
Recognized remeasurement effects		
Other operating income/expenses	-2	+1

Cash flow and financial position

Cash flow from operations increased by 38.8% to SEK 525 M (379) in the quarter, driven by higher earnings.

The Group's cash conversion in the quarter amounted to 117.1% compared to 109.5% in the third quarter last year.

Net investments for the quarter amounted to SEK 191 M (163), divided between tangible assets of SEK 153 M (105) and intangible assets of SEK 38 M (58). The investments in tangible assets include investments in the rental fleet of SEK 128 M (74).

Cash flow from acquired operations of SEK -9 M referred to an additional purchase consideration related to the acquisition of ReNu.

The Group's cash and cash equivalents amounted to SEK 872 M (604) and interest-bearing net debt was SEK 5,585 M (6,068). Continued high demand was noted for the Group's commercial paper program and at the end of the period Arjo issued commercial paper of SEK 2,679 M (3,173). Arjo has contracted unutilized credit facilities of about SEK 5,200 M available for refinancing outstanding commercial paper.

The equity/assets ratio was 40.4% (40.8). Net debt/adjusted EBITDA was 3.1 (3.3), down from 3.4 at year-end in comparable calculations.

Research and development

Arjo's gross research and development costs for the quarter amounted to SEK 46 M (47), of which SEK 29 M (29) was charged to earnings, corresponding to 2.2% (2.2) of consolidated net sales.

Outlook 2020

Organic net sales growth for the fourth quarter is expected to be within the Group's 2-4% target interval.

Operating expenses are expected to continue to decline as a percentage of sales.

Other key events during the quarter

Distribution agreement with BrainLit, a lighting technology company

During the quarter, Arjo signed an exclusive distribution agreement with BrainLit, a Swedish innovative lighting technology company. BrainLit's BioCentric Lighting™ system is based on established research and a number of patent groups, and is an advanced, feedback-driven, self-learning system that creates natural light environments contributing to improved health and wellbeing. The company currently has 25 employees in Lund with subsidiaries in New York and Helsinki, and the company's solutions will initially target the long-term care segment, starting in North America and Western Europe.

Other information

Key events after the end of the quarter

Acquisition of equity stake in Bruin Biometrics (BBI)

As previously communicated, after the end of the quarter Arjo acquired a 10% equity stake in Bruin Biometrics (BBI), a US-based company developing solutions for diagnosing patients with an elevated risk of developing pressure injuries. The deal gives Arjo exclusive global distribution rights for BBI's portable SEM scanner, which allows early detection of pressure injury risk and thereby reduce patient suffering and healthcare costs. With this acquisition, Arjo significantly strengthens its offering in the fast growing wound care segment, and at the same time takes an important step towards its increased focus on providing outcome-based solutions to healthcare.

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

Capital Markets Day, November 2, 2020

Arjo invites analysts, institutional investors and the media to a live-streamed Capital Markets Day on November 2, 2020. The presentations will begin at 10:30 a.m. and is expected to end at about 3:00 p.m. During the Capital Markets Day, Arjo will present the company's new updated strategy and financial targets.

It is no longer possible to register for physical attendance at the Capital Markets Day, as the maximum number has been reached. Registration for online participation can be done via the following link: https://arjoglobal.com/arjocmd. The presentations will be held in English and made available on Arjo's website following the event.

Nomination Committee ahead of 2021 Annual General Meeting

In accordance with the resolution of Arjo's 2020 Annual General Meeting, the Nomination Committee in respect of the Annual General Meeting shall be composed of members appointed by the three largest shareholders in terms of voting rights, based on a list of owner-registered shareholders from Euroclear Sweden AB or other reliable ownership information, as of August 31 of each year, and the Chairman of the Board of Directors. In addition, if the Chairman of the Board, in consultation with the member appointed by the largest shareholder in terms of voting rights, deems it appropriate, it shall include an, in relation to the company and its major shareholders, independent representative of the minor shareholders as a member of the Nomination Committee.

Ahead of the 2021 Annual General Meeting, Arjo's Nomination Committee comprised Chairman Carl Bennet (Carl Bennet AB), Per Colleen (Fourth Swedish National Pension Fund), Marianne Nilsson (Swedbank Robur), as well as Board Chairman Johan Malmquist. After consulting with the Chairman of the Nomination Committee, the Chairman of the Board has not considered it necessary to appoint a representative for the minor shareholders ahead of the 2021 Annual General Meeting.

Shareholders who would like to submit proposals to Arjo's Nomination Committee ahead of the 2021 Annual General Meeting can contact the Nomination Committee by e-mail at nominating.committee@arjo.com or by mail: Arjo AB, Att: Nomination Committee, Hans Michelsensgatan 10, SE-211 20 Malmö, Sweden.

