Interim report January – June 2021

April-June 2021 in brief

- Net sales amounted to SEK 2,199 M (2,264).
  Net sales grew organically by 4.0%.
- Adjusted EBITDA increased 4.9% to SEK 513 M (489).
  In comparable currencies, profit was SEK 546 M, corresponding to an improvement of about 12%.
- Adjusted operating profit increased by 12.8% to SEK 275 M (244).
  In comparable currencies, profit was SEK 295 M, corresponding to an improvement of about 21%.
- Profit after financial items increased to SEK 253 M (152).
- Earnings per share rose to SEK 0.70 (0.42).
- Cash flow from operations amounted to SEK 431 M (613).
- Acquisition of South African rental operations specializing in pressure injury prevention.

January-June 2021 in brief

- Net sales amounted to SEK 4,367 M (4,537).
  Net sales grew organically by 4.0%.
- Adjusted EBITDA increased 7.8% to SEK 1,008 M (934).
  In comparable currencies, profit was SEK 1,095 M, corresponding to an improvement of about 17%.
- Adjusted operating profit increased by 19.6% to SEK 535 M (447).
  In comparable currencies, profit was SEK 592 M, corresponding to an improvement of about 32%.
- Profit after financial items increased to SEK 483 M (292).
- Earnings per share rose to SEK 1.33 (0.80).
- Cash flow from operations amounted to SEK 705 M (899).

Financial summary

SEK M	Quarter 2 2021	Quarter 2 2020	Jan–Jun 2021	Jan–Jun 2020	Rolling 12 months	Full-year 2020
Net sales	2,199	2,264	4,367	4,537	8,908	9,078
Gross profit	1,033	1,023	2,047	2,066	4,107	4,126
Gross margin, %	47.0%	45.2%	46.9%	45.6%	46.1%	45.5%
Adjusted EBITA[1]	344	315	673	588	1,310	1,224
Adjusted EBITA margin, %[1]	15.6%	13.9%	15.4%	13.0%	14.7%	13.5%
Adjusted EBITDA[1]	513	489	1,008	934	1,986	1,913
Adjusted EBITDA margin, %[1]	23.3%	21.6%	23.1%	20.6%	22.3%	21.1%
Operating profit (EBIT)	270	226	522	392	995	866
Adjusted operating profit (EBIT) [1]	275	244	535	447	1,031	943
Profit after financial items	253	152	483	292	893	702
Net profit for the period	189	114	362	219	670	526
Number of shares, thousands	272,370	272,370	272,370	272,370	272,370	272,370
Earnings per share, SEK	0.70	0.42	1.33	0.80	2.46	1.93
Cash flow from operations	431	613	705	899	2,073	2,267
Cash conversion, %	84.8%	129.2%	70.9%	101.9%	106.3%	123.3%

1) Before exceptional items. See Alternative performance measures on page 18 and definitions on page 21.

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

Strong quarter with continued recovery in key product categories

We close another strong quarter in which we continue to successfully navigate the challenges related to Covid-19. The Group grew organically by 4.0%, with a particularly healthy development in Western Europe. We exit the quarter with a strong order book, and the increased activity level and sales recovery within capital goods continued to strengthen during the quarter.

Strong performance in patient handling, service and DVT

Demand is increasing within profitable product categories such as patient handling, service and DVT – all of which fell back when healthcare investments were largely focused on the acute needs related to the pandemic. The world is facing extensive rehabilitation needs linked to ICU treated Covid-19 patients – a challenging task for healthcare where the right patient handling equipment is a key factor. The major backlog accumulated during the pandemic is also driving a higher activity level in elective care and we can see a steady increase in DVT, mainly in the US. Demand for service has also risen considerably with many markets gradually opening up, and we assess that we will see further recovery in these areas over the coming quarters.

Demand for core rental solutions remains high and we are seeing a strong development in both Europe and the US. As expected, the units in use of the critical care solutions declined during the quarter, and are now in line with the level we saw before the pandemic.

Continued profitability improvements

The higher gross margin was primarily driven by a favorable product mix with high volumes in patient handling and DVT, as well as positive effects from previously implemented efficiency measures. We have good cost control throughout the value chain and continue to reduce our operating expenses as a percentage of sales. This enables us to close the quarter with an adjusted EBITDA margin exceeding 23% for the first time.

The global challenges related to shortage of components and raw materials in parallel with rising costs for transportation and logistics are continuing to be handled with high priority, and the organization is doing a fantastic job to mitigate the negative effects. The higher costs for the quarter were primarily compensated by enhanced efficiency, but also carefully considered price adjustments.

Positive response to new technologies

Healthcare professionals around the world are doing a fantastic job and we continue to support healthcare in the challenges faced here and now. In parallel, we maintain a high intensity in our customer and marketing activities to meet the investment need in those areas having been held back by the acute needs related to the pandemic.

At the same time, we are making further investments in Arjo's future. The launch of the SEM scanner is proceeding very well with high interest from customers. We currently have more than 150 customers around the world that are planning to evaluate or have already evaluated the scanner.

The Journal of Wound Care recently published research that presents health-economic arguments for including WoundExpress in standard care in the UK. The scientific paper stated both improved clinical and financial outcomes, and we can now engage in more active discussions with the NHS in the UK to introduce WoundExpress as a treatment for difficult-to-heal wounds.

Our long-term strategy is continuing to be implemented with full force, at the same time as we are delivering on our short-term targets. We have a high acticity level with a strong pipeline of product launches and increased focus on the inorganic agenda. In summary, we add a strong quarter to the books and maintain a positive outlook for our performance over the coming quarters.

Malmö, July 15

Joacim Lindoff
President & CEO

Group performance

Net sales and results

Second quarter of 2021

Net sales increased organically by 4.0% to SEK 2,199 M (2,264) with high demand in patient handling, hygiene, service and DVT.

