Arjo Q1 2021

April 27, 2021

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Agenda

1. Business update
2. Financials in detail
3. Business highlights
4. Key takeaways
5. Q&A

Business Update

Q1 2021 highlights

Strong first quarter

- Organic net sales growth of 4,1% and solid order intake
- Strong development in core rental in both US and Europe
- Patient handling grew 15%, with high activity level and strong order book
- All time high profitability levels – improved gross margin from increased patient handling volumes, improved rental profitability, efficiency programs and continued good cost control
- Overall a very strong start to 2021

Net sales grew organically by

4,1%

Gross margin increased to

46,8%

EBIT before restructuring up

45%

in comparable currencies

Cash conversion

56,5%

North America
Q1 2021

Continued strong development in both US and Canada

- Solid US development and double-digit growth in Canada
- High demand for US rental, especially core
- Increase in Patient handling volumes indicating first steps towards normalisation of capital equipment levels
- DVT recovery in end of March and expected to continue throughout 2021

First steps back to normal

- Higher activity level in both AC and LTC
- AirPal proves a strong addition to Patient Handling offering
- SEM scanner launch ongoing with positive customer feedback
- Different product mix than 2020

Q1 Org. net sales

+7,1%

Western Europe
Q1 2021

Net sales growth of 1,1%

- Continued healthy development despite ongoing pandemic
- UK held back by postponed service volumes and global transportation situation
- Strong performance in France, Germany and Austria
- Core rental volumes back on pre-Covid level
- Increased sales activity with higher lead generation

Continued good momentum in efficiency measures

- Restructuring cost of approx. 8 MSEK in Q1 – mainly related to previously communicated efficiency measures in Europe; savings estimated at 50 MSEK per year for full program
- Transfer of central logistics hub from UK to Sweden finalized

Q1 Org. net sales

+1,1%

Rest of the world
Q1 2021

Continued solid growth

- High demand for medical beds remain
- Strong development in Australia, Hong Kong and Singapore
- Still significant Covid effects in quarter

Solid foundation for future growth

- Investments in own infrastructure and new distributor networks proves successful and several markets performing well

