

Protokoll fört vid årsstämma med aktieägarna i **Arjo AB (publ)**, org. nr 559092-8064, i Malmö den 22 april 2022

*Minutes kept at the Annual General Meeting of shareholders in **Arjo AB (publ)**, corporate ID No. 559092-8064, held in Malmö, Sweden, on 22 April 2022*

## § 1

Stämman öppnades av styrelsens ordförande, Johan Malmquist.

*The Chairman of the Board, Johan Malmquist, opened the Meeting.*

## § 2

Johan Malmquist utsågs att såsom ordförande leda förhandlingarna vid stämman. Det antecknades att såsom sekreterare vid stämman tjänstgjorde Arjos chefsjurist Ingrid Carlsson.

Det noterades att, utöver styrelsens ordförande Johan Malmquist, närvarade från Arjos styrelse, styrelseledamoten och tillika koncernchefen och verkställande direktören Joacim Lindoff, styrelseledamoten och tillika valberedningens ordförande Carl Bennet samt styrelseledamöterna Eva Elmstedt, Dan Frohm, Ulf Grunander och Carola Lemne. Därtill noterades att bolagets huvudansvariga revisor Cecilia Andrén Dorselius var närvarande vid stämman.

Upplystes att styrelsen inför bolagsstämman, i enlighet med bolagets bolagsordning, beslutat att möjliggöra för aktieägare att rösta på förhand genom poströstning samt att förutom anmälda aktieägare, vissa andra personer skulle ha rätt att närvara vid stämman som åhörare.

*Johan Malmquist was appointed Chairman to lead proceedings at the Meeting. It was noted that Arjo's Executive Vice President Legal & Business Compliance, Ingrid Carlsson, served as secretary at the Meeting.*

*It was noted that, in addition to the Chairman of the Board Johan Malmquist, the Board of Arjo was represented through the Board member, President and CEO Joacim Lindoff, the Board member and Chairman of the Nomination Committee Carl Bennet as well as the Board members Eva Elmstedt, Dan Frohm, Ulf Grunander and Carola Lemne. In addition, the auditor in charge, Cecilia Andrén Dorselius, was present at the Meeting.*

*It was informed that the Board ahead of the Meeting, in accordance with the company's Articles of Association, had resolved to enable shareholders to vote in advance by postal voting and that, in addition to shareholders having notified their participation, certain other persons should be allowed to participate as audience at the Meeting.*

### § 3

Per Colleen, representerande Fjärde AP-fonden, och Marianne Nilsson, representerande Swedbank Robur, utsågs att jämte ordföranden justera dagens protokoll.

*Per Colleen, representing Fjärde AP-fonden, and Marianne Nilsson, representing Swedbank Robur, were appointed to approve the minutes, jointly with the Chairman.*

### § 4

Stämman godkände förfarandet för upprättande av röstlängden samt att förteckningen i Bilaga 1 över aktieägare som avgivit poströst eller som närvarade personligen eller genom ombud på stämman skulle gälla som röstlängd vid årsstämman.

*The Meeting approved the procedure for preparing the list of voters and that the list in Appendix 1 of the shareholders voting by post or who were present in person or through a representative at the Meeting, should constitute the voting list for the Meeting.*

### § 5

Det i kallelsen intagna förslaget till dagordning godkändes av stämman.

*The proposed agenda published in the notice was approved by the Meeting.*

### § 6

Antecknades att kallelse till stämman skett genom annonsering i Post- och Inrikes Tidningar den 25 mars 2022 samt att kallelsen offentliggjorts och hållits tillgänglig på bolagets webbplats den 22 mars 2022. Att kallelse har skett har vidare annonserats i Svenska Dagbladet den 25 mars 2022. Stämman konstaterades vara i behörig ordning sammankallad.