Sales in North America increased organically by 1.7%, with continued double-digit growth in Canada. Growth in the US was held back slightly, mainly as a result of significantly lower demand for rental solutions within critical care. Patient handling and DVT continued to develop positively in the quarter, and higher demand was also noted within core rental solutions.

Western Europe grew organically by 9.3%, with a particularly strong performance in France, Germany and Austria. Demand within patient handling and rental remained positive in the quarter. Increased access to hospitals and long-term care facilities also led to a positive development within service.

Sales in Rest of the World fell organically by 4.8%, primarily driven by lower sales of medical beds. This is to be viewed in relation to a strong comparative quarter. Extensive lockdown measures in many countries, such as India and in Latin America, had a negative impact in the region. Australia and South-East Asia performed well during the quarter.

The gross margin increased to 47.0% (45.2) in the quarter, mainly driven by a favorable product mix with high volumes in patient handling and DVT. Effects from previously implemented efficiency program in the US and Europe also contributed positively. Continuing very high transportation costs and rising costs of raw materials were mainly mitigated by higher efficiency but also price adjustments.

Restructuring costs amounted to SEK 5 M for the quarter, the majority of which were related to the efficiency measures in Western Europe.

Operating expenses for the quarter amounted to SEK 752 M (781) and are continuing to decline as a percentage of sales. Implemented restructuring activities are generating positive effects and the good cost control remains throughout the value chain.

Adjusted EBITDA increased 4.9% to SEK 513 M (489). The adjusted EBITDA margin was 23.3%.

Other operating income and expenses were charged with SEK -5 M in the quarter related to the half-yearly earnings for the Group's interest in Bruin Biometrics (BBI). This effect of SEK -2 M was recognized in net financial items in the first quarter. However, going forward the effect will be recognized in Other operating income and expenses. Net financial items for the quarter improved from SEK -74 M to SEK -17 M.

January–June 2021

Net sales increased organically during the period by 4.0% to SEK 4,367 M (4,537). Sales of capital goods such as patient handling and hygiene gradually recovered. Increased access to hospitals and long-term care facilities also resulted in higher demand within service. Demand also gradually increased in DVT.

Volumes remained high within the rental operations, mainly in the core business. Demand for rental solutions in critical care declined, especially in the latter half of the period.

North America grew organically by 4.4% in the period, with double-digit growth in Canada and a continued solid performance in the US. Patient handling and DVT saw a clear recovery in the period, while rental solutions within critical care declined as expected.

Sales increased organically by 5.0% in Western Europe, mainly driven by increasing sales of capital goods and higher volumes in rental operations. France, Germany and Austria performed particularly well in the period.

Sales in Rest of the World fell by 0.2%. Demand for medical beds declined in the second half of the period and extensive lockdowns continued to have a significant impact on the region. The Group's own sales companies and new distributors that have been built up over the past few years continued to generate good results and has laid a solid foundation for future growth.

The gross margin was 46.9% (45.6) for the period, positively impacted by a favorable product mix with high volumes in patient handling and DVT. Previously communicated efficiency programs in the US and Europe also positively affected the margin. Increased costs related to global transportation challenges and shortages of raw materials were mainly offset by higher efficiency but also price adjustments.

Operating expenses declined to SEK 1,502 M (1,620), with continued good cost control throughout the value chain.

Adjusted EBITDA for the period increased by 7.8% to SEK 1,008 M (934). The adjusted EBITDA margin was 23.1%.

Net financial items amounted to SEK -39 M (-100) for the period.

Net sales by geographic area, SEK M	Quarter 2 2021	Quarter 2 2020	Organic change	Jan–Jun 2021	Jan–Jun 2020	Organic change	Rolling 12 months	Full-year 2020
North America	837	925	1.7%	1,711	1,852	4.4%	3,478	3,619
Western Europe	1,045	996	9.3%	2,059	2,058	5.0%	4,151	4,149
Rest of the World	316	343	-4.8%	596	627	-0.2%	1,279	1,310
Total	**2,199**	**2,264**	**4.0%**	**4,367**	**4,537**	**4.0%**	**8,908**	**9,078**

Currency effect

SEK M	Quarter 2 2021	Jan-Jun 2021
Translation effect (vs 2020)		
Sales	-156	-354
Cost of goods sold	109	224
Gross profit	-47	-130
Operating expenses	44	98
Restructuring	0	1
Total translation effect, EBIT	**-3**	**-31**
Transaction effect (vs 2020)		
Cost of goods sold	**-17**	**-26**
Recognized remeasurement effects		
Other operating income/expenses	-4	-10

Translation effects for the quarter amounted to SEK -3 M and transaction effects to SEK -17 M, meaning a total effect of SEK -20 M on operating profit compared with last year. In addition, the recognized revaluation effects of operating receivables and liabilities after hedging amounted to SEK -4 M net for the quarter.

Cash flow and financial position

Cash flow from operations amounted to SEK 431 M (613) for the quarter. Improved earnings were offset by a negative effect from working capital. The increase in inventories from the first quarter continued so as to ensure production and customer deliveries.

The Group's cash conversion in the quarter amounted to 84.8% compared to 129.2% in the same quarter last year.

Net investments for the quarter amounted to SEK 205 M (151), divided between tangible assets of SEK 148 M (99) and intangible assets of SEK 57 M (52). The investments in tangible assets include investments in the rental fleet of SEK 114 M (70).

The Group's cash and cash equivalents amounted to SEK 634 M (1,121) and interest-bearing net debt was SEK 5,005 M (5,589). At the end of the period, Arjo had issued commercial paper amounting to SEK 3,982 M (2,501). Arjo has contracted unutilized credit facilities of SEK 5,445 M available for refinancing outstanding commercial paper.

