

# Q2

arjo  
EMPOWERING MOVEMENT

INTERIM REPORT  
JANUARY–JUNE 2023

## Recovery continues

### April–June 2023 in brief

- Net sales increased to SEK 2,686 M (2,404). Net sales grew organically by 5.0%.
- Adjusted EBITDA rose to SEK 490 M (430).
- Adjusted operating profit increased to SEK 206 M (165).
- Profit after financial items amounted to SEK 135 M (139).
- Earnings per share amounted to SEK 0.37 (0.38).
- Cash flow from operations increased to SEK 528 M (158).
- Cash conversion increased to 112.5% (37.4).

"The recovery following a turbulent 2022 continues and we grew 5% organically with improved profitability and strong cash flow. Demand was healthy in many markets and despite continuing challenging market conditions in the US, we expect to deliver organic growth for the full-year within our target interval of 3–5%."

JOACIM LINDOFF  
PRESIDENT & CEO

### Financial summary

SEK M	Quarter 2 2023	Quarter 2 2022	Jan–Jun 2023	Jan–Jun 2022	Rolling 12 months	Full-year 2022
Net sales	2,686	2,404	5,324	4,774	10,529	9,979
Gross profit <sup>2)</sup>	1,142	1,014	2,256	2,057	4,379	4,180
Gross margin, % <sup>2)</sup>	42.5	42.2	42.4	43.1	41.6	41.9
Adjusted EBITA <sup>1)</sup>	279	235	543	539	1,048	1,044
Adjusted EBITA margin, % <sup>1)</sup>	10.4	9.8	10.2	11.3	10.0	10.5
Adjusted EBITDA <sup>1)</sup>	490	430	965	920	1,885	1,841
Adjusted EBITDA margin, % <sup>1)</sup>	18.3	17.9	18.1	19.3	17.9	18.4
Operating profit (EBIT)	186	158	362	389	664	691
Adjusted operating profit (EBIT) <sup>1)</sup>	206	165	402	402	765	765
Profit after financial items	135	139	262	357	502	597
Net profit for the period	102	104	196	268	376	447
Number of shares, thousands	272,370	272,370	272,370	272,370	272,370	272,370
Earnings per share, SEK	0.37	0.38	0.72	0.98	1.38	1.64
Cash flow from operations	528	158	799	184	1,531	915
Cash conversion, %	112.5	37.4	86.2	20.3	85.6	51.8

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

2. Comparative figures for 2022 have been adjusted for an incorrect classification from other operating expenses of SEK +31 M to cost of goods sold of SEK –31 M. Of this adjustment, SEK 18 M is attributable to the second quarter and SEK 13 M to the first quarter. This impacted the gross margin for 2022 by –0.7% for the second quarter, –0.6% for the January–June period, and –0.3% for the full-year.

# Growth and improved profitability



Demand for our products and solutions is stable and the Group grew 5% organically in the second quarter. The positive trend in many markets in Global Sales remains and service and rental continue to perform well. In North America, Canada delivered another strong quarter and we are growing in the US for the first time since 2021, despite the continuing challenging market situation.

## Gradual improvement in profitability

We continue our efforts to gradually improve the Group's profitability, and service and rental are some of the key drivers for both the short and long term in this respect. With many care providers under financial pressure, the rental offering provides our customers with more flexibility both financially and in terms of access to the right equipment. We can see increasing demand for this offering in several markets, such as the US and France, and we see many opportunities to further develop the rental operations. High rental utilization rates also generate healthy profitability for us.

The gradual improvement to the gross margin is continuing both compared with the preceding quarter and the second quarter of 2022, with additional improvement potential going forward. Supply chains are continuing to stabilize and are gradually approaching pre-pandemic levels. At the same time, the inflation effects are clear, especially on salaries and materials. We are seeing expected effects of the price adjustments and efficiency improvements made so far, which are largely offsetting the higher cost pressure. Activities in these areas will remain a major focus going forward.

Cost control throughout the value chain is good, which combined with sales growth means that we can deliver the second highest adjusted EBITDA ever for a second quarter as a standalone company.

We continue to lower our inventory levels and deliver a strong operating cash flow that generates a high cash conversion in the quarter. This means that cash conversion is now also above our full-year target.

Higher interest rates are continuing to result in higher financial expenses, but we are working actively to reduce tied-up capital and net debt over time.

## Towards outcome-based healthcare

While the healthcare sector is recovering from the pandemic, the pressure on care providers to deliver more care using fewer resources is greater than ever before. We have a comprehensive offering for safe, dignified and efficient care for both Acute Care and Long Term Care, and I am convinced that a key factor for success can be found in a more outcome-based approach within healthcare.

In general, we see high understanding among our customers regarding the clinical and financial benefits of increasing preventive work, and thereby reduce the occurrence of, for example, pressure injuries and work-related injuries. However, the strained situation within healthcare means that the implementation of outcome based programs, that imply new work methods and procedures, is taking longer than expected also in the second quarter.

## A stable first half of the year

We have a high activity level in the organization. We are continuously making improvements to the operations and, in parallel, continuing our work on the long-term development of the Group in line with our strategy. The reorganization of the US sales and service organization is an important step on this journey and we are now working diligently on rolling out the strategy to markets such as Germany and the UK.

We are leaving behind a stable first half of the year with gradual recovery following a turbulent 2022. Despite uncertainty regarding the US market development, we maintain our assessment of a more favorable sales trend for both patient handling equipment and outcome-based programs in the US in the second half of the year, and our outlook of 3-5% organic growth for the full-year remains unchanged.