*It was noted that notice to attend the Annual General Meeting had been published on 25 March 2022 in Post- and Inrikes Tidningar and that the notice was made available at the company's website on 22 March 2022. Further, on 25 March 2022, the company announced in Svenska Dagbladet that notice has been issued. It was determined that the Meeting had been duly convened.*

### § 7

Ordföranden upplyste att styrelsens och verkställande direktörens årsredovisning med tillhörande balans- och resultaträkning samt koncernbalans- och koncernresultaträkning för räkenskapsåret 2021 liksom revisorsyttrande om huruvida gällande riktlinjer för ersättning till ledande befattningshavare har följts samt styrelsens förslag till vinstutdelning och motiverat yttrande däröver har funnits tillgängliga på bolaget och bolagets hemsida och skickats till de aktieägare som anmält att de vill erhålla dessa.

Konstaterades att ovan nämnda handlingar ansågs framlagda vid stämman.

Auktoriserade revisorn Cecilia Andrén Dorselius föredrog revisionsberättelsen och koncernrevisionsberättelsen över årsredovisningen, koncernredovisningen, räkenskaperna samt styrelsens och verkställande direktörens förvaltning för räkenskapsåret 2021. I anslutning därtill besvarades frågor från aktieägarna.

*The Chairman reported that the Board's and the CEO's Annual Report with the accompanying Balance Sheet and Income Statement and the Consolidated Balance Sheet and Consolidated Income Statement for the financial year 2021 as well as the statement of the auditor on the compliance of the applicable guidelines for remuneration to senior executives and the Board's proposal for appropriation of the company's profit and the Board's reasoned statement thereon have been available at the company and on the company's website and have been distributed to all shareholders who registered that they wished to receive a copy.*

*It was noted that the aforementioned documents were to be considered presented at the Meeting.*

*The authorised public accountant Cecilia Andrén Dorselius presented the Auditors' Report and the Group Auditors' Report on the Annual Report, the consolidated financial statements, the accounts and the administration of the Board and the CEO for the financial year 2021. In connection thereto, questions from the shareholders were answered.*

## § 8

Ordföranden redogjorde för bolagsstyrningsfrågor inom Arjo-koncernen samt för styrelsearbetet och arbetet inom ersättningsutskottet under det gångna verksamhetsåret.

Ordföranden för revisionsutskottet, Ulf Grunander, redogjorde för arbetet inom revisionsutskottet under verksamhetsåret 2021 samt för det arvode bolaget erlagt för revisionsuppdraget respektive andra uppdrag till bolagets revisorer.

*The Chairman reported on corporate governance matters within Arjo Group, the work of the Board and the work of the Remuneration Committee during the preceding business year.*

*The Chairman of the Audit Committee, Ulf Grunander, reported on the work performed by the Audit Committee during the business year 2021 and the fees the company had paid for the audit assignment and other assignments conducted by the company's auditors.*

## § 9

Verkställande direktören tillika styrelseledamoten och koncernchefen Joacim Lindoff höll ett anförande avseende verksamhetsåret 2021. I anslutning därtill besvarades frågor från aktieägarna.

*The CEO, Board member and President Joacim Lindoff reported on the business year 2021. In connection thereto, questions from the shareholders were answered.*

## § 10

Stämman beslutade att fastställa den framlagda resultaträkningen och balansräkningen samt även koncernresultaträkningen och koncernbalansräkningen.

*The Meeting resolved to adopt the Income Statement and Balance Sheet and the Consolidated Income Statement and the Consolidated Balance Sheet as presented.*

## § 11

Stämman beslutade

att i enlighet med styrelsens och verkställande direktörens förslag på så sätt att till aktieägarna utdelas 1,15 kronor per aktie motsvarande totalt 313 225 009 kronor samt att resterande belopp balanseras i ny räkning

samt att såsom avstämningsdag för rätt till utdelning fastställa den 26 april 2022.

Konstaterades att utdelning beräknas kunna utsändas av Euroclear Sweden AB med början den 29 april 2022.