2021 Annual General Meeting

Arjo's Annual General Meeting will be held on April 27, 2021 in Malmö, Sweden. Shareholders wishing to have a matter addressed at the Annual General Meeting on April 27, 2021 can submit their proposal to Arjo's Board Chairman by e-mail: agm@arjo.com, or by mail: Arjo AB, Att: Bolagsstämmoärenden, 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 9, 2021.

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 many 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.

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, 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 product launches 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 legal issues. Such claims could involve large financial amounts and significant legal expenses. Arjo cannot provide any guarantee that its operations will not be subject to claims for compensation. A comprehensive insurance program is in place to cover any property or liability risks (e.g. product liability) to which the Group is exposed.

Protection 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, copyrights and trademarks. The Group is also dependent upon know-how and trade secrets that cannot be protected under intellectual property law.

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, 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.

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.

Arjo works proactively to ensure compliance with the following relevant regulations:
- EU Medical Device Regulation (MDR)
- US Food and Drug Administration (FDA)
- Medical Device Single Audit Program (MDSAP) – regulations in US, Canada, Japan, Brazil and Australia.

Arjo's quality management system is certified in accordance with the internationally recognized ISO 9001 (Quality management systems) and ISO 13485 (Medical devices – quality management systems) standards from BSI The Netherlands. The Group's manufacturing units are also certified in accordance with the ISO 14001 standard.

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.

Coronavirus (COVID-19)
The corona pandemic will impact both the Group's customers in the healthcare sector and society as a whole. The pandemic could also affect the Group's supply chain, which may lead to production disruptions. In addition, the effects of coronavirus may also entail fluctuations in the financial system, which could result in indirect or direct financing difficulties for the company. Arjo is closely monitoring developments and working proactively to ensure financial contingency in this uncertain time. The Group is successively making business decisions to ensure production and deliveries to the healthcare sector in this serious situation.

Demand for medical beds and therapeutic mattresses has increased since the spread of coronavirus. Demand has also increased in rental operations, mainly in the US. Demand fell for the product categories that do not directly address the immediate needs caused by Covid-19.

Arjo to date has not experienced any major production disruptions due to the outbreak of coronavirus. The organization is managing the situation well and is maintaining a close dialog with subsuppliers to ensure access to key components. Production capacity for medical beds has been increased to handle higher demand.

Transactions with related parties
Transactions between Arjo and companies in Getinge Group are specified in Note 12.

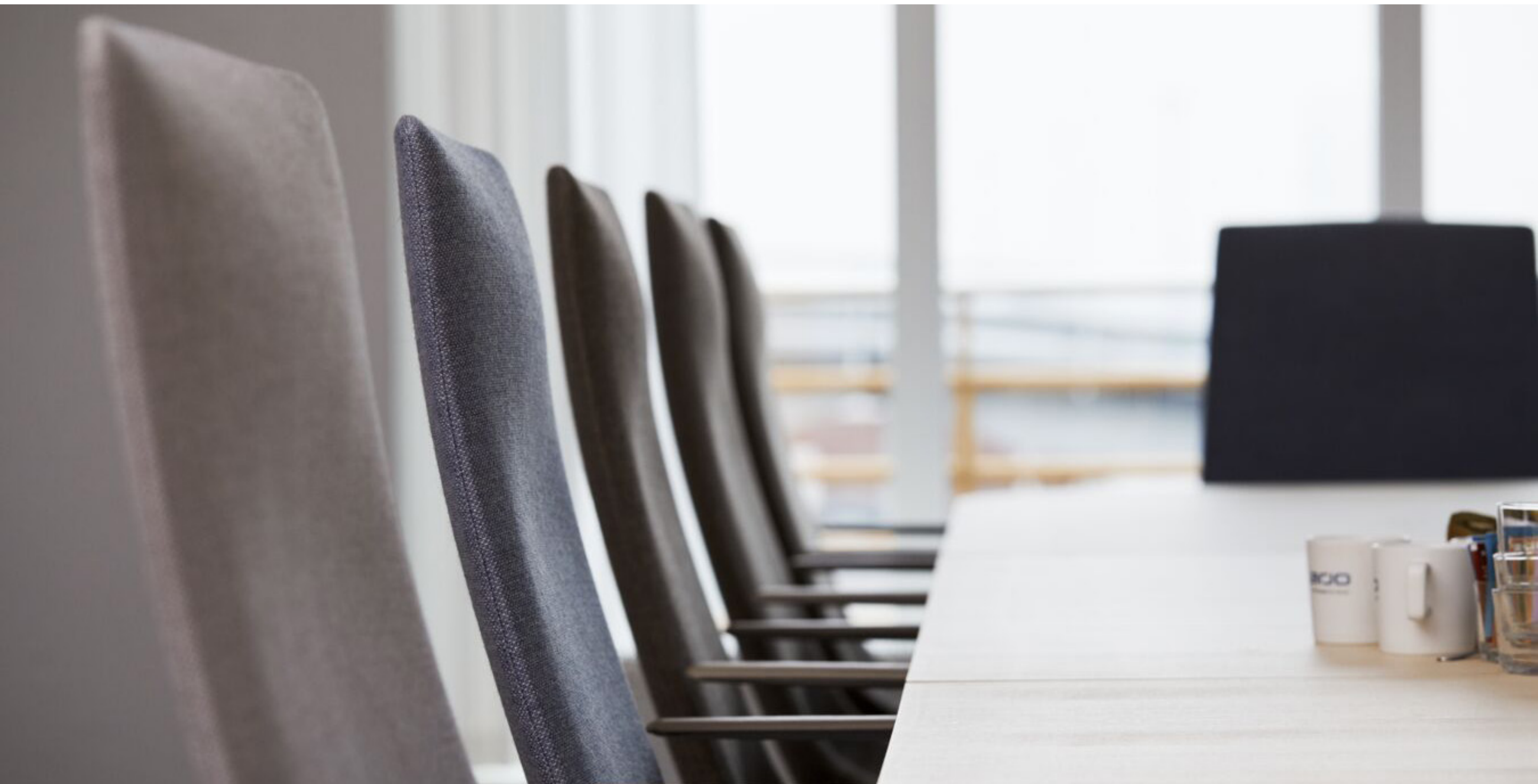
Forward-looking information
This report contains forward-looking information based on the current expectations of Arjo's Management Team. Although management considers the expectations presented by such forward-looking information to be reasonable, there is no guarantee that these expectations will prove 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.