Q1 Org. net sales

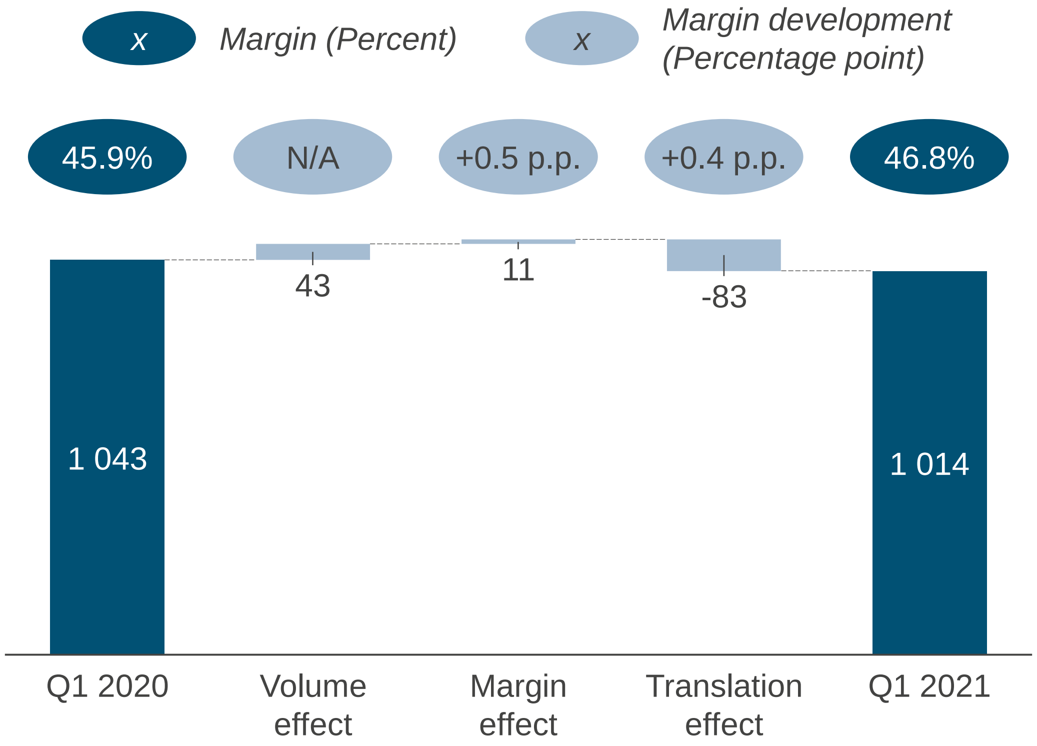
+5,4%

Financials in detail

Q1 gross profit
Highest gross margin in a single quarter

- Favourable product mix effect from higher Patient handing volumes
- Additional contribution from improved rental profitability, and increase in high-spec medical beds
- Previous efficiency programs in US and Europe paying off
- Solid management of global challenges related to transportation and supply constraints

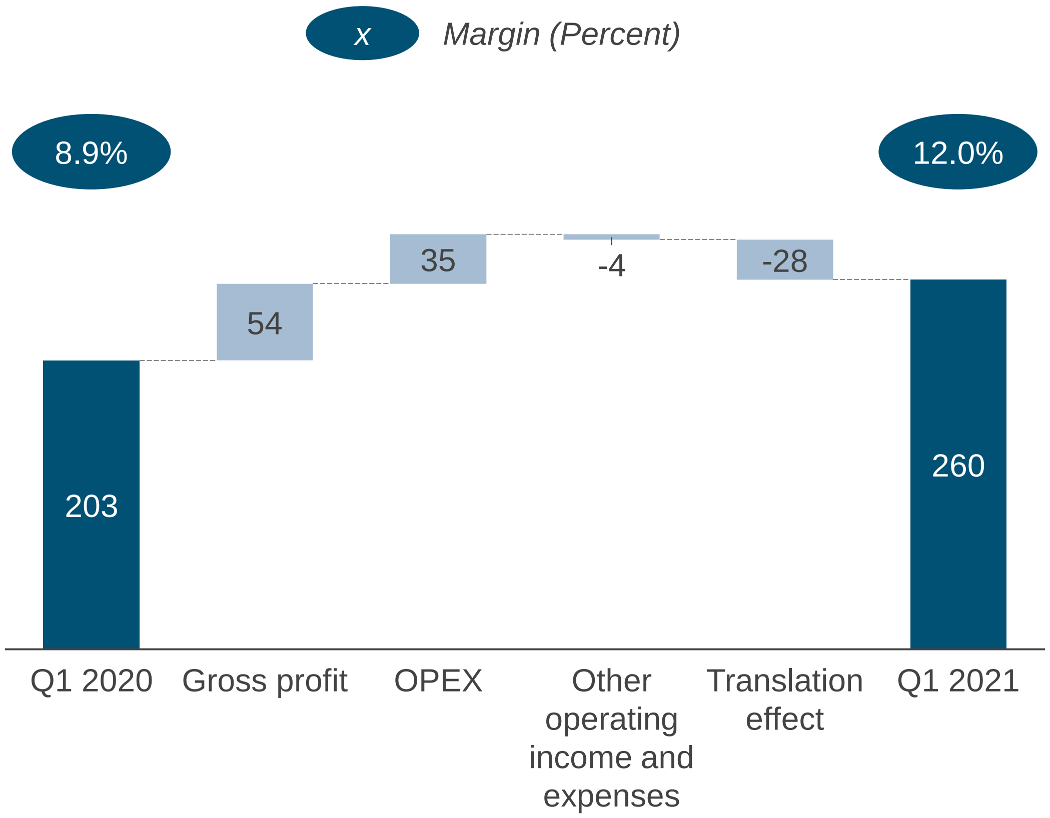
Gross profit bridge – Q1 2021 vs. Q1 2020 (SEK M)



Q1 adjusted EBIT
Adjusted EBIT margin on all time high

- Gross margin increase from 45.9% to 46.8%
- OPEX decrease relative to net sales – positive trend
- Good cost control throughout value chain
- Negative translation (-28M) and transaction (-6 m) effects on adjusted EBIT
- Adjusted EBIT grew by approx. 28% to 260 MSEK (203)
- In comparable currencies, adj. EBIT grew 45%