*The Meeting resolved*

to in accordance with the Board's and the CEO's proposal to pay to the shareholders a dividend of SEK 1.15 per share, in total SEK 313,225,009 and that the remaining amount should be carried forward.

and to set the record date for the entitlement to dividends as 26 April 2022.

*It was noted that dividend payments through Euroclear Sweden AB were expected to commence on 29 April 2022.*

## § 12

Stämman beslutade att bevilja styrelsens ledamöter och verkställande direktören Joacim Lindoff ansvarsfrihet för räkenskapsåret 2021.

Det antecknades att varken envar av styrelseledamöterna eller den verkställande direktören deltagit i beslutet såvitt det avsåg styrelseledamöten eller verkställande direktören själv.

*The Meeting resolved to discharge the Board members and the CEO Joacim Lindoff from liability for their administration of the company for the financial year 2021.*

*It was noted that neither the Board members nor the CEO participated in this resolution, concerning the Board member or the CEO themselves.*

## § 13

Valberedningens ordförande, Carl Bennet, redogjorde för valberedningens förslag till beslut avseende punkterna 13–16 samt valberedningens uppgifter och arbete inför årsstämman 2022.

Stämman beslutade i enlighet med valberedningens förslag att antalet styrelseledamöter skulle vara sju stycken, utan suppleanter samt att ett registrerat revisionsbolag skall utses till bolagets revisor.

*The Chairman of the Nomination Committee, Carl Bennet, reported on the Nomination Committee's proposals under items 13–16 as well as the functions and the work of the Nomination Committee ahead of the Annual General Meeting 2022.*

*The Meeting resolved in accordance with the proposal of the Nomination Committee that the number of Board members would be seven, without deputy members and that a registered public accounting firm should be elected as the company's auditor.*

## § 14

Stämman beslutade i enlighet med valberedningens förslag att arvode till av bolagsstämman valda styrelseledamöter, exklusive utskottsarvode, ska utgå med ett sammanlagt belopp om 4 775 000 kronor, varav 1 525 000 kronor till ordföranden och 650 000 kronor till var och en av de övriga bolagsstämmovalda ledamöter som inte är anställda i koncernen. Stämman beslutade vidare att ersättning för arbete i revisionsutskottet ska utgå med 270 000 kronor till ordföranden och 135 000 kronor till var och en av övriga ledamöter och att ersättning för arbete i ersättningsutskottet ska utgå med 145 000 kronor till ordföranden och 103 000 kronor till var och en av övriga ledamöter. Stämman beslutade att arvode till revisorerna ska utgå enligt godkänd räkning.

*The Meeting resolved in accordance with the proposal of the Nomination Committee that fees to the members of the Board elected by the Annual General Meeting, excluding committee fees, be paid in a total amount of SEK 4,775,000, of which SEK 1,525,000 shall be paid to the Chairman and SEK 650,000 to each of the other members elected by the Annual General Meeting who are not employed in the Group. In addition, the Meeting resolved that fees for work on the Audit Committee be paid in an amount of SEK 270,000 to the Chairman and SEK 135,000 to each of the other members, and that fees to the Remuneration Committee be paid in an amount of SEK 145,000 to the Chairman and SEK 103,000 to each of the other members. The Meeting resolved that fees to the auditors shall be paid in accordance with approved invoices.*

## § 15

Noterades att valberedningen föreslagit omval av samtliga styrelseledamöter, vilka utgörs av Carl Bennet, Eva Elmstedt, Dan Frohm, Ulf Grunander, Carola Lemne, Joacim Lindoff och Johan Malmquist. Noterades vidare att valberedningen föreslagit omval av Johan Malmquist till styrelsens ordförande.

Upplyste ordföranden att de till omval föreslagna ledamöternas uppdrag i andra företag finns angivna i årsredovisningen och på bolagets hemsida. Konstaterades att de uppdrag vilka de föreslagna styrelseledamöterna har i andra företag skulle anses såsom föredragna vid stämman.