Assurance

The Board of Directors and CEO assure that the interim 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, October 28, 2020

Johan Malmquist Chairman of the Board	**Carl Bennet**	**Sten Börjesson**
Eva Elmstedt	**Dan Frohm**	**Ulf Grunander**
Ingrid Hultgren	**Carola Lemne**	**Joacim Lindoff** President & CEO



Auditor's report

Arjo AB (publ), Corp. Reg. No. 559092-8064

Introduction

We have reviewed the condensed interim financial information (interim report) of Arjo AB (publ) as of 30 September 2020 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, October 28, 2020
Öhrlings PricewaterhouseCoopers AB

Magnus Willfors
Authorized Public Accountant
Partner in Charge

Cecilia Andrén Dorselius
Authorized Public Accountant

Consolidated financial statements

Consolidated income statement

SEK M	Note	Quarter 3 2020	Quarter 3 2019	Jan–Sep 2020	Jan–Sep 2019	Full-year 2019
Net sales	2, 13	2,143	2,154	6,680	6,500	8,976
Cost of goods sold	6	-1,171	-1,253	-3,641	-3,669	-5,039
Gross profit	13	**973**	**900**	**3,039**	**2,831**	**3,937**
Selling expenses	13	-418	-442	-1,354	-1,380	-1,849
Administrative expenses		-315	-307	-941	-902	-1,223
Research and development costs	4	-29	-29	-87	-96	-139
Exceptional items	5	0	-36	-55	-36	-53
Other operating income and expenses		-2	2	-2	4	-2
Operating profit (EBIT)	3, 6, 8	**208**	**89**	**601**	**422**	**671**
Net financial items	6	-32	-29	-132	-97	-129
Profit after financial items		**176**	**60**	**468**	**325**	**542**
Taxes		-44	-15	-117	-81	-139
Net profit for the period		**132**	**45**	**351**	**244**	**403**
Attributable to:						
Parent Company shareholders		132	45	351	244	403
Number of shares, thousands		272,370	272,370	272,370	272,370	272,370
Earnings per share, SEK[1]		0.49	0.16	1.29	0.90	1.48

1) Before and after dilution. For definition, see page 21.

Consolidated statement of comprehensive income

SEK M	Quarter 3 2020	Quarter 3 2019	Jan–Sep 2020	Jan–Sep 2019	Full-year 2019
Net profit for the period	**132**	**45**	**351**	**244**	**403**
Other comprehensive income					
Items that cannot be restated in profit					
Actuarial gains/losses pertaining to defined-benefit pension plans	32	-9	18	-59	-167
Tax attributable to items that cannot be restated in profit	-6	2	-2	10	28
Items that can later be restated in profit					
Translation differences[1]	-89	262	-357	581	394
Hedges of net investments	16	-38	10	-81	-38
Cash-flow hedges	–	4	–	41	51
Tax attributable to items that can be restated in profit[1]	1	-9	21	-33	-34
Other comprehensive income for the period, net after tax	**-46**	**212**	**-309**	**459**	**233**
Total comprehensive income for the period	**86**	**257**	**42**	**703**	**637**
Comprehensive income attributable to:					
Parent Company shareholders	86	257	42	703	637

1) Tax effects regarding expanded net investments were recognized under translation differences in previous reports. In this report, these effects are recognized under Tax attributable to items that can be restated in profit. Historical periods have been adjusted.