The equity/assets ratio amounted to 44.1% (38.9). Net debt/adjusted EBITDA was 2.7 (3.2).

Research and development

Arjo's gross research and development costs for the quarter amounted to SEK 55 M (50), of which SEK 25 M (27) was charged to operating profit. The gross costs correspond to 2.5% (2.2) of consolidated net sales.

Outlook 2021

Organic sales growth for 2021 is expected to be within the Group's target interval of 3-5%.

Other key events during the quarter

2021 Annual General Meeting

Arjo's Annual General Meeting was held on April 27 through electronic connection in accordance with the temporary law applicable during 2021. The shareholders could exercise their voting rights at the Meeting only by participating digitally or by postal voting in advance. The main resolutions of the Annual General Meeting were as follows:

- Johan Malmquist (Chairman), Carl Bennet, Eva Elmstedt, Dan Frohm, Ulf Grunander, Carola Lemne and Joacim Lindoff were re-elected as members of the Board.
- Fees to the Board and auditors, the dividend for 2021 and guidelines for remuneration to senior executives were adopted.
- The Annual General Meeting approved the Nomination Committee's proposed instructions for the Nomination Committee.
- In accordance with the proposal of the Board of Directors, the Annual General Meeting resolved to amend the Articles of Association in order to be able to use the alternatives provided by the Swedish Companies Act with regard to decisions on proxy collection, postal voting and the presence of third parties at General Meetings.
- The Annual General Meeting resolved to approve the Board's remuneration report for the 2020 fiscal year in accordance with the Swedish Companies Act.

More information about the resolutions and a recording of the CEO's presentation are available on the Group's website: https://www.arjo.com/int/about-us/corporate-governance/general-meetings/annual-general-meeting-2021/

Acquisition of South African rental operations specializing in pressure injury prevention

Acquisitions are a key element of Arjo's strategy and during the quarter the South African company PAC Rentals was acquired, which offers rental of specialized and therapeutic mattresses. The company generated sales of approximately SEK 10 M in 2020 and has a market share of about 50% in South Africa. The deal is an asset purchase agreement and consilidation has occurred during June 2021.

The acquisition gives Arjo access to sales channels and important local know-how to further strengthen the offering within rental and pressure injury prevention in a growing region.

The acquisition is expected to have a slight positive effect on earnings per share from 2022.

Solutions for safe and dignified dementia care

In May, Arjo held a seminar at the Dementia Forum X focusing on how improved care processes can improve the quality of life for patients with dementia. This was the third time that Arjo participated in the forum, which brings together leading stakeholders to discuss the global challenge of dementia and future dementia care.

Improving dementia care is a key focus area for Arjo and several of the Group's forthcoming product launches have been developed according to design principles that are specifically tailored to people with dementia. In addition, three of the Group's products have been accredited by the Dementia Service Development Centre (DSDC) at Stirling University, Scotland, for their dementia-adapted product design.

Today, approximately 50 million people live with dementia, with the condition affecting an estimated 60% of long-term care residents.

Key events after the end of the quarter

Research establishes clear health-economic argument for including WoundExpress as standard care in the UK

In July, the Journal of Wound Care published a research report by Professor Julian Guest et al. showing that WoundExpress, a solution based on intermittent pneumatic compression (IPC), combined with standard care increased the probability of wound healing in venous leg ulcers by 58% and improved health-related quality of life for patients. WoundExpress has previously been shown to have a positive impact on both arterial and venous blood flow in the lower limbs, with positive clinical benefits including reductions in wound size and pain.

In addition to savings related to faster healing, researchers have concluded that the cost for WoundExpress combined with standard care for treating difficult-to-heal venous leg ulcers is slightly lower than the cost for standard care alone. This cost is also well below the cost threshold per patient set by the NHS.

Annual global costs for venous leg ulcers amount to approximately SEK 300 billion.

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. In addition, Arjo is increasingly focusing on highlighting the clinical value and benefits of the Group's products, 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, 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 diseases 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.

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

Changes related to general economic and political conditions

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

The EU MDR came into force in May 2021. Arjo has had an organization-wide plan in place since 2017 to ensure MDR compliance and has achieved MDR certification following a successful QMS audit at the end of 2019 and audit of product documentation in 2020.

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

Financial risk management

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

Coronavirus (Covid-19)

The corona pandemic will impact both the Group's customers in the healthcare sector and society as a whole. The restrictions and recommendations introduced by the authorities to restrict the rate of infection could lead to limited accessibility and difficulties for the company to reach customers. It could also lead to lower demand for the products and services that are not prioritized during a crisis, or higher demand that cannot be met. The pandemic could also present a risk for some of the company's employees who are exposed to the virus through their work environment, which imposes strict requirements on the operations and a high level of expertise and precautionary measures. Covid-19 could also impact the Group's supply chain, which may lead to delays to deliveries and production disruptions. In addition, coronavirus may also entail fluctuations in the financial system, which could result in indirect or direct financing difficulties for the company. The Group is closely monitoring developments and is successively making the necessary business decisions to ensure production and deliveries to the healthcare sector in this serious situation. Arjo is following the guidelines set by the authorities in the geographical areas in which the company operates, and providing its personnel with equipment and training to manage the risk of exposure and ensure a safe and secure work environment. Arjo to date has not experienced any major production disruptions due to the coronavirus outbreak. 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 meet higher demand. Arjo is working proactively to ensure financial contingency in this uncertain time and is continuing to closely monitor developments.

Risk of cyber attacks

Arjo is dependent on IT and its surrounding infrastructure and is exposed to the risk of cyber attacks. These attacks may comprise trojans, ransomware, malware or data hacking which could involve the aim of intrusion, data corruption, data theft, threats or taking over a system. They could also take on the form of phishing via e-mail that leads to revealing confidential information, downloading malicious code, financial payments or collecting authentication information (user name and password). The risk of cyber attacks also arises if access controls are not handled correctly and unauthorized users gain access to areas of systems that they are not permitted to enter.