Stämman valde för tiden intill slutet av nästa årsstämma till

styrelseledamöter: Carl Bennet, Eva Elmstedt, Dan Frohm, Ulf Grunander, Carola Lemne, Joacim Lindoff och Johan Malmquist (samtliga omval).

styrelseordförande: Johan Malmquist (omval).

Ordföranden informerade att arbetstagarorganisationerna meddelat att Eva Sandling Gralén och Kajsa Haraldsson kommer att kvarstå som ordinarie arbetstagarledamöter i styrelsen, med Sten Börjesson och Jimmy Linde som suppleanter.

*It was noted that the Nomination Committee had proposed re-election of all Board members, which consists of Carl Bennet, Eva Elmstedt, Dan Frohm, Ulf Grunander, Carola Lemne, Joacim Lindoff and Johan Malmquist. It was further noted that the Nomination Committee had proposed re-election of Johan Malmquist as Chairman of the Board.*

*The Chairman informed that assignments in other companies of the Board members proposed for re-election are presented in the Annual Report and the company's website. It was noted that the proposed*

*Board members' assignments in other companies should be regarded as presented at the Annual General Meeting.*

*For the period until the close of the next Annual General Meeting, the Meeting elected*

*Board members: Carl Bennet, Eva Elmstedt, Dan Frohm, Ulf Grunander, Carola Lemne, Joacim Lindoff and Johan Malmquist (all re-election).*

*Chairman of the Board: Johan Malmquist (re-election).*

*The Chairman informed that the employee organizations had notified that Eva Sandling Gralén and Kajsa Haraldsson will remain as ordinary employee representatives of the Board, with Sten Börjesson and Jimmy Linde as deputy members.*

## § 16

Stämman omvalde revisionsbolaget Öhrlings PricewaterhouseCoopers AB till bolagets revisor med Cecilia Andrén Dorselius som huvudansvarig revisor intill utgången av årsstämman 2023.

*For the period extending to the close of the Annual General Meeting 2023, the Meeting re-elected the accounting firm Öhrlings PricewaterhouseCoopers AB as the company's auditor with Cecilia Andrén Dorselius as auditor in charge.*

## § 17

Ordföranden föredrog styrelsens förslag avseende riktlinjer för ersättning till ledande befattningshavare enligt Bilaga 2.

Noterades att styrelsens fullständiga förslag, har hållits tillgängligt hos bolaget och på bolagets hemsida tre veckor före stämman. Konstaterades att förslaget därmed var framlagt vid stämman.

Stämman beslutade om riktlinjer för ersättning till ledande befattningshavare i enlighet med styrelsens förslag.

*The Chairman presented the Board's proposal regarding guidelines for remuneration to senior executives in accordance with Appendix 2.*

*It was noted that the Board of Director's complete proposal, has been available at the company and on the company's website three weeks prior the Meeting. It was noted that the proposal thereby was duly presented at the Meeting.*

*The Meeting resolved to adopt the guidelines for remuneration to senior executives in accordance with the Board's proposal.*

## § 18

Noterades att styrelsens fullständiga förslag till rapport över ersättningar enligt 8 kap. 53 a § aktiebolagslagen, Bilaga 3, har hållits tillgänglig hos bolaget och på bolagets hemsida tre veckor före stämman. Konstaterades att rapporten därmed var framlagd vid stämman.

Stämman beslutade att godkänna styrelsens förslag till ersättningsrapport för 2021.

*It was noted that the Board of Director's complete proposal for report regarding compensation pursuant to Chapter 8, Section 53 a of the Swedish Companies Act, Appendix 3, has been available at the company and on the company's website three weeks prior the Meeting. It was noted that the report thereby was duly presented at the Meeting.*

*The Meeting resolved to adopt the remuneration report for 2021 in accordance with the Board of Directors' proposal.*

## **§ 19**

Ett stort tack riktades till verkställande direktören, ledningen och övrig personal i Arjo för utomordentliga insatser under det gångna verksamhetsåret.

Avslutningsvis tackade ordföranden stämmodeltagarna för deras engagemang och förklarade stämman avslutad.