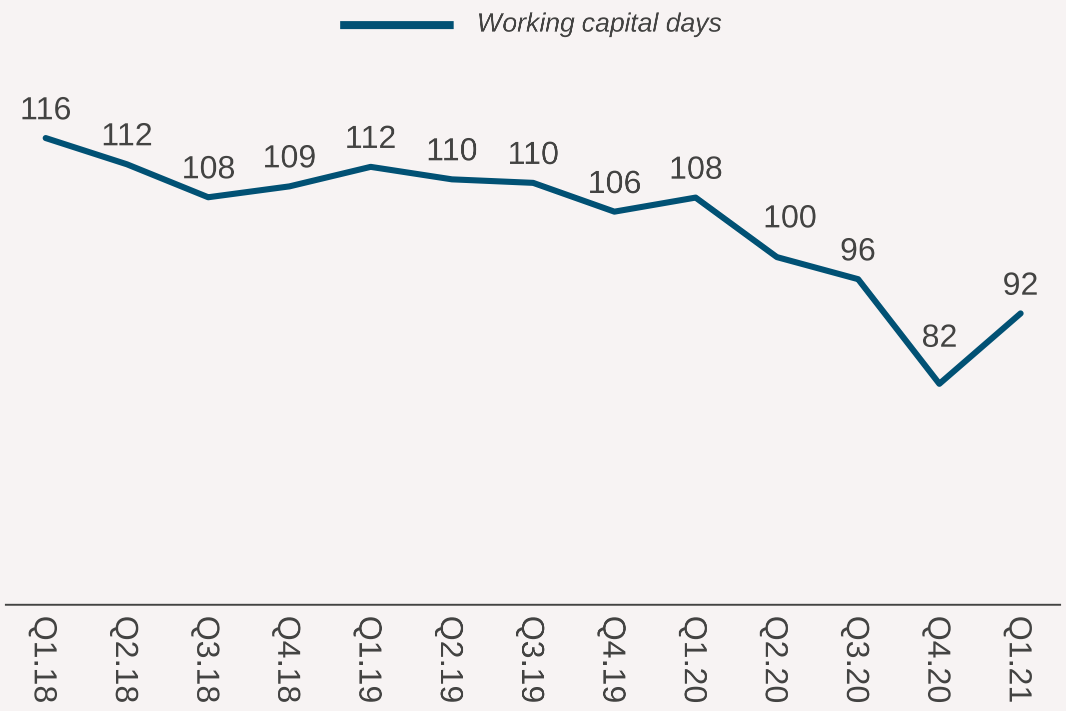
Adj. EBIT bridge – Q1 2021 vs. Q1 2020 (SEK M)