Consolidated balance sheet

SEK M	Note	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Assets				
Intangible assets		6,890	7,170	7,072
Tangible assets		1,323	1,315	1,292
Tangible lease assets	6	1,095	1,228	1,158
Financial assets	10	622	672	501
Inventories		1,262	1,299	1,144
Accounts receivable		1,593	1,833	2,001
Current financial receivables	10	15	14	13
Other current receivables		616	521	579
Cash and cash equivalents	10	872	604	662
Total assets		**14,288**	**14,656**	**14,422**
Shareholders' equity and liabilities				
Shareholders' equity		5,779	5,980	5,914
Non-current financial liabilities	10	2,102	2,279	1,791
Non-current lease liabilities	10	844	972	885
Provisions for pensions, interest-bearing	10	117	34	140
Other provisions		258	313	212
Current financial liabilities	10	3,198	3,178	3,575
Current lease liabilities	10	307	291	313
Accounts payable		441	483	543
Other non-interest-bearing liabilities		1,242	1,126	1,050
Total shareholders' equity and liabilities		**14,288**	**14,656**	**14,422**

Changes in shareholders' equity for the Group

SEK M	Share capital	Reserves	Retained earnings	Total share-holders' equity[1]
Opening balance at January 1, 2019	**91**	**543**	**4,793**	**5,427**
Total comprehensive income for the period	–	372	265	637
Dividend	–	–	-150	-150
Closing balance at December 31, 2019	**91**	**915**	**4,908**	**5,914**
Opening balance at January 1, 2020	**91**	**915**	**4,908**	**5,914**
Total comprehensive income for the period	–	-326	367	42
Dividend	–	–	-177	-177
Closing balance at September 30, 2020	**91**	**590**	**5,098**	**5,779**

1) Fully attributable to Parent Company shareholders

Consolidated cash-flow statement

SEK M	Note	Quarter 3 2020	Quarter 3 2019	Jan–Sep 2020	Jan–Sep 2019	Full-year 2019
Operating activities						
Operating profit (EBIT)		208	89	601	422	671
Add-back of amortization, depreciation and write-down	3	240	256	731	757	1,004
Other non-cash items		32	-26	89	1	-54
Expensed exceptional items[1]		0	36	51	36	53
Paid exceptional items		-4	-25	-48	-45	-73
Financial items		-25	-30	-94	-90	-120
Taxes paid		-19	-57	-111	-178	-193
Cash flow before changes to working capital		**432**	**243**	**1,219**	**903**	**1,288**
Changes in working capital						
Inventories		15	1	-202	-100	38
Current receivables		57	104	249	90	-133
Current liabilities		21	31	159	-79	59
Cash flow from operations		**525**	**379**	**1,424**	**814**	**1,252**
Investing activities						
Divested / acquired operations	8	0	11	-9	6	6
Acquired financial assets		–	-34	-4	-48	-78
Net investments		-191	-163	-513	-549	-729
Cash flow from investing activities		**-191**	**-186**	**-527**	**-591**	**-801**
Financing activities						
Raising of loans		1,676	1,520	6,122	6,451	9,646
Repayment of interest-bearing liabilities		-1,883	-1,964	-6,169	-6,703	-9,993
Repayment of lease liabilities		-82	-76	-245	-245	-325
Change in pension assets/liabilities		-1	2	0	1	-1
Change in interest-bearing receivables		-3	-5	-1	-11	-4
Dividend		-177	–	-177	-150	-150
Realized derivatives attributable to financing activities		-102	12	-203	68	65
Cash flow from financing activities		**-572**	**-511**	**-672**	**-589**	**-762**
Cash flow for the period		**-238**	**-318**	**225**	**-366**	**-311**
Cash and cash equivalents at the beginning of the period		1,121	917	662	961	961
Translation differences		-11	5	-15	9	13
Cash and cash equivalents at the end of the period		**872**	**604**	**872**	**604**	**662**

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 Significant accounting policies in the 2019 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.