In summary, I am happy to welcome Niclas Sjöswärd as Arjo's new CFO this fall. Niclas joins us from Getinge and played an important role in the spin-off of Arjo from Getinge in 2017. Together with my colleagues at Arjo, I am now looking forward to continuing to build a long-term sustainable and profitable company.

## Stable growth

# 5.0%

organic sales growth in the second quarter of 2023

JOACIM LINDOFF  
PRESIDENT & CEO

# Group performance

## Net sales per segment

SEK M	Quarter 2 2023	Quarter 2 2022	Organic change	Jan-Jun 2023	Jan-Jun 2022	Organic change	Rolling 12 months	Full-year 2022
Global Sales	1,557	1,385	5.3%	3,059	2,737	5.5%	6,075	5,753
North America	1,030	942	3.5%	2,039	1,855	2.1%	4,047	3,864
Other	103	83	14.5%	235	188	19.1%	419	372
Eliminations	-4	-5	—	-9	-6	—	-14	-10
<b>Total</b>	<b>2,686</b>	<b>2,404</b>	<b>5.0%</b>	<b>5,324</b>	<b>4,774</b>	<b>4.6%</b>	<b>10,529</b>	<b>9,979</b>

## Net sales and results

### Second quarter 2023

Net sales for the quarter amounted to SEK 2,686 M (2,404), corresponding to an organic increase of 5.0%.

In North America, growth increased 3.5% organically with a continuing strong performance in Canada. The US also reported growth for the quarter, despite challenging market conditions that led to lower sales of primarily patient handling equipment. Areas such as service and rental performed particularly well in North America in the quarter.

Global Sales grew 5.3% organically and also reported healthy demand within rental and service. A number of Western European markets reported solid growth, including France, the UK and Belgium. Several markets in Rest of the World also performed well, for example, Africa, India and Singapore, and Australia delivered yet another strong quarter.

The gross margin, which increased to 42.5% (42.2) for the quarter, was held back by an unfavorable product mix with lower volumes in patient handling in the US. The gross margin was also negatively affected by the lower share of sales in the US, where the Group generally has more profitable business. Higher material costs, particularly in electronics, and continuing effects of inflation, mainly related to salary, also had a negative impact. Transportation costs in relation to volumes fell according to plan in the quarter. Implemented price adjustments and efficiency improvements are generating the expected effects and largely compensating for higher costs.

Operating expenses developed according to plan and cost control throughout the value chain remained good. Most of the year-on-year increase was attributable to higher salary costs resulting from high inflation and a high activity level in the sales organization.

Exceptional items amounted to SEK 21 M for the quarter and was mainly attributed to restructuring activities related to the sales organization in the US and the Group's diagnostics business.

Adjusted EBITDA rose to SEK 490 M (430). The adjusted EBITDA margin increased to 18.3% (17.9).

Net financial items for the quarter amounted to SEK -50 M (-20). Positive currency effects in net financial items amounted to SEK 12 M (6) for the quarter.

### January–June 2023

Net sales for the period increased organically by 4.6% to SEK 5,324 M (4,774). Sales were particularly high in service and the rental operations, and volumes also increased in Hygiene, DVT and the Group's diagnostics solutions.

Growth in North America increased 2.1% organically, driven by a strong double-digit growth in Canada for the period. Growth in the US was held back by challenging market conditions and lower critical care rental volumes in the first quarter.

Global Sales grew 5.5% organically with a healthy demand in mainly rental and service. Growth was solid in several major Western European markets, such as France, Belgium, Germany and Austria. Several markets in Rest of the World also performed well, with double-digit growth reported in countries such as India and Singapore.

The gross margin amounted to 42.4% (43.1) for the period and was held back by an unfavorable product mix with lower volumes in patient handling in the US and higher costs for materials and salaries.

Operating expenses for the period amounted to SEK 951 M (849). Adjusted EBITDA for the period increased to SEK 965 M (920). The adjusted EBITDA margin was 18.1% (19.3).

Net financial items amounted to SEK -100 M (-32) for the period. Positive currency effects in net financial items amounted to SEK 11 M (18) for the period.

## Currency effect

SEK M	Quarter 2 2023	Jan–Jun 2023
<b>Translation effect (vs 2022)</b>		
Sales	+161	+328
Cost of goods sold	-117	-232
Gross profit	+44	+96
Operating expenses	-48	-97
Restructuring and other operating income/expenses	0	-1
<b>Total translation effect, EBIT</b>	<b>-4</b>	<b>-3</b>
<b>Transaction effect (vs 2022)</b>		
<b>Cost of goods sold</b>	<b>+19</b>	<b>+39</b>
<b>Recognized remeasurement effects</b>		
Other operating income/expenses	+9	+2

Translation effects for the quarter amounted to SEK -4 M and transaction effects to SEK +19 M. In addition, the recognized revaluation effects of operating receivables and liabilities amounted to SEK +9 M for the quarter.

## Cash flow and financial position

Cash flow from operations amounted to SEK 528 M (158) for the quarter. The improved cash flow was essentially due to a decline in working capital of SEK -120 M (+153). Inventory build-up reduced for the third consecutive quarter, generating a positive effect of SEK 63 M (-98), although receivables and liabilities also contributed to the improvement. The improved cash flow meant that the Group's cash conversion increased significantly year-on-year and amounted to 112.5% (37.4) for the quarter. Cash conversion for the first half of the year was 86.2% (20.3), which is above the Group's target of 80%.