*A great thanks was directed to the CEO, the Executive Management Team and the other employees of Arjo for extraordinary efforts during the past financial year.*

*Finally, the Chairman thanked the shareholders present for their participation and declared the Meeting closed.*

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Vid protokollet:  
*Minutes recorded by:*

\_\_\_\_\_  
Ingrid Carlsson

Justeras:  
*Approved by:*

\_\_\_\_\_  
Johan Malmquist

\_\_\_\_\_  
Per Colleen

\_\_\_\_\_  
Marianne Nilsson



## **Proposed guidelines for executive remuneration – Arjo AB**

The Board of Arjo AB (publ) proposes that the 2022 AGM resolve on guidelines for remuneration to senior executives:

### **1. Scope of the guidelines, etc.**

These guidelines refer to remuneration and other employment conditions for the individuals who are members of the Arjo Management Team during the validity of the guidelines, in the following referred to as “senior executives.”

The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2021 AGM. These guidelines do not apply to any remuneration resolved or approved by the general meeting.

### **2. Promotion of Arjo’s business strategy, long-term interests and sustainability, etc.**

A prerequisite for the successful implementation of the company’s business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. The basic principle is that remuneration and other terms and conditions of employment for senior executives shall be based on market conditions and be competitive in all markets where Arjo operates, to ensure that competent and skillful employees can be attracted, motivated and retained. Individual levels of remuneration shall be based on experience, competence, responsibility and performance and be market-conforming in the country in which the senior executive is employed.

### **3. Principles for various types of remuneration**

The total remuneration to senior executives shall be on market terms and comprise basic salary (fixed cash salary), variable remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

#### ***Fixed remuneration***

The fixed remuneration for each position is determined based on a global position evaluation system and external market payroll data. The fixed remuneration, meaning the basic salary, shall be based on the individual executive’s area of responsibility, authority, competence and performance.

### ***Variable remuneration***

The allocation of basic salary and variable remuneration shall be proportional to the responsibility and authority of the executive. The variable remuneration shall always be limited in advance to a maximum amount and be connected to predetermined and measurable criteria, designed with the purpose of promoting the company's business strategy and long-term value creation.

The company's sustainability work is incorporated in the ongoing operations of the company. If the company's key guidelines for sustainability work or ethical guidelines are not followed, the company may refrain from paying variable remuneration or reclaim the paid remuneration. The annual variable remuneration is constructed in such a way that it supports Arjo's strategy to develop products and solutions on a long-term basis which contribute to improve care outcomes, create a more efficient care process, enable a better work environment for healthcare professionals and increase the quality of life for patients. If the above activities are conducted in an efficient and sustainable way, it will result in improved financial results and increased capital efficiency, which form the basis for the variable remuneration.

#### Annual variable remuneration (STIP)

For senior executives, the annual variable remuneration (annual bonus) shall be capped at 50% of the fixed annual basic salary, except in cases where the nature and competition situation of the position, as well as the country of employment, so require. In such cases the annual variable remuneration shall be capped at 80% of the fixed annual basic salary. The variable remuneration shall be based on the objectives set by the Board of Directors. The objectives are related to earnings, volume growth, working capital and sustainability. All members of the group management have the same goals for annual variable remuneration with the purpose of promoting the shareholders' interests, the company's core values, and jointly strive to achieve the company's business strategy, long-term interests and a sustainable development of the company.