Changed accounting policy

The portion of fees to the Group purchasing organization in the US market (GPOs) that are not dependent on sales volumes are recognized from January 1, 2020 as selling expenses, instead of reducing net sales as previously. Comparative figures for the corresponding period have been restated according to the same principle, see Note 13.

New accounting standards

No new or changed accounting standards that came into effect on January 1, 2020 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 Net sales by geographic area and type of revenue

Net sales by geographic area, SEK M	Quarter 3 2020	Quarter 3 2019	Jan–Sep 2020	Jan–Sep 2019	Full-year 2019
North America[1,2]	855	852	2,707	2,595	3,525
Western Europe[2]	957	980	3,014	2,979	4,161
Rest of the World[2]	332	322	959	926	1,291
Total[1]	**2,143**	**2,154**	**6,680**	**6,500**	**8,976**

Net sales by type of revenue, SEK M	Quarter 3 2020	Quarter 3 2019	Jan–Sep 2020	Jan–Sep 2019	Full-year 2019
Product sales[1]	1,190	1,264	3,768	3,836	5,373
Service incl. spare parts	362	365	1,050	1,092	1,504
Rental[1]	592	525	1,862	1,572	2,099
Total[1]	**2,143**	**2,154**	**6,680**	**6,500**	**8,976**

1) Due to the changed accounting of GPOs, net sales were restated for the 2019 comparative figures. See also Note 1 on page 13 and Note 13 on page 19.

2) Net sales by geographic area were adjusted for 2019 compared with previously presented figures and are now based on the customer's geographic location instead of the domicile of the sales companies.

Note 3 Depreciation/amortization and write-down

SEK M	Quarter 3 2020	Quarter 3 2019	Jan–Sep 2020	Jan–Sep 2019	Full-year 2019
Intangible assets	-69	-73	-213	-220	-292
Tangible assets	-91	-95	-274	-287	-379
Tangible lease assets	-81	-88	-244	-250	-333
Total	**-240**	**-256**	**-731**	**-757**	**-1,004**
Of which, write-down	-	-2	-3	-2	-6

Note 4 Capitalized development costs

SEK M	Quarter 3 2020	Quarter 3 2019	Jan–Sep 2020	Jan–Sep 2019	Full-year 2019
Research and development costs, gross	-46	-47	-148	-150	-212
Capitalized development costs	17	18	61	54	73
Research and development costs, net	**-29**	**-29**	**-87**	**-96**	**-139**

Note 5 Exceptional items

SEK M	Quarter 3 2020	Quarter 3 2019	Jan–Sep 2020	Jan–Sep 2019	Full-year 2019
Damage claims and disputes	0	-	-7	-	-
Restructuring and integration costs	0	-36	-48	-36	-53
Total	**0**	**-36**	**-55**	**-36**	**-53**

Note 6 Leases

Only figures including IFRS 16 Leases are recognized from 2020.
A specification of the right-of-use assets and where the costs are found in the income statement is presented below.

Arjo as a lessee

Amounts recognized in the balance sheet

SEK M	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Right-of-use assets			
Buildings and land	798	956	865
Cars and other vehicles	285	259	282
Other	12	13	11
Total	**1,095**	**1,228**	**1,158**

Amounts recognized in profit or loss

SEK M	Quarter 3 2020	Quarter 3 2019	Jan–Sep 2020	Jan–Sep 2019	Full-year 2019
Depreciation of right-of-use assets					
Cost of goods sold	-54	-59	-160	-163	-218
Operating expenses	-27	-29	-85	-87	-115
Total	**-81**	**-89**	**-244**	**-251**	**-333**
Interest expenses	-8	-11	-26	-30	-39

Note 7 Financial assets and liabilities measured at fair value

Sep 30, 2020	Assets/liabilities measured at fair value through profit or loss	Derivatives used for hedging purposes	Total
Other current receivables	59	1	60
Total assets	**59**	**1**	**60**
Other non-interest-bearing liabilities	8	0	8
Additional purchase consideration	54	–	54
Total liabilities	**63**	**0**	**63**

Sep 30, 2019	Assets/liabilities measured at fair value through profit or loss	Derivatives used for hedging purposes	Total
Other current receivables	15	1	16
Total assets	**15**	**1**	**16**
Other non-interest-bearing liabilities	33	30	63
Additional purchase consideration	69	–	69
Total liabilities	**102**	**30**	**132**

The fair value of derivative instruments is established using valuation techniques. For this purpose, observable market information is used. All derivatives are classified under level 2 of the fair value hierarchy. The Group has a liability for an additional purchase consideration related to the acquisition in the US, which is at level 3 of the fair value hierarchy.

Not 8 Acquisitions and divestments

Acquisitions

Cash flow from acquired operations of SEK -9 M referred to an additional purchase consideration related to the acquisition of ReNu.