Arjo works actively on risk assessments of its IT infrastructure and sensitive data and has defined mitigating processes and controls, known as IT General Control (ITGC) to protect the company. The control environment includes firewalls, patch management, virus programs, penetration and recovery tests and automated scanning of incoming and outgoing e-mail traffic to identify phishing. To restrict access to the system and data, access controls are used, for example, employees' VPN accounts are linked to the company's HR system. Arjo's Chief Information Security Officer (CISO) held a number of training courses on IT security during the year to increase know-how, encourage caution and ensure that employees are aware of and follow the company's IT policy and directives. The internal control environment is evaluated by the company's CISO every year and partly by the external auditors.

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.

This interim report is unaudited.

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, July 15, 2021

Johan Malmquist
Chairman of the Board

Carl Bennet
Vice Chairman

Eva Elmstedt

Dan Frohm

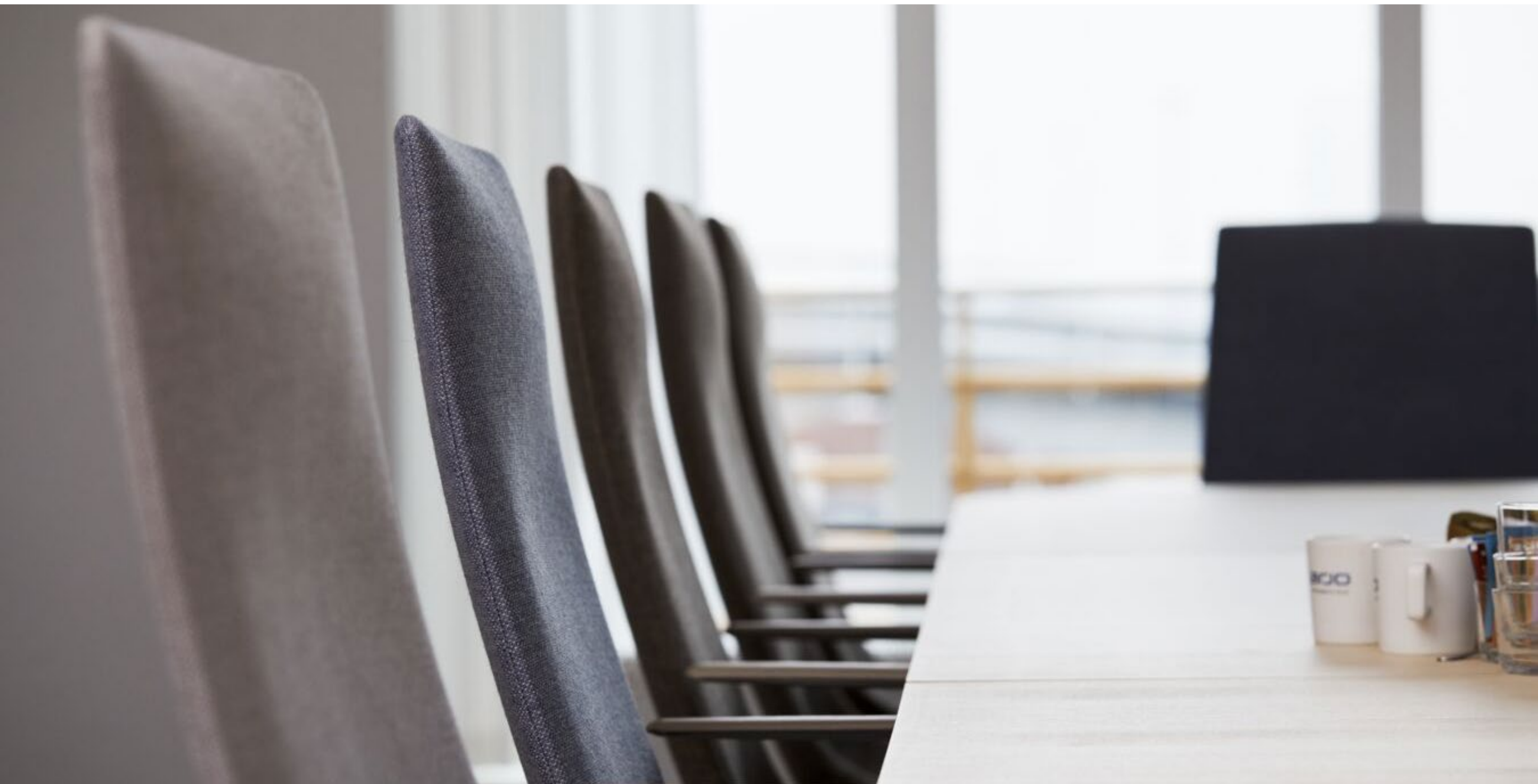
Ulf Grunander

Kajsa Haraldsson

Carola Lemne

Eva Sandling Gralén

Joacim Lindoff
President & CEO



Consolidated financial statements

Consolidated income statement

SEK M	Note	Quarter 2 2021	Quarter 2 2020	Jan–Jun 2021	Jan–Jun 2020	Full-year 2020
Net sales	2	2,199	2,264	4,367	4,537	9,078
Cost of goods sold	6	-1,166	-1,241	-2,319	-2,471	-4,952
Gross profit		**1,033**	**1,023**	**2,047**	**2,066**	**4,126**
Selling expenses		-430	-443	-854	-935	-1,796
Administrative expenses		-298	-311	-601	-626	-1,258
Research and development costs	4	-25	-27	-47	-58	-114
Exceptional items	5	-5	-18	-13	-55	-78
Other operating income and expenses	8	-6	2	-10	1	-14
Operating profit (EBIT)	3, 6	**270**	**226**	**522**	**392**	**866**
Net financial items	6	-17	-74	-39	-100	-164
Profit after financial items		**253**	**152**	**483**	**292**	**702**
Taxes		-63	-38	-121	-73	-175
Net profit for the period		**189**	**114**	**362**	**219**	**526**
Attributable to:						
Parent Company shareholders		189	114	362	219	526
Number of shares, thousands		272,370	272,370	272,370	272,370	272,370
Earnings per share, SEK[1]		0.70	0.42	1.33	0.80	1.93