#### Variable long-term cash bonus (LTIP)

In addition to basic salary and the annual variable remuneration above, senior executives can obtain a variable long-term bonus (LTI bonus), awarding clear target based and measurable achievements, and which is conditional upon continued employment at the end of the performance period of the LTI bonus (with certain customary exceptions). The criteria for payment of the LTI bonus are to be designed so that they promote Arjo's business strategy and long-term interests, including its sustainability, by having a clear link to the business strategy. The criteria for the LTI bonus are related to earnings per share, adjusted for potential acquisitions, divestments, restructuring costs and/or other material non-recurring costs. By connecting the targets to shareholder interests, common interests are created which further aim at promoting Arjo's business strategy and long-term interests. The performance period for the LTI bonus shall be at least three fiscal years and the LTI bonus shall be capped at 100% of one year's basic salary for each three-year period, i.e. one third of the annual basic salary per year. Senior executives in the Management Team are to reinvest at least 50% of the payment (net

after tax) from each LTI program in Arjo shares, until an amount corresponding to one annual salary (gross) has been reinvested in shares in the company using the funds that the senior executive has received in payment under the LTI program issued by the company. The senior executives shall keep these shares for at least three years from the time of investment.

Determination of the outcome for variable remuneration, etc.

When the measurement period of the criteria for awarding variable cash remuneration has been finalized, the Board of Directors shall, based on a proposal from the Remuneration Committee, determine whether the criteria have been satisfied. When determining the satisfaction of the criteria, the Board of Directors, may based on a proposal from the Remuneration Committee, grant exceptions from the set criteria on the basis of what is mentioned in item 5 below. For the satisfaction of financial objectives, the evaluation shall be based on the latest financial information made public by the company, taking into account any adjustments that the Board of Directors has determined in advance when implementing the program. Variable cash remuneration can be paid after the completion of a measurement period (annual variable remuneration) or be subject to deferred payment (LTI bonus).

Arjo actively works with ensuring that the company is managed in the most sustainable, responsible and efficient way possible and that applicable legislation and other regulations are complied with. Arjo also applies internal rules which include a code of conduct and different steering documents on group level (policies, instructions and guidelines) in several areas. Variable remuneration shall not be awarded, or variable remuneration may be reclaimed, if the senior executive has acted contrary to these rules, principles or the company's code of conduct. In case earnings before taxes are negative, variable remuneration shall not be awarded. The Board of Directors shall have the possibility, pursuant to applicable law or contractual provisions, to in whole or in part reclaim variable remuneration paid on incorrect grounds (clawback).

Other variable remuneration

Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are only made for the purpose of recruiting or retaining executives. Such remuneration may not exceed an amount corresponding to 50% of the basic salary and may not be paid more than once each year and per each individual. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee. In addition to the variable remuneration above, share-related or share price-related incentive programs as resolved from time to time, may be set up according to the above.

***Pension***

For the CEO, pension benefits shall be premium defined. The pension premiums for premium defined pension shall amount to not more than 30% of the fixed basic salary. Variable cash remuneration shall not qualify for pension benefits.

Other senior executives shall be covered by ITP 1 or ITP 2 and the pension benefits shall be premium defined. Variable cash remuneration shall only qualify for pension benefits to the extent required by mandatory collective agreement provisions as applicable to the executive.

Should that be the case, it should be considered when forming the total remuneration package. The pension premiums for premium defined pension shall amount to a maximum of 30% for parts exceeding the cap in applicable ITP plan.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

#### ***Other benefits***

Other benefits such as company car, extra health insurance or occupational health service may be provided to the extent this is considered customary for senior executives holding equivalent positions on the labor market on which the employee operates. The total value of these benefits shall amount to not more than 10% of the fixed basic salary.

#### ***Terms of notice***

Senior executives shall be employed until further notice. Upon termination of the CEO's employment, if such termination is determined by the company, the notice period shall be twelve (12) months. The notice period may not exceed twelve (12) months if notice of termination of other senior executives' employment is made by the company. The notice period may not to exceed six (6) months, without any right to severance pay, when termination is made by the executive.

Senior executives may be compensated for a non-compete undertaking after the termination of the employment, however, only to the extent severance pay is not paid during the same period of time. The purpose of such remuneration shall be to compensate the senior executive for the difference between the monthly basic salary at the time of termination of the employment, and the (lower) monthly income which is obtained, or could be obtained, by a new employment agreement, assignment or own business. Remuneration shall be paid during the time the non-compete undertaking applies, however for not more than 12 months following termination of employment.