Divestments

In February 2019, Acare Medical Sciences Co., Ltd – the Group's low-spec medical beds business – was divested to CBL based in China. The divestment involves a production and sales unit in Zhuhai, China, with 186 employees and sales of about SEK 80 M. Acare was recognized in the balance sheet for 2018 under assets and liabilities held for sale. The divestment did not have any significant capital gains effect. The sales proceeds of about SEK 24 M were received via a promissory note, of which SEK 11 M falls due for payment in the third quarter of 2019. Cash and cash equivalents in Acare on the divestment date amounted to SEK 5 M.

Divested net assets 2019	Carrying amount
Net assets	
Assets held for sale	70
Liabilities held for sale	-46
Total net assets	**24**
Cash-flow effect	
Proceeds received	11
Cash and cash equivalents in divested company	-5
Total cash-flow effect	**6**

Note 9 Financial data per quarter

SEK M	Quarter 1 2019	Quarter 2 2019	Quarter 3 2019	Quarter 4 2019	Quarter 1 2020	Quarter 2 2020	Quarter 3 2020
Net sales[2)]	2,134	2,212	2,154	2,477	2,273	2,264	2,143
Cost of goods sold	-1,186	-1,229	-1,253	-1,371	-1,230	-1,240	-1,171
Gross profit[2)]	**948**	**983**	**900**	**1,106**	**1,043**	**1,023**	**973**
Operating expenses[2)]	-779	-821	-778	-833	-839	-781	-762
Exceptional items	0	0	-36	-17	-37	-18	0
Other operating income and expenses	-1	3	2	-6	-1	2	-2
Operating profit (EBIT)	**168**	**165**	**89**	**249**	**167**	**226**	**208**
Net financial items	-35	-33	-29	-32	-26	-74	-32
Profit after financial items	**133**	**132**	**60**	**217**	**140**	**152**	**176**
Taxes	-33	-33	-15	-57	-35	-38	-44
Net profit for the period	**100**	**99**	**45**	**159**	**105**	**114**	**132**
Adjusted EBITDA[1)]	413	421	381	513	445	489	448
Adjusted EBITDA margin, %[1)]	19.4%	19.0%	17.7%	20.7%	19.6%	21.6%	20.9%

1) EBITDA before exceptional items. Refer to Note 5 Exceptional items on page 14, Alternative performance measures on page 18 and definitions on page 21.

2) Due to the changed accounting of GPOs, net sales and selling expenses were restated for the 2019 comparative figures. See also Note 1 on page 13 and Note 13 on page 19.

Note 10 Consolidated interest-bearing net debt

SEK M	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Non-current financial liabilities	2,048	2,279	1,725
Non-current lease liabilities	844	972	885
Current financial liabilities	3,198	3,178	3,575
Current lease liabilities	307	291	313
Provisions for pensions, interest-bearing	117	34	140
Interest-bearing liabilities	**6,514**	**6,754**	**6,638**
Less financial receivables	-56	-82	-73
Less cash and cash equivalents	-872	-604	-662
Interest-bearing net debt	**5,585**	**6,068**	**5,903**

Note 11 Key performance measures for the Group

SEK M	Quarter 3 2020	Quarter 3 2019	Jan–Sep 2020	Jan–Sep 2019	Full-year 2019
Sales measures[3]					
Net sales	2,143	2,154	6,680	6,500	8,976
Net sales growth, %	-0.5%	8.0%	2.8%	9.3%	8.6%
Organic growth in sales, %	5.8%	4.7%	3.8%	4.4%	3.9%
Expense measures[3]					
Selling expenses as a % of net sales	19.5%	20.5%	20.3%	21.2%	20.6%
Administrative expenses as a % of net sales	14.7%	14.3%	14.1%	13.9%	13.6%
Research and development costs gross as a % of net sales	2.2%	2.2%	2.2%	2.3%	2.4%
Earnings measures					
Operating profit (EBIT)	208	89	601	422	671
Adjusted operating profit (EBIT)[2]	208	125	655	458	724
EBITA	277	162	813	642	963
Adjusted EBITA[2]	277	198	865	678	1,016
EBITDA	448	345	1,331	1,179	1,675
EBITDA growth, %	29.9%	23.4%	12.9%	41.7%	42.0%
Adjusted EBITDA[2]	448	381	1,383	1,215	1,728
Earnings per share, SEK	0.49	0.16	1.29	0.90	1.48
Margin measures[3]					
Gross margin, %	45.4%	41.8%	45.5%	43.6%	43.9%
Operating margin, %	9.7%	4.1%	9.0%	6.5%	7.5%
Adjusted operating margin, %[2]	9.7%	5.8%	9.8%	7.0%	8.1%
EBITA margin, %	12.9%	7.5%	12.2%	9.9%	10.7%
Adjusted EBITA margin, %[2]	12.9%	9.2%	12.9%	10.4%	11.3%
EBITDA margin, %	20.9%	16.0%	19.9%	18.1%	18.7%
Adjusted EBITDA margin, %[2]	20.9%	17.7%	20.7%	18.7%	19.2%
Cash flow and return measures					
Return on shareholders' equity, %[1]			8.7%	6.0%	7.1%
Cash conversion, %	117.1%	109.5%	107.0%	69.0%	74.7%
Operating capital, SEK M			11,802	11,163	11,082
Return on operating capital, %[1]			7.8%	6.2%	6.5%
Capital structure					
Interest-bearing net debt			5,585	6,068	5,903
Interest-coverage ratio, multiple[1]			6.2x	5.5x	5.5x
Net debt/equity ratio, multiple			1.0x	1.0x	1.0x
Net debt / adjusted EBITDA, multiple[1,2]			3.1x	3.3x	3.0x
Equity/assets ratio, %			40.4%	40.8%	41.0%
Equity per share, SEK			21.2	22.0	21.7
Other					
No. of shares			272,369,573	272,369,573	272,369,573
Number of employees, average			6,199	6,180	6,151