Net investments for the quarter amounted to SEK 152 M (233), divided between tangible assets of SEK 82 M (166) and intangible assets of SEK 70 M (67). The investments in tangible assets include investments in the rental fleet of SEK 63 M (134).

The Group's cash and cash equivalents amounted to SEK 1,068 M (1,475) and interest-bearing net debt was SEK 5,271 M (5,108). Arjo has contracted unutilized credit facilities of SEK 3,523 M (4,192) available for refinancing outstanding commercial paper. The equity/assets ratio amounted to 47.7% (44.8). Net debt/adjusted EBITDA was 2.8 (2.5).

## Research and development

Arjo's gross research and development costs for the quarter amounted to SEK 74 M (64), of which SEK 38 M (33) was charged to operating profit. The gross costs correspond to 2.7% (2.6) of consolidated net sales.

## Outlook 2023

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



## Other key events during the quarter

### Niclas Sjöswärd appointed new CFO

Niclas Sjöswärd was appointed the new CFO at Arjo during the quarter. He most recently comes from the role as Vice President Corporate Control at Getinge, where he held a number of executive positions in finance since 2014, including CFO of the Acute Care Therapies business area. He has prior experience from companies such as Volvo Group and Accenture. Niclas has a B.Sc. in Economics from the Gothenburg School of Business.

Niclas will take office as CFO and member of Arjo's Management Team in mid-October 2023.

### Arjo certified as Nasdaq ESG Transparency Partner

Arjo has been certified as a Nasdaq ESG Transparency Partner for the 2022 fiscal year. The certification is awarded to companies with a high level of transparency in Environmental, Social and Governance issues (ESG). External reporting is an important part of strengthening the Group's sustainability work and makes it easier for investors and other stakeholders to integrate sustainability data into screening processes and investment decisions. Arjo works actively to enhance the collection of sustainability data and is committed to its target of reducing carbon emissions from its own operations (Scope 1 and 2) by 50% by 2030.

### Expansion of environmentally friendly methods for reusing consumables

It is becoming increasingly more common to reuse single-use devices in the healthcare sector and Arjo launched its first ReNu facility in Australia in the quarter.

US based ReNu, which Arjo acquired in 2018, offers green reprocessing for the reuse of non-invasive medical devices such as DVT garments. ReNu's solution also allows customers to receive data indicating the number of items collected from their site and number of items that have passed or failed the reprocessing. Doing so will help care providers gain greater insight into their sustainability activities.

Arjo is continuously evaluating opportunities for launching ReNu in additional markets.

### Arjo's offices in Canada and Australia certified as "Great Place to Work"

Two of Arjo's local sales organizations in Canada and Australia were certified as a "Great Place to Work" during the quarter. This certification is based on employee surveys from Great Place to Work's international standard for evaluating workplaces, and includes a number of criteria such as workplace, leadership and organizational culture.

### 2023 Annual General Meeting

Arjo's Annual General Meeting was held on April 20 at Glasklart in Malmö, Sweden. Shareholders who did not wish to attend the AGM physically could exercise their right to vote by postal voting before the AGM in accordance with the regulations in Arjo's Articles of Association. 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 of Directors and auditors were resolved on in accordance with the Nomination Committee's proposals.
- Dividends were resolved on in accordance with the Board's and the CEO's proposal.
- The AGM resolved to approve the Board of Directors' report over remuneration in accordance with Chapter 8, Section 53 a of the Swedish Companies Act (remuneration report), regarding the 2022 fiscal year.

More information about the AGM and the resolutions are available on the Group's website: <https://www.arjo.com/int/about-us/corporate-governance/general-meetings/annual-general-meeting-2023/>

### Key events after the end of the quarter

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

# Other information

## Risk management

### Customers and healthcare reimbursement systems

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

### Research and development

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

### Product liability and damage claims

As a medical device supplier, Arjo, like other healthcare industry players, may sometimes be subject to claims related to product liability and other damage claims. Such claims could involve large financial amounts, result in significant legal expenses and negatively affect the company's reputation and customer relationships. Arjo limits the risk of product liability and other damage claims related to its products and their use through the company's extensive quality and safety activities. A comprehensive insurance program is in place to cover any liability risks (including product liability) to which the Group is exposed.



### Protecting and managing the infringement of intellectual property rights

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

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

### Changes related to general economic and political conditions

Arjo operates in several parts of the world and, like other companies, is affected by general global economic, financial and political conditions. Demand for Arjo's medical devices and solutions is influenced by various factors, including general macroeconomic trends. Uncertainty about future economic prospects, including political concerns, could adversely affect customers' decisions to buy Arjo's products and solutions, which would adversely affect Arjo's operations, financial position and results. Furthermore, changes in the political situation in a region or country, or political decisions affecting an industry or country, could also have a material adverse impact on sales of Arjo's products. Since Arjo operates in a large number of geographical markets, this risk is limited for the Group as a whole.

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

### Risks in the value chain

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

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

### Sustainability-related risks

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

### Authorities and supervisory bodies

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

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

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

### Financial risk management

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

### Risk of cyber attacks

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

### Transactions with related parties

Transactions between Arjo and companies in Getinge Group are specified in Note 10.

### Forward-looking information

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

This interim report is unaudited.