#### ***Salary and employment conditions for employees***

In the preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board's basis for decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to executives and remuneration to other employees will be disclosed in the remuneration report.

#### **4. The decision-making process to determine, review and implement the guidelines**

The Board of Directors has previously established a Remuneration Committee. The Committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. These guidelines are subject to review on annual basis by the Board of Directors and submitted for resolution by the annual general meeting when changes are proposed, or at least every four years. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

#### **5. Derogation from the guidelines**

The Board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board's resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

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Malmö in March  
2022

**The Board of Arjo AB (publ)**

# Annual remuneration report 2021

## Introduction

This report describes how the principles of remuneration for senior executives at Arjo, adopted by the annual general meeting 2020, were implemented in 2021. The report also provides information on remuneration to the CEO and a summary of Arjo's application of the performance criteria for awarding variable cash remuneration.

The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 4 (Employee costs) on pages 78–80 in the annual report 2021. Information on the work of the remuneration committee in 2021 is set out in the corporate governance report available on pages 57–61 in the annual report 2021.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 4 on page 78–80 in the annual report 2021. This information can also be found as an appendix to this report.

## Key developments 2021

The CEO summarizes Arjo's overall performance in his statement on page 8 of the 2021 Annual Report.

## Arjo's principles of remuneration for senior executive: scope, purpose and deviations

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. The basic principle is that remuneration and other terms and conditions of employment for senior executives shall be based on market conditions and be competitive in all markets where Arjo operates, to ensure that competent and skillful employees can be attracted, motivated and retained.

Individual levels of remuneration shall be based on experience, competence, responsibility and performance and be market-conforming in the country in which the senior executive is employed.

The CEO of Arjo has during 2021 received the following remuneration components; base salary, short term incentive (based on EBITDA and Working Capital), Long Term incentive (based on EPS), Benefits and pension contributions.

The principles of remuneration for senior executives are found on pages 52–53 in the annual report 2021.

## Description of significant changes to the guidelines and consideration of the opinions of the shareholders

During 2021, the company has complied with the applicable

remuneration guidelines adopted by the general meeting. No deviations from the principles have been decided and no derogations from the procedure for implementation of the principles have been made. No opinions on the remuneration guidelines were presented.

## Share-based remuneration

Arjo does not have long-term share-based incentive plans. Of note, Arjo's principal owner – Carl Bennet AB – has offered Arjo Management synthetic share options in the past, with a term of three years. Arjo's Board and the Arjo Management Team have been individually invited to sign an agreement for synthetic share options with Carl Bennet AB. The synthetic share options program was completed and settled on October 29, 2021. Arjo did not participate in the offering and accordingly the Arjo Group will not be charged with any costs related to the offering. Arjo's CEO had subscribed for 1,190,476 synthetic share options.

## Application of performance criteria

The performance measures for the CEO's variable remuneration have been selected to deliver the Arjo strategy and to encourage behavior that is in the long-term interest of the Arjo. In the selection of performance measures, the strategic objectives and short-term and long-term business priorities for 2021 have been taken into account.

Arjo Long Term Incentive-Program (LTIP) The Arjo Board decided to introduce three-year long-term incentive programs in 2019, 2020 and 2021. The programs are cash-based and encompass 50–55 participants. The incentive program is an addition to the annual base and variable salary.

## Objective

The incentive programs are targeted and have a long-term content. The aim of the programs is to strengthen commitment and reward and retain key leaders and employees who can exercise the greatest influence over Arjo's mid and long-term performance.

## Goal

Each program extends for three years and remuneration may total a maximum of four monthly salaries per program. The calculation of outcome excludes the Group's exceptional items and impact of any acquisitions and divestments.

## Outcome and payment

The outcome of the programs are calculated every year and accumulated over the three-year period. Any outcome for the program that started in 2019 will be paid in 2022 provided that the participant remains employed at the company on the payment date.