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

Consolidated statement of comprehensive income

SEK M	Quarter 2 2021	Quarter 2 2020	Jan–Jun 2021	Jan–Jun 2020	Full-year 2020
Net profit for the period	**189**	**114**	**362**	**219**	**526**
Other comprehensive income					
Items that cannot be restated in profit					
Actuarial gains/losses pertaining to defined-benefit pension plans	51	-288	111	-14	133
Tax attributable to items that cannot be restated in profit	-10	55	-21	4	-24
Items that can later be restated in profit					
Translation differences	-145	-595	322	-267	-853
Hedges of net investments	13	76	-10	-6	75
Tax attributable to items that can be restated in profit	5	26	-10	20	35
Other comprehensive income for the period, net after tax	**-86**	**-727**	**393**	**-264**	**-634**
Total comprehensive income for the period	**103**	**-613**	**755**	**-45**	**-107**
Comprehensive income attributable to:					
Parent Company shareholders	103	-613	755	-45	-107

Consolidated balance sheet

SEK M	Note	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Assets				
Intangible assets		6,937	6,966	6,834
Tangible assets		1,392	1,286	1,282
Tangible lease assets	6	1,113	1,100	1,044
Financial assets	10	553	594	448
Participations in associated companies	8	120	–	120
Inventories		1,257	1,291	1,039
Accounts receivable		1,423	1,700	1,500
Current financial receivables	10	3	15	14
Other current receivables	10	528	563	605
Cash and cash equivalents	10	634	1,121	972
Total assets		**13,960**	**14,636**	**13,858**
Shareholders' equity and liabilities				
Shareholders' equity		6,153	5,693	5,630
Non-current financial liabilities	10	702	2,486	2,018
Non-current lease liabilities	10	844	842	802
Provisions for pensions, interest-bearing	10	38	148	37
Other provisions		209	255	233
Current financial liabilities	10	3,979	3,041	3,051
Current lease liabilities	10	324	309	296
Accounts payable		516	498	504
Other non-interest-bearing liabilities		1,194	1,363	1,288
Total shareholders' equity and liabilities		**13,960**	**14,636**	**13,858**

Changes in shareholders' equity for the Group

SEK M	Share capital	Reserves	Retained earnings	Total share-holders' equity[1)]
Opening balance at January 1, 2020	**91**	**915**	**4,908**	**5,914**
Total comprehensive income for the period	–	-743	636	-107
Dividend	–	–	-177	-177
Closing balance at December 31, 2020	**91**	**172**	**5,367**	**5,630**
Opening balance at January 1, 2021	**91**	**172**	**5,367**	**5,630**
Total comprehensive income for the period	–	303	453	755
Dividend	–	–	-232	-232
Closing balance at June 30, 2021	**91**	**475**	**5,588**	**6,153**

1) Fully attributable to Parent Company shareholders

Consolidated cash-flow statement

SEK M	Note	Quarter 2 2021	Quarter 2 2020	Jan–Jun 2021	Jan–Jun 2020	Full-year 2020
Operating activities						
Operating profit (EBIT)		270	226	522	392	866
Add-back of amortization, depreciation and write-down	3	238	249	473	491	973
Other non-cash items		27	53	25	57	56
Expensed exceptional items[1]		5	15	13	51	71
Paid exceptional items		-7	-21	-20	-44	-64
Financial items		-24	-39	-45	-69	-124
Taxes paid		-46	-43	-78	-92	-132
Cash flow before changes to working capital		**464**	**439**	**890**	**787**	**1,646**
Changes in working capital						
Inventories		-66	-189	-178	-217	-30
Current receivables		143	135	169	192	214
Current liabilities		-110	229	-176	138	438
Cash flow from operations		**431**	**613**	**705**	**899**	**2,267**
Investing activities						
Divested / acquired operations [2]	8	-19	-10	-19	-10	-49
Acquisitions of participations in associated companies		-	-	-	-	-135
Acquired financial assets		-	-	-	-4	-4
Net investments		-205	-151	-327	-322	-784
Cash flow from investing activities		**-224**	**-161**	**-346**	**-336**	**-972**
Financing activities						
Raising of loans		2,858	1,568	4,939	4,446	8,574
Repayment of interest-bearing liabilities [2]		-2,671	-1,536	-5,342	-4,286	-8,791
Repayment of lease liabilities		-81	-89	-158	-163	-327
Change in pension assets/liabilities		0	1	1	1	1
Change in interest-bearing receivables		15	-3	23	2	8
Dividend		-232	-	-232	-	-177
Realized derivatives attributable to financing activities		0	-76	75	-102	-250
Cash flow from financing activities		**-112**	**-135**	**-695**	**-101**	**-963**
Cash flow for the period		**95**	**317**	**-337**	**463**	**332**
Cash and cash equivalents at the beginning of the period		550	820	972	662	662
Translation differences		-11	-16	-1	-4	-22
Cash and cash equivalents at the end of the period		**634**	**1,121**	**634**	**1,121**	**972**

1) Excluding write-down of non-current assets
2) From 2021, payment of additional purchase considerations is recognized in financing activities. Comparative figures have been adjusted.

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 2020 Annual Report, published on www.arjo.com. The totals in the tables and calculations do not always add up due to rounding differences. Each subtotal corresponds with its original source, which can lead to rounding differences in the totals.