Q1 working capital and operating cash flow

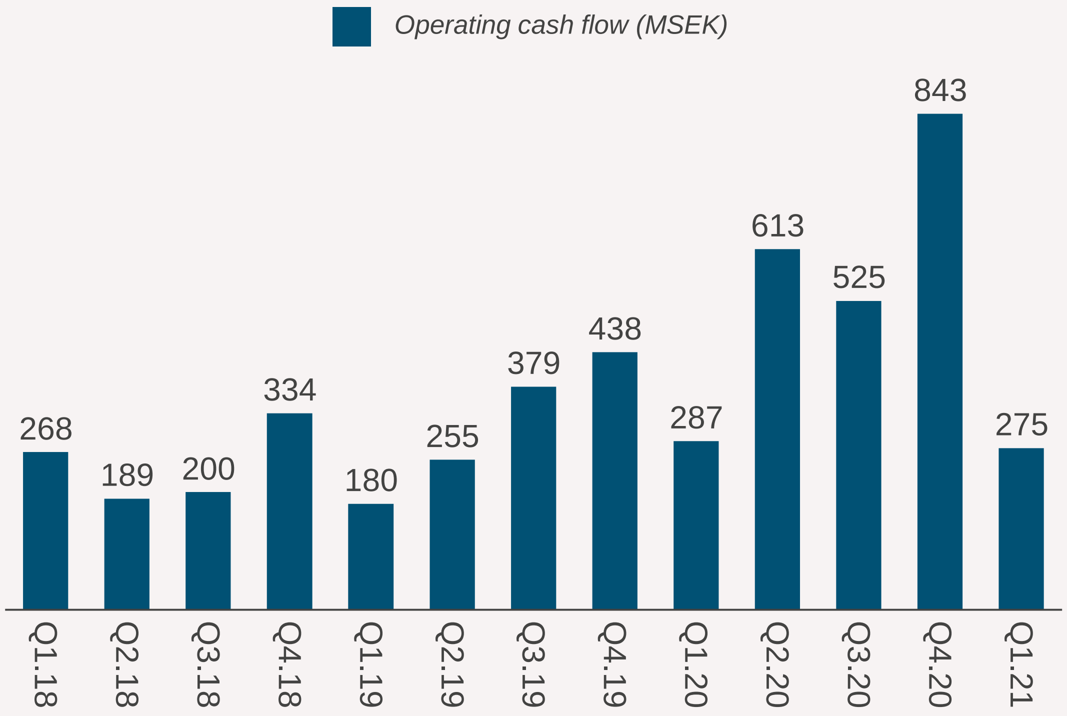
WC increase due to global transportation situation