1) Rolling 12 months.
2) Before exceptional items. See Alternative performance measures on page 18 and definitions on page 21.
3) Due to the changed accounting of GPOs, net sales and selling expenses were restated for the 2019 comparative figures. See also Note 1 on page 13 and Note 13 on page 19. Consequential changes were made to performance measures for 2019.

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 3 2020	Quarter 3 2019	Jan–Sep 2020	Jan–Sep 2019	Full-year 2019
Operating profit (EBIT)	208	89	601	422	671
Add-back of amortization and write-down of intangible assets	69	73	213	220	292
EBITA	**277**	**162**	**813**	**642**	**963**
Add-back of depreciation and impairment of tangible assets	172	183	518	537	712
EBITDA	**448**	**345**	**1,331**	**1,179**	**1,675**
Exceptional items[1]	0	36	55	36	53
Add-back of write-down of exceptional items	-	-	-3	-	-
Adjusted operating profit (EBIT)	**208**	**125**	**655**	**458**	**724**
Adjusted EBITA	**277**	**198**	**865**	**678**	**1,016**
Adjusted EBITDA	**448**	**381**	**1,383**	**1,215**	**1,728**

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

Cash conversion	Quarter 3 2020	Quarter 3 2019	Jan–Sep 2020	Jan–Sep 2019	Full-year 2019
Cash flow from operations, SEK M	**525**	**379**	**1,424**	**814**	**1,252**
Operating profit (EBIT)	208	89	601	422	671
Add-back of amortization, depreciation and write-down of intangible and tangible assets	240	256	731	757	1,004
EBITDA, SEK M	**448**	**345**	**1,331**	**1,179**	**1,675**
Cash conversion, %	**117.1%**	**109.5%**	**107.0%**	**69.0%**	**74.7%**

Net debt/equity ratio	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Interest-bearing net debt, SEK M	5,585	6,068	5,903
Shareholders' equity, SEK M	5,779	5,980	5,914
Net debt/equity ratio	**0.97**	**1.01**	**1.00**

Calculation of return on operating capital	Jan–Sep 2020	Jan–Sep 2019	Full-year 2019
Total assets opening balance	14,656	12,846	13,136
Total assets closing balance	14,288	14,656	14,422
Average total assets	**14,472**	**13,751**	**13,779**
Average total assets	14,472	13,751	13,779
Excluding average cash and cash equivalents	-738	-614	-812
Excluding average other provisions	-285	-324	-257
Excluding average other non-interest-bearing liabilities	-1,646	-1,650	-1,629
Average operating capital	**11,802**	**11,163**	**11,082**
Operating profit (EBIT)[1]	849	579	671
Add-back of exceptional items[1]	72	114	53
EBIT after add-back of exceptional items	922	693	724
Return on operating capital, %	**7.8%**	**6.2%**	**6.5%**

1) Rolling 12 months.

Note 12 Transactions with related parties

SEK M	Quarter 3 2020	Quarter 3 2019	Jan–Sep 2020	Jan–Sep 2019	Full-year 2019
Transactions with related parties, SEK M					
Sales	6	15	31	46	64
Purchases of goods	-1	-1	-2	-3	-4
Accounts receivable			5	15	14
Non-current financial liabilities			-	30	29
Accounts payable			0	0	0
Other non-interest-bearing liabilities			-	6	6

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.