New accounting standards

No new or changed accounting standards that came into effect on January 1, 2021 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 2 2021	Quarter 2 2020	Jan–Jun 2021	Jan–Jun 2020	Full-year 2020
North America	837	925	1,711	1,852	3,619
Western Europe	1,045	996	2,059	2,058	4,149
Rest of the World	316	343	596	627	1,310
Total	**2,199**	**2,264**	**4,367**	**4,537**	**9,078**

Net sales by type of revenue, SEK M	Quarter 2 2021	Quarter 2 2020	Jan–Jun 2021	Jan–Jun 2020	Full-year 2020
Product sales	1,288	1,267	2,503	2,578	5,168
Service incl. spare parts	371	319	724	688	1,426
Rental	541	677	1,140	1,270	2,484
Total	**2,199**	**2,264**	**4,367**	**4,537**	**9,078**

Note 3 Depreciation/amortization and write-down

SEK M	Quarter 2 2021	Quarter 2 2020	Jan–Jun 2021	Jan–Jun 2020	Full-year 2020
Intangible assets	-69	-75	-139	-144	-284
Of which, attributable to acquisitions	*-22*	*-21*	*-44*	*-42*	*-80*
Tangible assets	-88	-92	-174	-183	-364
Tangible lease assets	-81	-82	-160	-164	-325
Total	**-238**	**-249**	**-473**	**-491**	**-973**
Of which, write-down	*-*	*-3*	*-*	*-3*	*-3*

Note 4 Capitalized development costs

SEK M	Quarter 2 2021	Quarter 2 2020	Jan–Jun 2021	Jan–Jun 2020	Full-year 2020
Research and development costs, gross	-55	-50	-106	-102	-202
Capitalized development costs	31	22	59	44	88
Research and development costs, net	**-25**	**-27**	**-47**	**-58**	**-114**

Note 5 Exceptional items

SEK M	Quarter 2 2021	Quarter 2 2020	Jan–Jun 2021	Jan–Jun 2020	Full-year 2020
Acquisition expenses	–	–	0	–	-4
Damage claims and disputes	–	-7	–	-7	-7
Restructuring and integration costs	-5	-11	-13	-48	-67
Total	**-5**	**-18**	**-13**	**-55**	**-78**

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	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Right-of-use assets			
Buildings and land	738	803	743
Cars and other vehicles	354	288	281
Other	21	10	19
Total	**1,113**	**1,100**	**1,044**

Amounts recognized in profit or loss

SEK M	Quarter 2 2021	Quarter 2 2020	Jan–Jun 2021	Jan–Jun 2020	Full-year 2020
Depreciation of right-of-use assets					
Cost of goods sold	-55	-55	-108	-106	-214
Operating expenses	-26	-28	-52	-58	-110
Total	**-81**	**-82**	**-160**	**-164**	**-325**
Interest expenses	-8	-9	-15	-18	-34

Note 7 Financial assets and liabilities measured at fair value

Jun 30, 2021	Assets/liabilities measured at fair value through profit or loss	Derivatives used for hedging purposes	Total
Other current receivables	5	–	5
Other financial assets	119	–	119
Total assets	**124**	**-**	**124**
Other non-interest-bearing liabilities	21	–	21
Additional purchase consideration	68	–	68
Total liabilities	**89**	**-**	**89**

Jun 30, 2020	Assets/liabilities measured at fair value through profit or loss	Derivatives used for hedging purposes	Total
Other current receivables	8	1	9
Other financial assets	134	–	134
Total assets	**143**	**1**	**144**
Other non-interest-bearing liabilities	46	19	65
Additional purchase consideration	56	–	56
Total liabilities	**102**	**19**	**121**

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 holdings in unlisted companies in level 3 of the fair value hierarchy. The carrying amount of the holdings is the same as the fair value. The Group has a liability for additional purchase considerations related to acquisitions, which is at level 3 of the fair value hierarchy.

Note 8 Acquisitions

Acquisitions in 2021

Acquisition of PAC Rentals

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

Acquisitions in 2020

Acquisition of equity stake in Bruin Biometrics (BBI)

In October 2020, 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 reduces patient suffering and healthcare costs.

This acquisition entitles Arjo to a permanent BBI board seat and veto rights for a number of important legal business and operational matters. Therefore, Arjo is considered to have a significant influence in BBI and the holding is recognized as participations in associated companies using the equity method. The purchase price amounted to SEK 214 M, of which SEK 135 M refers to participations in associated companies and SEK 79 M to distribution rights at the acquisition date.

Income from participations are included in other operating expenses and amounted to SEK -5 M for the first half of 2021.

Acquisition of AirPal

In December 2020, Arjo acquired operations in AirPal, a privately owned US-based company specializing in Air-Assisted Lateral Transfer solutions for patients. The acquisition strengthens Arjo's patient handling portfolio and is part of the Group's long-term strategic focus toward driving healthier outcomes for people facing mobility challenges, and will help advance Arjo's agenda toward increased profitable growth. Focus will initially be on the US market followed by the UK and Australia. Annual sales amount to approximately SEK 40 M.

The deal is an asset purchase agreement and involves an upfront payment of SEK 49 M, and also includes an earn-out tied to performance in 2021 to 2023 valued at SEK 36 M. The value of the net assets amounts to SEK 85 M.