# Assurance

The Board of Directors and CEO assure that the 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 14, 2023

**Johan Malmquist**  
Chairman of the Board

**Carl Bennet**  
Vice Chairman

**Eva Elmstedt**

**Dan Frohm**

**Ulf Grunander**

**Kajsa Haraldsson**

**Carola Lemne**

**Eva Sandling Gralén**

**Joacim Lindoff**  
President & CEO



# Consolidated financial statements

## CONSOLIDATED INCOME STATEMENT

SEK M	Note	Quarter 2 2023	Quarter 2 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
Net sales	2	2,686	2,404	5,324	4,774	9,979
Cost of goods sold <sup>2)</sup>		-1,544	-1,390	-3,068	-2,718	-5,799
<b>Gross profit<sup>2)</sup></b>		<b>1,142</b>	<b>1,014</b>	<b>2,256</b>	<b>2,057</b>	<b>4,180</b>
Selling expenses		-538	-487	-1,072	-949	-1,969
Administrative expenses		-375	-328	-719	-647	-1,329
Research and development costs	4	-38	-33	-71	-61	-115
Exceptional items	5	-21	-7	-40	-13	-74
Other operating income and expenses <sup>2)</sup>		19	2	15	6	8
Income from participations in associated companies		-3	-2	-6	-4	-10
<b>Operating profit (EBIT)</b>	<b>3</b>	<b>186</b>	<b>158</b>	<b>362</b>	<b>389</b>	<b>691</b>
Net financial items		-50	-20	-100	-32	-94
<b>Profit after financial items</b>		<b>135</b>	<b>139</b>	<b>262</b>	<b>357</b>	<b>597</b>
Taxes		-34	-35	-65	-89	-149
<b>Net profit for the period</b>		<b>102</b>	<b>104</b>	<b>196</b>	<b>268</b>	<b>447</b>
<b>Attributable to:</b>						
Parent Company shareholders		102	104	196	268	447
Number of shares, thousands		272,370	272,370	272,370	272,370	272,370
Earnings per share, SEK <sup>1)</sup>		0.37	0.38	0.72	0.98	1.64

1. Before and after dilution. For definition, see page 20.

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Quarter 2 2023	Quarter 2 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
<b>Net profit for the period</b>	<b>102</b>	<b>104</b>	<b>196</b>	<b>268</b>	<b>447</b>
<b>Other comprehensive income</b>					
<b>Items that cannot be restated in profit</b>					
Actuarial gains/losses pertaining to defined-benefit pension plans	-106	46	-142	19	-34
Tax attributable to items that cannot be restated in profit	27	-12	36	-5	10
<b>Items that can later be restated in profit</b>					
Translation differences	507	466	540	607	756
Hedges of net investments	-77	-46	-98	-59	-112
Tax attributable to items that can be restated in profit	-23	-13	-24	-17	-15
<b>Other comprehensive income for the period, net after tax</b>	<b>326</b>	<b>442</b>	<b>311</b>	<b>545</b>	<b>605</b>
<b>Total comprehensive income for the period</b>	<b>428</b>	<b>546</b>	<b>508</b>	<b>813</b>	<b>1,053</b>
<b>Comprehensive income attributable to:</b>					
Parent Company shareholders	428	546	508	813	1,053

## CONSOLIDATED BALANCE SHEET

SEK M	Note	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
<b>Assets</b>				
Intangible assets		7,602	7,358	7,391
Tangible assets		1,890	1,661	1,802
Tangible lease assets		1,141	1,133	1,107
Financial assets	7	650	742	705
Participations in associated companies		131	135	132
Inventories		1,673	1,734	1,674
Accounts receivable		1,747	1,542	1,708
Current financial receivables	7	22	23	21
Other current receivables		648	687	678
Cash and cash equivalents	7	1,068	1,475	949
<b>Total assets</b>		<b>16,571</b>	<b>16,491</b>	<b>16,167</b>
<b>Shareholders' equity and liabilities</b>				
Shareholders' equity		7,900	7,384	7,624
Non-current financial liabilities	7	3,585	2,737	2,823
Non-current lease liabilities	7	830	845	809
Provisions for pensions, interest-bearing	7	31	33	29
Other provisions		277	324	328
Current financial liabilities	7	1,686	3,005	2,322
Current lease liabilities	7	369	346	359
Accounts payable		511	634	587
Other non-interest-bearing liabilities		1,382	1,182	1,286
<b>Total shareholders' equity and liabilities</b>		<b>16,571</b>	<b>16,491</b>	<b>16,167</b>

## CHANGES IN SHAREHOLDERS' EQUITY FOR THE GROUP

SEK M	Share capital	Reserves	Retained earnings	Total share- holders' equity <sup>1)</sup>
<b>Opening balance at January 1, 2022</b>	<b>91</b>	<b>766</b>	<b>6,028</b>	<b>6,885</b>
Total comprehensive income for the period	—	629	423	1,053
Dividend	—	—	-313	-313
<b>Closing balance at December 31, 2022</b>	<b>91</b>	<b>1,395</b>	<b>6,138</b>	<b>7,624</b>
<b>Opening balance at January 1, 2023</b>	<b>91</b>	<b>1,395</b>	<b>6,138</b>	<b>7,624</b>
Total comprehensive income for the period	—	418	90	508
Dividend	—	—	-232	-232
<b>Closing balance at June 30, 2023</b>	<b>91</b>	<b>1,813</b>	<b>5,997</b>	<b>7,900</b>