**Table 1 – Total remuneration of the CEO (SEK)**

Table 1 below sets out total remuneration expenses for Arjo's CEO during 2021, 2020, 2019 and 2018 (SEK).

Name of Director, position	Fiscal year	Fixed remuneration		Variable remuneration		Extraordinary items	Pension expenses	Total remuneration	Proportion of fixed and variable remuneration
		Basic pay	Other benefits*	One-year variable	Multi-year variable				
Jocaim Lindoff CEO	2021	8,618,999	1,171,304	6,800,000	2,925,795**	0	2,550,000	22,066,098	56/44
	2020	8,130,000	1,082,492	6,426,000	2,258,678	0	2,409,750	20,306,920	57/43
	2019	7,803,000	239,709	650,000	0	0	2,295,000	10,987,709	94/6
	2018	7,472,499	655,204	3,465,890	420,517	0	2,241,750	14,255,860	73/27

\* Including variable vacation pay

\*\* Vested amount for 2021 from Arjo LTI program 2–4, of which SEK 1,104,724 to be paid during 2022

**Table 2a - Performance of the CEO in the reported fiscal year**

Set out in Table 2a below is a description of how the criteria for payment of variable short-term compensation have been applied during the fiscal year.

Name of Director, position	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance and	
			b) actual award/ remuneration outcome	
Joacim Lindoff CEO	Adjusted earnings before interest, tax depreciation and amortization (EBITDA)*	70%	a) SEK 2,130 M	b) SEK 4,760,000
	Working Capital (R12)	30%	a) 116 days	b) SEK 2,040,000

\* Adjusted for exceptional items and translated at last year's exchange rates.

**Table 2b - Performance of the CEO in the reported fiscal year**

Set out in Table 2b below is a description of how the criteria for payment of variable long-term compensation have been applied during the fiscal year.

Name of Director, position	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance and	
			b) actual award/ remuneration outcome	
Joacim Lindoff CEO	Earnings per share (adjusted EPS) 2021*: Target 2.42 (Program 2 2019-2021)	33.3%	a) 2.92	b) SEK 1,104,724 (earned)
	Earnings per share (adjusted EPS) 2021*: Target 2.42 (Program 3 2020-2022)	33.3%	a) 2.92	b) SEK 1,159,960 (granted)
	Earnings per share (adjusted EPS) 2021*: Target 2.8 (average) (Program 4 2021-2023)	33.3%	a) 2.92	b) SEK 661,111 (estimated)

\* Adjusted for exceptional items and translated at last year's exchange rates.

## Comparative information on the change of remuneration and Arjo's performance

**Table 3 - Change of remuneration and Arjo's performance over the last two reported fiscal years (RFY)**

Annual change	2019 vs 2018	2020 vs 2019	2021 vs 2020	2021
Joacim Lindoff, CEO	SEK -3,268,151	SEK +9,319,211	SEK +1,759,178	SEK 22,066,098
<b>Arjo's performance</b>				
Group operating profit	SEK +178 M	SEK +195 M	SEK +211 M	SEK 1,077 M
Group net sales	SEK +708 M	SEK +102 M	SEK -8 M	SEK 9,070 M
<b>Average remuneration on a full-time equivalent basis of employees</b>				
Arjo employees* %	SEK +50,811	SEK +72,653	SEK +112,311	Average total remuneration is SEK 986,599 for 2021
Arjo employees* Actual numbers	173 vs 150	179 vs 173	192 vs 179	192 employees

\* The average remuneration of a full-time equivalent for RFY 2018, 2019 includes all employees in Sweden (excluding the Management Team), annual base salary during 2018, 2019, pension contributions during 2018, 2019 and actual variable pay paid out during 2018, 2019 but it relates to performance for the preceding year according to Arjo STIP Plan.

\* The average remuneration of a full-time equivalent for RFY 2020 and in the future includes all employees in Sweden (excluding the Management Team) annual base salary during the year, pension contributions for the year and target of variable pay for the year since it is not yet calculated and paid out.