Note 9 Financial data per quarter

SEK M	Quarter 1 2020	Quarter 2 2020	Quarter 3 2020	Quarter 4 2020	Quarter 1 2021	Quarter 2 2021
Net sales	2,273	2,264	2,143	2,398	2,168	2,199
Cost of goods sold	-1,230	-1,240	-1,171	-1,311	-1,154	-1,166
Gross profit	**1,043**	**1,023**	**973**	**1,087**	**1,014**	**1,033**
Operating expenses	-839	-781	-762	-786	-750	-752
Exceptional items	-37	-18	0	-23	-8	-5
Other operating income and expenses	-1	2	-2	-12	-4	-6
Operating profit (EBIT)	**167**	**226**	**208**	**265**	**252**	**270**
Net financial items	-26	-74	-32	-31	-21	-17
Profit after financial items	**140**	**152**	**176**	**234**	**231**	**253**
Taxes	-35	-38	-44	-58	-58	-63
Net profit for the period	**105**	**114**	**132**	**175**	**173**	**189**
Adjusted EBITDA [1]	445	489	448	530	495	513
Adjusted EBITDA margin, % [1]	19.6%	21.6%	20.9%	22.1%	22.8%	23.3%

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.

Note 10 Consolidated interest-bearing net debt

SEK M	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Non-current financial liabilities	634	2,430	1,936
Non-current lease liabilities	844	842	802
Current financial liabilities	3,979	3,041	3,051
Current lease liabilities	324	309	296
Provisions for pensions, interest-bearing	38	148	37
Interest-bearing liabilities	**5,819**	**6,770**	**6,122**
Less financial receivables	-32	-61	-50
Less pension assets	-147	-	-33
Less cash and cash equivalents	-634	-1,121	-972
Interest-bearing net debt	**5,005**	**5,589**	**5,067**

Note 11 Key performance measures for the Group

SEK M	Quarter 2 2021	Quarter 2 2020	Jan–Jun 2021	Jan–Jun 2020	Full-year 2020
Sales measures					
Net sales	2,199	2,264	4,367	4,537	9,078
Net sales growth, %	-2.9%	2.3%	-3.7%	4.4%	1.1%
Organic growth in sales, %	4.0%	2.2%	4.0%	2.8%	3.9%
Expense measures					
Selling expenses as a % of net sales	19.6%	19.6%	19.6%	20.6%	19.8%
Administrative expenses as a % of net sales	13.5%	13.7%	13.8%	13.8%	13.9%
Research and development costs gross as a % of net sales	2.5%	2.2%	2.4%	2.3%	2.2%
Earnings measures					
Operating profit (EBIT)	270	226	522	392	866
Adjusted operating profit (EBIT)[2]	275	244	535	447	943
EBITA	339	301	660	537	1,150
Adjusted EBITA[2]	344	315	673	588	1,224
EBITDA	508	474	994	883	1,838
EBITDA growth, %	7.0%	12.8%	12.6%	5.9%	9.8%
Adjusted EBITDA[2]	513	489	1,008	934	1,913
Earnings per share, SEK	0.70	0.42	1.33	0.80	1.93
Margin measures					
Gross margin, %	47.0%	45.2%	46.9%	45.6%	45.5%
Operating margin, %	12.3%	10.0%	11.9%	8.6%	9.5%
Adjusted operating margin, %[2]	12.5%	10.8%	12.2%	9.9%	10.4%
EBITA margin, %	15.4%	13.3%	15.1%	11.8%	12.7%
Adjusted EBITA margin, %[2]	15.6%	13.9%	15.4%	13.0%	13.5%
EBITDA margin, %	23.1%	21.0%	22.8%	19.5%	20.3%
Adjusted EBITDA margin, %[2]	23.3%	21.6%	23.1%	20.6%	21.1%
Cash flow and return measures					
Return on shareholders' equity, %[1]			11.3%	7.4%	9.1%
Cash conversion, %	84.8%	129.2%	70.9%	101.9%	123.3%
Operating capital, SEK M			11,402	11,624	11,408
Return on operating capital, %[1]			9.0%	7.2%	8.3%
Capital structure					
Interest-bearing net debt			5,005	5,589	5,067
Interest-coverage ratio, multiple[1]			9.6x	5.5x	6.5x
Net debt/equity ratio, multiple			0.8x	1.0x	0.9x
Net debt / adjusted EBITDA, multiple [1, 2]			2.7x	3.2x	2.9x
Equity/assets ratio, %			44.1%	38.9%	40.6%
Equity per share, SEK			22.6	20.9	20.7
Other					
No. of shares			272,369,573	272,369,573	272,369,573
Number of employees, average			6,234	6,186	6,211

1) Rolling 12 months.
2) Before exceptional items. See Alternative performance measures on page 18 and definitions on page 21.

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 2 2021	Quarter 2 2020	Jan–Jun 2021	Jan–Jun 2020	Full-year 2020
Operating profit (EBIT)	270	226	522	392	866
Add-back of amortization and write-down of intangible assets	69	75	139	144	284
EBITA	**339**	**301**	**660**	**537**	**1,150**
Add-back of depreciation and impairment of tangible assets	169	174	334	346	688
EBITDA	**508**	**474**	**994**	**883**	**1,838**
Exceptional items [1)]	5	18	13	55	78
Add-back of write-down of restructuring and integration costs	-	-3	-	-3	-3
Adjusted operating profit (EBIT)	**275**	**244**	**535**	**447**	**943**
Adjusted EBITA	**344**	**315**	**673**	**588**	**1,224**
Adjusted EBITDA	**513**	**489**	**1,008**	**934**	**1,913**

1) Refer to Note 5 Exceptional items on page 14.