1. Fully attributable to Parent Company shareholders

## CONSOLIDATED CASH-FLOW STATEMENT

SEK M	Note	Quarter 2 2023	Quarter 2 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
<b>Operating activities</b>						
Operating profit (EBIT)		186	158	362	389	691
Add-back of amortization, depreciation and write-down	3	284	265	565	518	1,077
Other non-cash items		5	-2	-14	16	-7
Expensed exceptional items <sup>1)</sup>		20	6	37	12	72
Paid exceptional items		-14	-8	-32	-16	-78
Financial items		-56	-24	-111	-33	-94
Taxes paid		-16	-84	-122	-174	-233
<b>Cash flow before changes to working capital</b>		<b>408</b>	<b>312</b>	<b>685</b>	<b>712</b>	<b>1,426</b>
<b>Changes in working capital</b>						
Inventories		63	-98	80	-253	-165
Current receivables		96	58	52	-36	-76
Current liabilities		-40	-113	-18	-239	-270
<b>Cash flow from operations</b>		<b>528</b>	<b>158</b>	<b>799</b>	<b>184</b>	<b>915</b>
<b>Investing activities</b>						
Acquired financial assets		—	—	-10	-21	-21
Net investments		-152	-233	-354	-418	-880
<b>Cash flow from investing activities</b>		<b>-152</b>	<b>-233</b>	<b>-364</b>	<b>-439</b>	<b>-902</b>
<b>Financing activities</b>						
Raising of loans		6,777	7,116	11,579	11,601	24,328
Repayment of financial liabilities		-6,753	-6,192	-11,623	-10,287	-23,747
Repayment of lease liabilities		-101	-92	-200	-183	-377
Change in pension assets/liabilities		-3	0	-5	0	1
Change in interest-bearing receivables		5	-10	6	2	4
Dividend		-232	-313	-232	-313	-313
Realized derivatives attributable to financing activities		87	18	138	105	241
<b>Cash flow from financing activities</b>		<b>-221</b>	<b>526</b>	<b>-335</b>	<b>924</b>	<b>136</b>
<b>Cash flow for the period</b>		<b>155</b>	<b>452</b>	<b>101</b>	<b>669</b>	<b>150</b>
Cash and cash equivalents at the beginning of the period		902	985	949	757	757
Translation differences		10	38	18	49	42
<b>Cash and cash equivalents at the end of the period</b>		<b>1,068</b>	<b>1,475</b>	<b>1,068</b>	<b>1,475</b>	<b>949</b>

1. Excluding write-down of non-current assets

## 1 Accounting policies

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

The accounting policies applied in the preparation of this interim report apply to all periods and are consistent with the accounting policies presented in Note 1 Accounting policies in the 2022 Annual Report, published on [www.arjo.com](http://www.arjo.com). The totals in the tables and calculations

do not always add up due to rounding differences. Each subtotal corresponds with its original source, which can lead to rounding differences in the totals.

### New accounting standards

No new or changed accounting standards that came into effect on January 1, 2023 had a material impact on Arjo. None of the IFRS or IFRIC interpretations that have yet to come into legal effect are expected to have any significant impact on Arjo.

## 2 Segment reporting

SEK M	Quarter 2 2023						Quarter 2 2022					
	Global Sales	North America	Other	Group functions	Eliminations	Arjo Group	Global Sales	North America	Other	Group functions	Eliminations	Arjo Group
Product sales	812	628	97	—	-4	1,533	739	604	79	—	-5	1,417
Service incl. spare parts	330	164	6	—	0	499	278	139	4	—	0	421
Rental	415	239	—	—	—	654	367	199	0	—	—	567
<b>Total net sales</b>	<b>1,557</b>	<b>1,030</b>	<b>103</b>	<b>—</b>	<b>-4</b>	<b>2,686</b>	<b>1,385</b>	<b>942</b>	<b>83</b>	<b>—</b>	<b>-5</b>	<b>2,404</b>
<b>Operating profit/loss</b>	<b>250</b>	<b>231</b>	<b>4</b>	<b>-300</b>	<b>—</b>	<b>186</b>	<b>210</b>	<b>206</b>	<b>19</b>	<b>-277</b>	<b>—</b>	<b>158</b>
Net financial items						-50						-20
<b>Profit after financial items</b>						<b>135</b>						<b>139</b>
Taxes						-34						-35
<b>Net profit for the period</b>						<b>102</b>						<b>104</b>

SEK M	Jan-Jun 2023						Jan-Jun 2022					
	Global Sales	North America	Other	Group functions	Eliminations	Arjo Group	Global Sales	North America	Other	Group functions	Eliminations	Arjo Group
Product sales	1,588	1,230	223	—	-9	3,031	1,456	1,143	179	—	-6	2,772
Service incl. spare parts	651	321	12	—	0	984	547	266	9	—	0	822
Rental	820	488	—	—	—	1,308	733	446	0	—	—	1,180
<b>Total net sales</b>	<b>3,059</b>	<b>2,039</b>	<b>235</b>	<b>—</b>	<b>-9</b>	<b>5,324</b>	<b>2,737</b>	<b>1,855</b>	<b>188</b>	<b>—</b>	<b>-6</b>	<b>4,774</b>
<b>Operating profit/loss</b>	<b>492</b>	<b>422</b>	<b>27</b>	<b>-578</b>	<b>—</b>	<b>362</b>	<b>426</b>	<b>474</b>	<b>52</b>	<b>-563</b>	<b>—</b>	<b>389</b>
Net financial items						-100						-32
<b>Profit after financial items</b>						<b>262</b>						<b>357</b>
Taxes						-65						-89
<b>Net profit for the period</b>						<b>196</b>						<b>268</b>

## Full-year 2022

SEK M	Global Sales	North America	Other	Group functions	Eliminations	Arjo Group
Product sales	3,095	2,364	357	—	-10	5,806
Service incl. spare parts	1,149	587	15	—	—	1,751
Rental	1,510	913	—	—	—	2,423
<b>Total net sales</b>	<b>5,753</b>	<b>3,864</b>	<b>372</b>	<b>—</b>	<b>-10</b>	<b>9,979</b>
<b>Operating profit/loss</b>	<b>811</b>	<b>926</b>	<b>85</b>	<b>-1,131</b>	<b>—</b>	<b>691</b>
Net financial items						-94
<b>Profit after financial items</b>						<b>597</b>
Taxes						-149
<b>Net profit for the period</b>						<b>447</b>

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

of the expenses for Group functions are recognized as Group expenses. The division of segments and the method of measuring the segments' results is conducted in a similar way in this interim report as the 2022 Annual Report. Assets and liabilities are not divided by segment since no such amounts are regularly reported to the chief operating decision maker.