Note 13 Restatement of net sales and selling expenses

The portion of fees to the Group purchasing organization in the US market (GPOs) that are not dependent on sales volumes are recognized from January 1, 2020 as selling expenses, instead of reducing net sales as previously. Comparative figures for the corresponding period have been restated according to the same principle.

The restated net sales and selling expenses per quarter and for the full-year 2019 are presented below. All performance measures that include net sales and selling expenses have been restated.

	Quarter 1 2019		Quarter 2 2019		Quarter 3 2019		Quarter 4 2019		Full-year 2019	
SEK M	Restated amount	Previously recognized amount	Restated amount	Previously recognized amount	Restated amount	Previously recognized amount	Restated amount	Previously recognized amount	Restated amount	Previously recognized amount
Net sales	2,134	2,123	2,212	2,197	2,154	2,141	2,477	2,464	8,976	8,925
Cost of goods sold	-1,186	-1,186	-1,229	-1,229	-1,253	-1,253	-1,371	-1,371	-5,039	-5,039
Gross profit	**948**	**937**	**983**	**968**	**900**	**888**	**1,106**	**1,093**	**3,937**	**3,886**
Gross margin, %	**44.4%**	**44.1%**	**44.4%**	**44.1%**	**41.8%**	**41.5%**	**44.6%**	**44.4%**	**43.9%**	**43.5%**
Selling expenses	-453	-442	-485	-470	-442	-429	-469	-456	-1,849	-1,797

Parent Company financial statements

Parent Company income statement

SEK M	Quarter 3 2020	Quarter 3 2019	Jan–Sep 2020	Jan–Sep 2019	Full-year 2019
Administrative expenses	-42	-37	-117	-114	-155
Restructuring costs	–	–	-3	–	-
Other operating income and expenses	0	0	3	0	114
Operating profit (EBIT)	**-42**	**-37**	**-117**	**-114**	**-41**
Income from participations in Group companies[1]	–	42	–	111	310
Net financial items[2]	-15	-14	-45	-60	-75
Profit after financial items	**-57**	**-9**	**-162**	**-63**	**194**
Taxes	12	11	35	35	-14
Net profit for the period	**-45**	**2**	**-127**	**-28**	**180**

1) The Parent Company decided not to take out any dividends from its subsidiaries during the period due to Covid-19.
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	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Assets			
Intangible assets	330	339	340
Financial assets	6,449	6,403	6,390
Current financial receivables, Group companies	233	865	1,427
Other current receivables, Group companies	4	6	59
Current receivables	30	23	35
Total assets	**7,046**	**7,636**	**8,251**
Shareholders' equity and liabilities			
Shareholders' equity	4,330	4,427	4,635
Provisions	1	1	1
Current financial liabilities	2,675	3,170	3,573
Other current liabilities, Group companies	8	4	10
Other non-interest-bearing liabilities	32	34	32
Total shareholders' equity and liabilities	**7,046**	**7,636**	**8,251**

At the end of the period, the carrying amount of shares and participations in subsidiaries amounted to SEK 6,314 M (6,292). The change for the period is SEK 20 M and comprises forming new subsidiaries and capital contributions to subsidiaries. The Parent Company's commercial paper program has a framework amount of SEK 4,000 M. The total amount issued at the end of the period amounted to SEK 2,679 M (3,173).

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.

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 351 M
Number of shares, thousands	272,370
Earnings per share	SEK 1.29

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.

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 ensue 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).

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 standards 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 October 28 at 8:00 a.m. CET.

Dial the number below to participate:

Sweden: +46 8 519 993 83
US: +1 833 526 8383
UK: +44 3333 009 266

A presentation will be held during the telephone conference. To access the presentation, please use this link:
https://tv.streamfabriken.com/arjo-q3-2020

Alternatively, use the following link to download the presentation: https://www.arjo.com/int/about-us/investors/reports--presentations/2020/

A recording of the teleconference will be available for 3 years via the following link:
https://tv.streamfabriken.com/arjo-q3-2020

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 2020/2021:

February 3, 2021:	Year-end report 2020
April 27, 2021	Interim report January-March 2021
April 27, 2021	2021 Annual General Meeting
March–April 2021:	2020 Annual Report

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This information is information that Arjo AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, on October 28, 2020 at 7:00 a.m. CET.

Arjo's work is based on genuine care for human health and well-being. Arjo is a market-leading supplier of medical devices and solutions that improve quality of life for patients with reduced mobility and age-related health challenges. The company's offering includes products and solutions for patient handling, hygiene, disinfection, medical beds, prevention of pressure ulcers, prevention of deep vein thrombosis and for obstetric and cardiac diagnostics.

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www.arjo.com