Cash conversion	Quarter 2 2021	Quarter 2 2020	Jan–Jun 2021	Jan–Jun 2020	Full-year 2020
Cash flow from operations, SEK M	**431**	**613**	**705**	**899**	**2,267**
Operating profit (EBIT)	270	226	522	392	866
Add-back of amortization, depreciation and write-down of intangible and tangible assets	238	249	473	491	973
EBITDA, SEK M	**508**	**474**	**994**	**883**	**1,838**
Cash conversion, %	**84.8%**	**129.2%**	**70.9%**	**101.9%**	**123.3%**

Net debt/equity ratio	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Interest-bearing net debt, SEK M	5,005	5,589	5,067
Shareholders' equity, SEK M	6,153	5,693	5,630
Net debt/equity ratio	**0.81**	**0.98**	**0.90**

Calculation of return on operating capital	Jan–Jun 2021	Jan–Jun 2020	Full-year 2020
Total assets opening balance	14,636	14,612	14,422
Total assets closing balance	13,960	14,636	13,858
Average total assets	**14,298**	**14,624**	**14,140**
Average total assets	14,298	14,624	14,140
Excluding average cash and cash equivalents	-877	-1,019	-817
Excluding average other provisions	-232	-278	-223
Excluding average other non-interest-bearing liabilities	-1,786	-1,703	-1,692
Average operating capital	**11,402**	**11,624**	**11,408**
Operating profit (EBIT) [1)]	995	730	866
Add-back of exceptional items [1)]	36	108	78
EBIT after add-back of exceptional items	1,031	838	943
Return on operating capital, %	**9.0%**	**7.2%**	**8.3%**

1) Rolling 12 months.

Note 12 Transactions with related parties

SEK M	Quarter 2 2021	Quarter 2 2020	Jan–Jun 2021	Jan–Jun 2020	Full-year 2020
Transactions with related parties, SEK M					
Sales	6	10	15	25	39
Purchases of goods	0	-1	-1	-1	-3
Accounts receivable			4	7	1
Other current receivables			2	0	7
Non-current financial liabilities			-	29	-
Accounts payable			0	0	6
Other non-interest-bearing liabilities			-	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.

Parent Company financial statements

Parent Company income statement

SEK M	Quarter 2 2021	Quarter 2 2020	Jan–Jun 2021	Jan–Jun 2020	Full-year 2020
Administrative expenses	-42	-39	-87	-75	-165
Restructuring costs	–	-3	–	-3	-3
Other operating income and expenses	0	1	0	3	133
Operating loss (EBIT)	**-42**	**-41**	**-87**	**-75**	**-35**
Income from participations in Group companies	81	–	81	–	115
Net financial items [1]	-27	-14	-39	-30	-61
Profit/loss after financial items	**12**	**-55**	**-45**	**-105**	**19**
Taxes	11	12	23	23	-5
Net profit/loss for the period	**24**	**-43**	**-22**	**-82**	**15**

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

Parent Company balance sheet

SEK M	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Assets			
Intangible assets	348	341	381
Financial assets	5,970	6,437	5,961
Current financial receivables, Group companies	1,886	280	1,212
Other current receivables, Group companies	5	4	61
Current receivables	19	19	30
Total assets	**8,229**	**7,081**	**7,646**
Shareholders' equity and liabilities			
Shareholders' equity	4,219	4,376	4,472
Provisions	1	1	1
Current financial liabilities	3,977	2,497	3,049
Other current liabilities, Group companies	4	6	70
Other non-interest-bearing liabilities	27	201	53
Total shareholders' equity and liabilities	**8,229**	**7,081**	**7,646**

At the end of the period, the carrying amount of shares and participations in subsidiaries amounted to SEK 5,862 M (6,314). No change occurred during the period. 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 3,982 M (2,501).

Intangible assets comprise software.

Definitions

Financial terms

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

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

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

Cash conversion
Cash flow from operations in relation to EBITDA.

EBIT
Operating profit.

Adjusted EBIT/Operating profit
Operating profit with add-back of exceptional items.

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

Adjusted EBITA
EBITA with add-back of exceptional items.

EBITA margin
EBITA in relation to net sales.

Adjusted EBITA margin
Adjusted EBITA in relation to net sales.

EBITDA
Operating profit before amortization, depreciation and write-down.

Adjusted EBITDA
EBITDA with add-back of exceptional items.

EBITDA margin
EBITDA in relation to net sales.

Adjusted EBITDA margin
Adjusted EBITDA in relation to net sales.

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

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

Net debt/adjusted EBITDA, multiple
Average net debt in relation to rolling 12 months' adjusted EBITDA.

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

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

Profit for the period attributable to Parent Company shareholders	SEK 362 M
Number of shares, thousands	272,370
Earnings per share	SEK 1.33

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

Operating expenses
Selling expenses, administrative expenses and research and development costs.

Operating margin
Operating profit in relation to net sales.

Equity/assets ratio
Shareholders' equity in relation to total assets.

Medical and other terms

Deep vein thrombosis (DVT)
Formation of a blood clot in a deep leg vein.

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

US Food and Drug Administration (FDA)
The US authority responsible for protecting the public health by carrying out regular inspections of, among other things, medical devices.

IPC (intermittent pneumatic compression)
An established method for preventing VTE. Actively compressing the calf muscles, for example, imitates the pumping mechanism that normally occurs when walking or running, which increases blood flow and prevents blood clots from forming in the immobile patient.

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).

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

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

VTE
The abbreviation VTE 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 July 15 at 8:00 a.m. CEST.

Dial the number below to participate:

Sweden: +46 8 505 583 59
US: +1 646 722 4956
UK: +44 333 300 9265

A presentation will be held during the telephone conference. To access the presentation, please use this link:
https://tv.streamfabriken.com/arjo-q2-2021

Alternatively, use the following link to download the presentation:
https://www.arjo.com/int/about-us/investors/reports--presentations/2021/

A recording of the teleconference will be available for three years via the following link: https://tv.streamfabriken.com/arjo-q2-2021

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 2021/2022:

October 28, 2021	Interim report Jan–Sep 2021
February 3, 2022:	Year-end report 2021
April 22, 2022	Interim report Jan–Mar 2022
April 22, 2022	2022 Annual General Meeting
March–April 2022:	2022 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, at 7:00 a.m. CEST on July 15, 2021.

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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