### 3 Depreciation/amortization and write-down

SEK M	Quarter 2 2023	Quarter 2 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
Intangible assets	-73	-70	-141	-137	-280
<i>Of which, attributable to acquisitions</i>	-22	-21	-44	-42	-86
Tangible assets	-117	-104	-233	-201	-425
Tangible lease assets	-94	-92	-191	-181	-371
<b>Total</b>	<b>-284</b>	<b>-265</b>	<b>-565</b>	<b>-518</b>	<b>-1,077</b>
<i>Of which, write-down</i>	0	—	-2	—	-1

Depreciation/amortization and write-downs by function, SEK M	Quarter 2 2023	Quarter 2 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
Cost of goods sold	-181	-170	-362	-330	-690
Selling expenses	-44	-37	-84	-74	-150
Administrative expenses	-57	-57	-112	-110	-228
Research and development costs	-2	-2	-4	-3	-7
Other operating expenses	0	—	0	—	—
Exceptional items	0	—	-2	—	-1
<b>Total</b>	<b>-284</b>	<b>-265</b>	<b>-565</b>	<b>-518</b>	<b>-1,077</b>
<i>Of which, write-down</i>	0	—	-2	—	-1

### 4 Capitalized development costs

SEK M	Quarter 2 2023	Quarter 2 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
Research and development costs, gross	-74	-64	-141	-122	-244
Capitalized development costs	35	30	70	61	129
<b>Research and development costs, net</b>	<b>-38</b>	<b>-33</b>	<b>-71</b>	<b>-61</b>	<b>-115</b>

## 5 Exceptional items

SEK M	Quarter 2 2023	Quarter 2 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
Acquisition expenses	-1	-1	-1	-1	-1
Damage claims and disputes	—	-6	—	-6	-28
Restructuring costs	-20	0	-39	-1	-16
Other <sup>1)</sup>	—	—	—	-5	-30
<b>Total</b>	<b>-21</b>	<b>-7</b>	<b>-40</b>	<b>-13</b>	<b>-74</b>

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

Exceptional items by function, SEK M	Quarter 2 2023	Quarter 2 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
Cost of goods sold	-3	0	-14	0	-30
Selling expenses	-10	—	-16	—	-3
Administrative expenses	-7	-7	-9	-8	-35
Other operating expenses	—	0	—	-5	-6
<b>Total</b>	<b>-21</b>	<b>-7</b>	<b>-40</b>	<b>-13</b>	<b>-74</b>

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

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

SEK M	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Other current receivables	59	56	45
Other financial assets	130	127	119
<b>Total assets</b>	<b>190</b>	<b>183</b>	<b>163</b>
Other non-interest-bearing liabilities	6	17	26
Additional purchase consideration	—	42	57
<b>Total liabilities</b>	<b>6</b>	<b>59</b>	<b>83</b>

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

## 7 Consolidated interest-bearing net debt

SEK M	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Non-current financial liabilities	3,585	2,737	2,823
Non-current lease liabilities	830	845	809
Current financial liabilities	1,686	2,963	2,265
Current lease liabilities	369	346	359
Provisions for pensions	31	33	29
<b>Interest-bearing liabilities</b>	<b>6,501</b>	<b>6,925</b>	<b>6,285</b>
Less financial receivables	-84	-81	-87
Less pension assets	-78	-261	-205
Less cash and cash equivalents	-1,068	-1,475	-949
<b>Interest-bearing net debt</b>	<b>5,271</b>	<b>5,108</b>	<b>5,044</b>