Working capital days – Q1.18-Q1.21



Operating cash flow in line with Q120

Operating cash flow – Q1.18-Q1.20

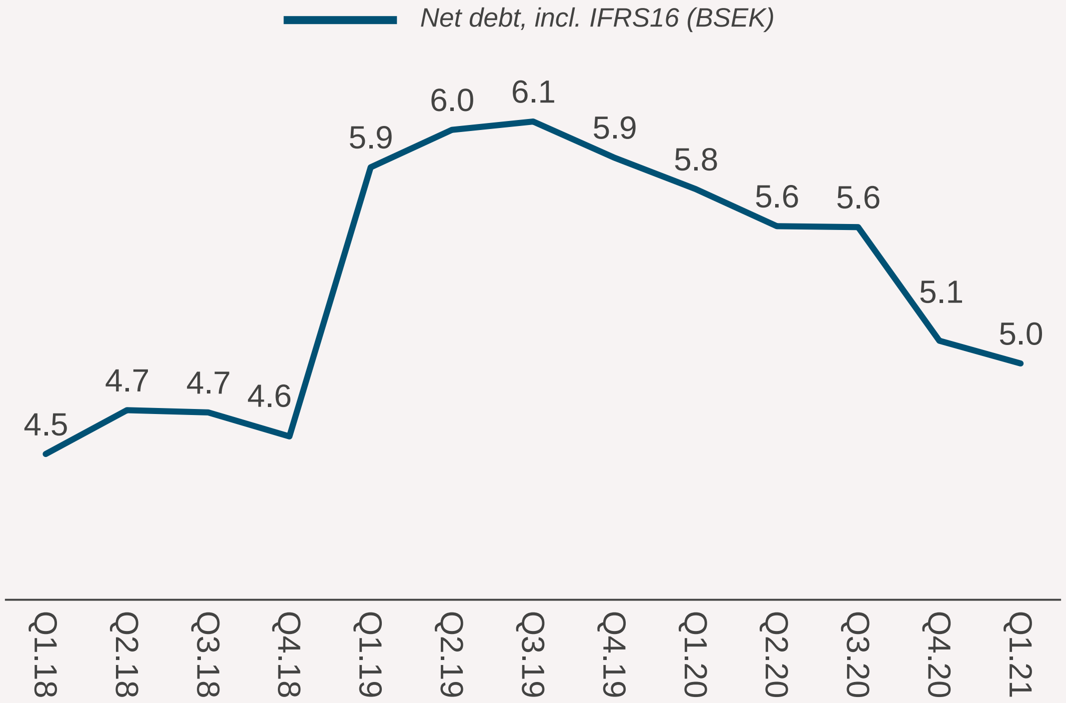


Note: IFRS16 affects comparison of 2018 values with those of 2019 and 2020

Q1 net debt and leverage

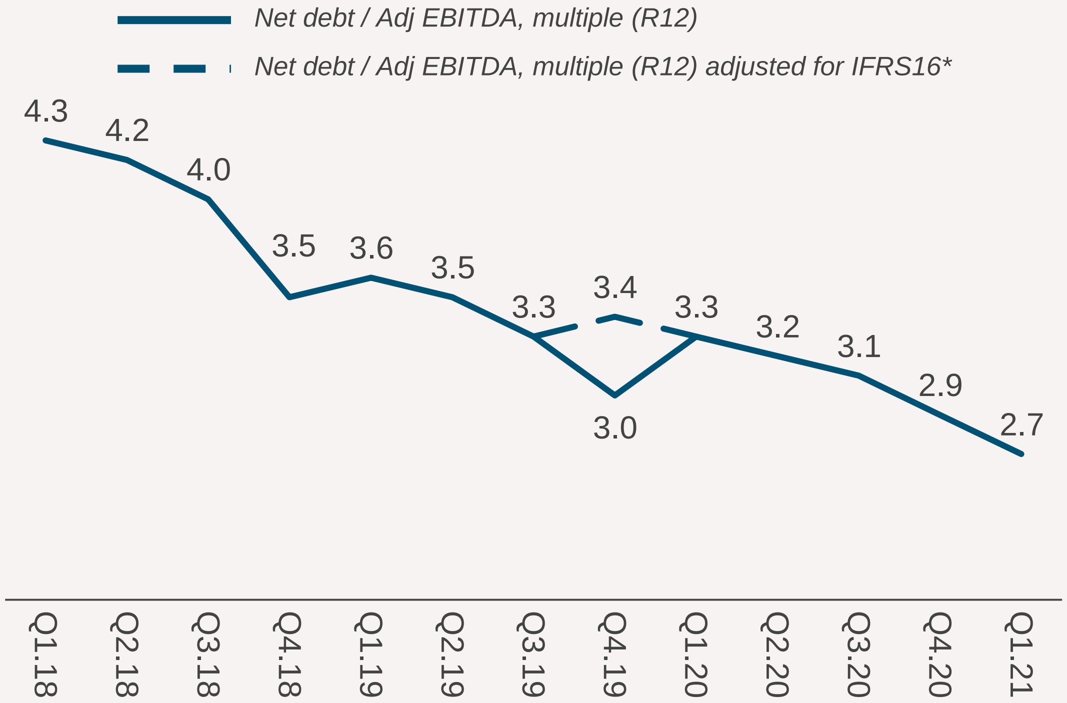
Debt level continues to decline

Net debt – Q1.18-Q1.21



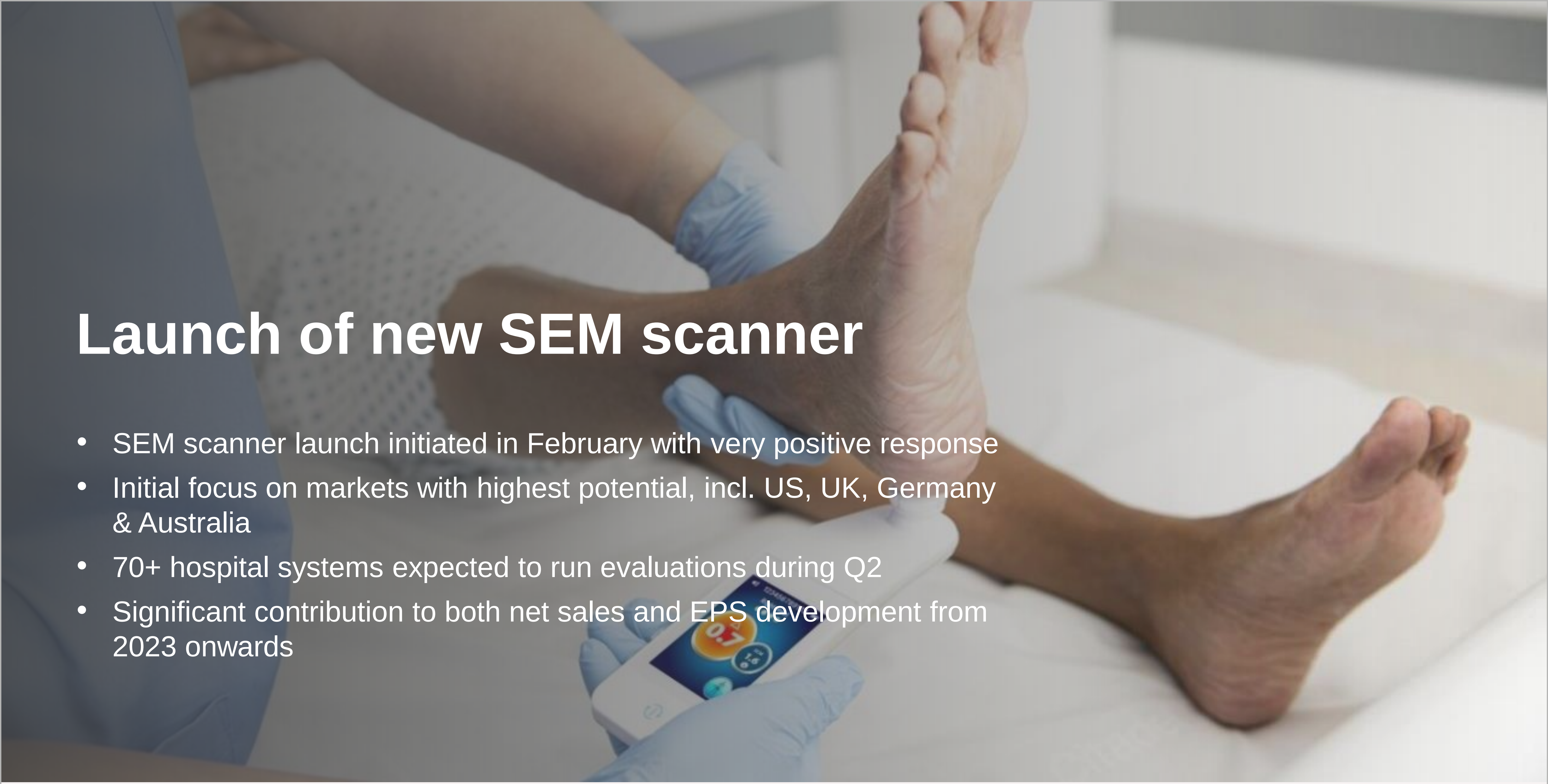
Solid improvement in leverage continues

Leverage – Q1.18-Q1.21



* IFRS16 effect excluded in Q4.19 value
Note: IFRS16 affects comparison of 2018 values with those of 2019 and 2020

Business Highlights



Launch of new SEM scanner

- SEM scanner launch initiated in February with very positive response
- Initial focus on markets with highest potential, incl. US, UK, Germany & Australia
- 70+ hospital systems expected to run evaluations during Q2
- Significant contribution to both net sales and EPS development from 2023 onwards

Consensus concluding positive results for WoundExpress

- Consensus states that the use of IPC solutions can improve both clinical and financial outcomes
- High activity level to bring WoundExpress to market
  - Pending FDA approval
  - Go to market plans implemented in key markets in H2 2021
  - RCT finalization expected end of 2021

Outlook 2021

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

Key takeaways

Key takeaways

- A strong start to 2021 with positive signals for full year
- Increased activity level indicating return to more stable market conditions, especially in Patient Handling and DVT
- Successful launch of SEM scanner, 70+ hospital systems expected to run evaluations during Q2
- Implementation of new strategy well underway; recent additions performing well and strong product pipeline for 2022 onwards
- M&A agenda to support strategic direction well under way
- Another exciting and successful year ahead of us

Q&A

Forward looking information

This document contains forward-looking information based on the current expectations of Arjo’s management. Although management deems that the expectations presented by such forward-looking information are reasonable, no guarantee can be given that these expectations will prove correct. Accordingly, the actual future outcome could vary considerably compared with what is stated in the forward-looking information, due to such factors as changed conditions regarding business cycles, market and competition, changes in legal requirements and other political measures, and fluctuations in exchange rates.

with people in mind