## 8 Key figures for the Group

SEK M	Quarter 2 2023	Quarter 2 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
<b>Sales measures</b>					
Net sales	2,686	2,404	5,324	4,774	9,979
Net sales growth, %	11.7	9.3	11.5	9.3	10.0
Organic growth in sales, %	5.0	0.2	4.6	0.8	-0.2
<b>Expense measures</b>					
Selling expenses as a % of net sales	20.0	20.3	20.1	19.9	19.7
Administrative expenses as a % of net sales	14.0	13.7	13.5	13.5	13.3
Research and development costs gross as a % of net sales	2.7	2.6	2.7	2.6	2.4
<b>Earnings measures</b>					
Operating profit (EBIT)	186	158	362	389	691
Adjusted operating profit (EBIT) <sup>2)</sup>	206	165	402	402	765
EBITA	259	228	503	526	971
Adjusted EBITA <sup>2)</sup>	279	235	543	539	1,044
EBITDA	470	423	927	907	1,767
EBITDA growth, %	10.9	-16.6	2.2	-8.8	-13.1
Adjusted EBITDA <sup>2)</sup>	490	430	965	920	1,841
Earnings per share, SEK	0.37	0.38	0.72	0.98	1.64
<b>Margin measures</b>					
Gross margin, % <sup>3)</sup>	42.5	42.2	42.4	43.1	41.9
Operating margin, %	6.9	6.6	6.8	8.2	6.9
Adjusted operating margin, % <sup>2)</sup>	7.7	6.9	7.6	8.4	7.7
EBITA margin, %	9.6	9.5	9.5	11.0	9.7
Adjusted EBITA margin, % <sup>2)</sup>	10.4	9.8	10.2	11.3	10.5
EBITDA margin, %	17.5	17.6	17.4	19.0	17.7
Adjusted EBITDA margin, % <sup>2)</sup>	18.3	17.9	18.1	19.3	18.4
<b>Cash flow and return measures</b>					
Return on shareholders' equity, % <sup>1)</sup>			4.9	9.6	6.2
Cash conversion, %	112.5	37.4	86.2	20.3	51.8
Operating capital			13,105	12,141	12,314
Return on operating capital, % <sup>1)</sup>			5.8	8.1	6.2
<b>Capital structure</b>					
Interest-bearing net debt			5,271	5,108	5,044
Interest-coverage ratio, multiple <sup>1)</sup>			4.1	11.9	6.8
Net debt/equity ratio, multiple			0.7	0.7	0.7
Net debt / adjusted EBITDA, multiple <sup>1, 2)</sup>			2.8	2.5	2.5
Equity/assets ratio, %			47.7	44.8	47.2
Equity per share, SEK			29.0	27.1	28.0
<b>Other</b>					
No. of shares			272,369,573	272,369,573	272,369,573
Number of employees, average			6,783	6,586	6,751

1. Rolling 12 months.

2. Before exceptional items. See Alternative performance measures on page 17 and definitions on page 20.

3. Comparative figures for 2022 have been adjusted for an incorrect classification from other operating expenses of SEK +31 M to cost of goods sold of SEK -31 M. Of this adjustment, SEK 18 M is attributable to the second quarter and SEK 13 M to the first quarter. This impacted the gross margin for 2022 by -0.7% for the second quarter, -0.6% for the January- June period, and -0.3% for the full-year.



## ALTERNATIVE PERFORMANCE MEASURES

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

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

	Quarter 2 2023	Quarter 2 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
<b>Adjusted EBIT/EBITA/EBITDA, SEK M</b>					
Operating profit (EBIT)	186	158	362	389	691
Add-back of amortization and write-down of intangible assets	73	70	141	137	280
<b>EBITA</b>	<b>259</b>	<b>228</b>	<b>503</b>	<b>526</b>	<b>971</b>
Add-back of depreciation and impairment of tangible assets	211	195	424	381	796
<b>EBITDA</b>	<b>470</b>	<b>423</b>	<b>927</b>	<b>907</b>	<b>1,767</b>
Exceptional items <sup>1)</sup>	21	7	40	13	74
Add-back of write-down of restructuring and integration costs	0	—	-2	—	-1
<b>Adjusted operating profit (EBIT)</b>	<b>206</b>	<b>165</b>	<b>402</b>	<b>402</b>	<b>765</b>
<b>Adjusted EBITA</b>	<b>279</b>	<b>235</b>	<b>543</b>	<b>539</b>	<b>1,044</b>
<b>Adjusted EBITDA</b>	<b>490</b>	<b>430</b>	<b>965</b>	<b>920</b>	<b>1,841</b>

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

	Quarter 2 2023	Quarter 2 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
<b>Cash conversion</b>					
<b>Cash flow from operations, SEK M</b>	<b>528</b>	<b>158</b>	<b>799</b>	<b>184</b>	<b>915</b>
Operating profit (EBIT), SEK M	186	158	362	389	691
Add-back of amortization, depreciation and write-down of intangible and tangible assets, SEK M	284	265	565	518	1,077
<b>EBITDA, SEK M</b>	<b>470</b>	<b>423</b>	<b>927</b>	<b>907</b>	<b>1,767</b>
<b>Cash conversion, %</b>	<b>112.5</b>	<b>37.4</b>	<b>86.2</b>	<b>20.3</b>	<b>51.8</b>

	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
<b>Net debt/equity ratio</b>			
Interest-bearing net debt, SEK M	5,271	5,108	5,044
Shareholders' equity, SEK M	7,900	7,384	7,624
<b>Net debt/equity ratio, multiple</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>

	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
<b>Calculation of return on operating capital</b>			
Total assets opening balance, SEK M	16,491	13,960	14,612
Total assets closing balance, SEK M	16,571	16,491	16,167
<b>Average total assets, SEK M</b>	<b>16,531</b>	<b>15,226</b>	<b>15,390</b>
Average total assets, SEK M	16,531	15,226	15,390
Excluding average cash and cash equivalents, SEK M	-1,272	-1,055	-853
Excluding average other provisions, SEK M	-301	-267	-322
Excluding average other non-interest-bearing liabilities, SEK M	-1,854	-1,763	-1,901
<b>Average operating capital, SEK M</b>	<b>13,105</b>	<b>12,141</b>	<b>12,314</b>
Operating profit (EBIT), SEK M <sup>1)</sup>	664	945	691
Add-back of exceptional items, SEK M <sup>1)</sup>	101	38	74
EBIT after add-back of exceptional items, SEK M	765	983	765
<b>Return on operating capital, %</b>	<b>5.8</b>	<b>8.1</b>	<b>6.2</b>

1. Rolling 12 months.

## 9 Financial data per quarter

SEK M	Quarter 1 2022	Quarter 2 2022	Quarter 3 2022	Quarter 4 2022	Quarter 1 2023	Quarter 2 2023
Net sales	2,370	2,404	2,519	2,686	2,638	2,686
Cost of goods sold <sup>2)</sup>	-1,328	-1,390	-1,496	-1,585	-1,524	-1,544
<b>Gross profit<sup>2)</sup></b>	<b>1,042</b>	<b>1,014</b>	<b>1,023</b>	<b>1,101</b>	<b>1,113</b>	<b>1,142</b>
Operating expenses	-807	-849	-872	-884	-912	-951
Exceptional items	-6	-7	-7	-55	-19	-21
Other operating income, operating expenses and income from participations in associated companies <sup>2)</sup>	2	-1	-3	0	-6	15
<b>Operating profit (EBIT)</b>	<b>231</b>	<b>158</b>	<b>140</b>	<b>161</b>	<b>176</b>	<b>186</b>
Net financial items	-13	-20	-25	-37	-50	-50
<b>Profit after financial items</b>	<b>218</b>	<b>139</b>	<b>115</b>	<b>124</b>	<b>126</b>	<b>135</b>
Taxes	-55	-35	-29	-31	-32	-34
<b>Net profit for the period</b>	<b>164</b>	<b>104</b>	<b>86</b>	<b>93</b>	<b>95</b>	<b>102</b>
Adjusted EBITDA <sup>1)</sup>	490	430	420	500	474	490
Adjusted EBITDA margin, % <sup>1)</sup>	20.7	17.9	16.7	18.6	18.0	18.3

1. EBITDA before exceptional items. Refer to Note 5 Exceptional items on page 15, Alternative performance measures on page 17 and definitions on page 20.

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

## 10 Transactions with related parties

SEK M	Quarter 2 2023	Quarter 2 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
Sales	6	6	15	10	30
Purchases of goods	-3	0	-5	-2	-10
Accounts receivable	-2	0	2	2	3
Accounts payable	0	0	1	1	1

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

# Parent Company financial statements

## PARENT COMPANY INCOME STATEMENT

SEK M	Quarter 2 2023	Quarter 2 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
Administrative expenses	-54	-48	-106	-99	-195
Other operating income and expenses	-1	0	-1	-1	105
<b>Operating loss (EBIT)</b>	<b>-55</b>	<b>-48</b>	<b>-107</b>	<b>-99</b>	<b>-90</b>
Income from participations in Group companies	11	26	155	26	158
Net financial items <sup>1)</sup>	-20	-9	-38	-26	-55
<b>Profit/loss after financial items</b>	<b>-63</b>	<b>-30</b>	<b>10</b>	<b>-99</b>	<b>13</b>
Taxes	16	11	28	24	0
<b>Net profit/loss for the period</b>	<b>-47</b>	<b>-19</b>	<b>38</b>	<b>-75</b>	<b>13</b>

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, 2023	Jun 30, 2022	Dec 31, 2022
<b>Assets</b>			
Intangible assets	316	359	337
Tangible assets	1	2	1
Financial assets	5,931	5,941	5,896
Current financial receivables, Group companies	—	483	—
Other current receivables, Group companies	88	24	86
Current receivables	17	15	28
<b>Total assets</b>	<b>6,353</b>	<b>6,824</b>	<b>6,348</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	3,734	3,840	3,928
Provisions	2	2	2
Current financial liabilities	1,591	2,951	2,253
Current financial liabilities, Group companies	987	—	133
Other current liabilities, Group companies	9	7	5
Other non-interest-bearing liabilities	28	24	28
<b>Total shareholders' equity and liabilities</b>	<b>6,353</b>	<b>6,824</b>	<b>6,348</b>

At the end of the period, the carrying amount of shares and participations in subsidiaries amounted to SEK 5,807 M (5,832). No change occurred during the period. The Parent Company's commercial paper program has a framework amount of SEK 5,000 M (5,000). The total amount issued at the end of the period amounted to SEK 1,604 M (2,953). 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 102 M
Number of shares, thousands	272,370
Earnings per share	SEK 0.37

### 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

### DVT (deep vein thrombosis)

Formation of a blood clot in a deep leg vein.

### Ergonomics

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

### US Food and Drug Administration (FDA)

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

### IPC (intermittent pneumatic compression)

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

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

### Compression therapy

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

### EU Medical Device Regulation (MDR)

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

### Prevention

Preventive activity/treatment.

### Sequential VTE prevention

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

### SEM scanner (sub-epidermal moisture)

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

### Pressure injuries

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

### VTE (venous thromboembolism)

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 14 at 8:00 a.m. CEST.

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

<https://ir.financialhearings.com/arjo-q2-2023>

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

Registration link:

<https://conference.financialhearings.com/teleconference/?id=200819>

Alternatively, use the following link to download the presentation:

<https://www.arjo.com/int/about-us/investors/reports--presentations/2023/>

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

<https://ir.financialhearings.com/arjo-q2-2023>

## FINANCIAL INFORMATION

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

The following financial statements will be published in 2023/2024:

October 19, 2023	Interim report Jan-Sep 2023
January 30, 2024	Year-end report 2023
March 2024	2023 Annual Report
April 18, 2024	Interim report Jan-Mar 2024
April 18, 2024	2024 Annual General Meeting



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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 July 14, 2023 at 7:00 a.m. CEST.

At Arjo, we believe that empowering movement within healthcare environments is essential to quality care. Our products and solutions for patient transfers, hygiene, disinfection, diagnostics, treating leg ulcers, prevention of pressure injuries and deep vein thrombosis, and our medical beds are all designed to promote mobility, safety and dignity in all care situations. With 6,800 people worldwide and 65 years of caring for patients and healthcare professionals, we are committed to driving healthier outcomes for people facing mobility challenges.

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