

Q3

ARJO Q3 REPORT 2023

October 19, 2023

Joacim Lindoff, President & CEO

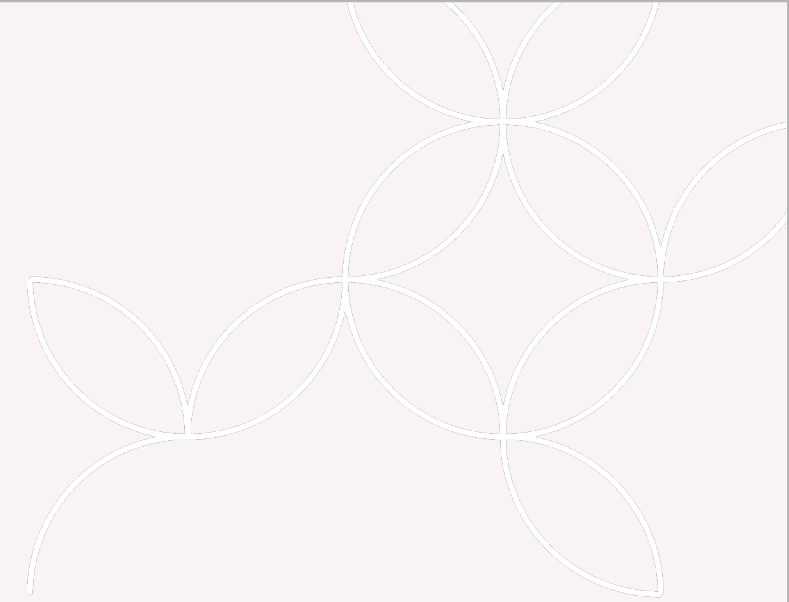
Agenda

Business Update – Q3 2023

Financials in detail

Key takeaways

Q&A



Q3 2023 highlights

Strong core business driving growth

- Healthy net sales growth in many markets
- Positive capital sales development
- High demand for Service and Rental globally

Continued profitability improvement

- Solid gross margin improvement y-o-y
- Price adjustments according to plan – focused efforts continues
- Further stabilization of supply chain – back to pre-Covid levels

Adj. EBIT increased >40% to 207 MSEK

Strong operating cash flow performance

High activity level to close 2023 in a good way

Net sales
grew organically by

4.6%



Gross margin
amounted to

42.1%



Adjusted EBITDA
amounted to

504 MSEK



Cash
conversion

120.8%



North America

Q3 2023

Continued strong development in Canada

- 14 consecutive quarters of solid growth
- Service, Rental and Hygiene all perform well
- Continued healthy mix of acute care vs. long-term care sales

US market remains challenging – but moving in the right direction

- Net sales grew 8% vs. Q3 2022
- Continued solid demand within Core Rental, Service and DVT
- Lower Outcome Programs sales due to continued staff shortages and financial uncertainty among healthcare providers
- SEM still behind plan but important contracts related to PIP program sales
– gradual implementation in Q4

Q3 org. net sales

+8.2%

YTD org. net sales

+4.2%

Global Sales

Q3 2023

Western European markets (1.6% in Q3)

- Strong net sales development in markets like France, Spain, Austria and Ireland
- UK in line with last year despite turbulent market situation
- Somewhat weaker quarter in Germany and Netherlands
- Capital sales according to plan
- Continued strong demand within Rental and Service
- Price adjustments to mitigate cost pressure continues

Q3 org. net sales

+2.5%

YTD org. net sales

+4.4%

Global Sales

Q3 2023

Rest of the World markets (4.8% in Q3)

- Strong growth in many markets such as Singapore, Africa and New Zealand
- Generally healthy demand for capital equipment, with step by step improvements in product mix
- Improvement in service and rental activities where available
- Challenging market environment in Middle East & Latin America

Q3 org. net sales

+2.5%

YTD org. net sales

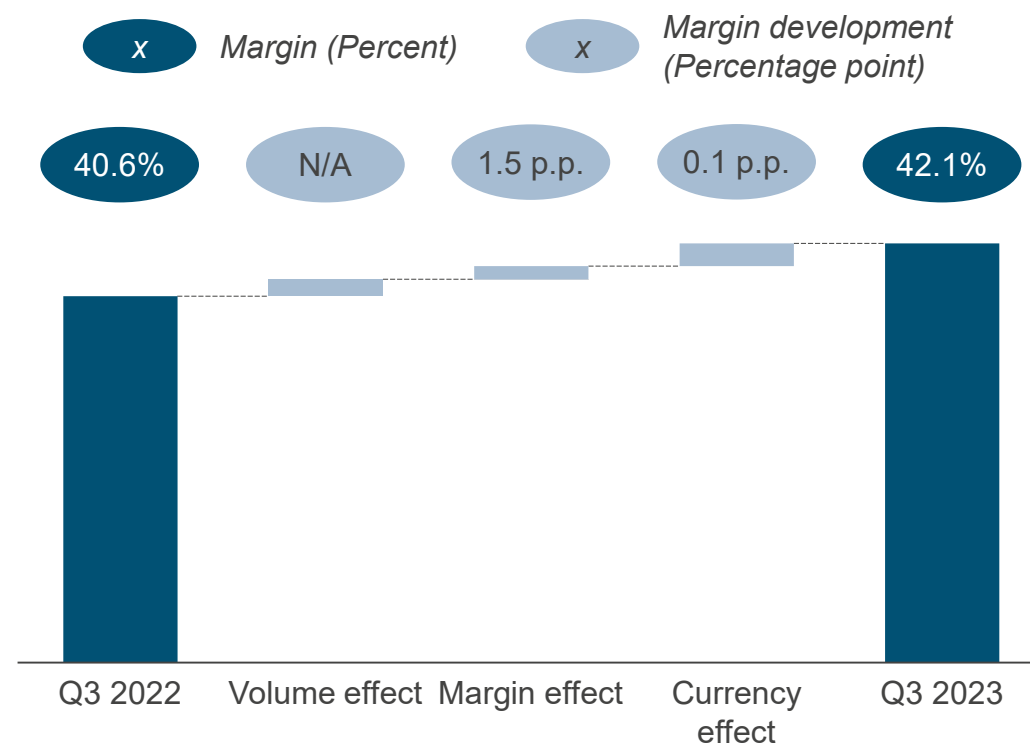
+4.4%

Q3 gross profit

Positive gross margin improvement

- Continued gross margin improvement y-o-y
- Contribution from price adjustments and efficiencies according to plan – strong focus to continue in 2024
- Still unfavorable product and geography mix effects
- Negative impact from direct and indirect inflationary effects

Gross profit bridge – Q3 2023 vs. Q3 2022 (MSEK)

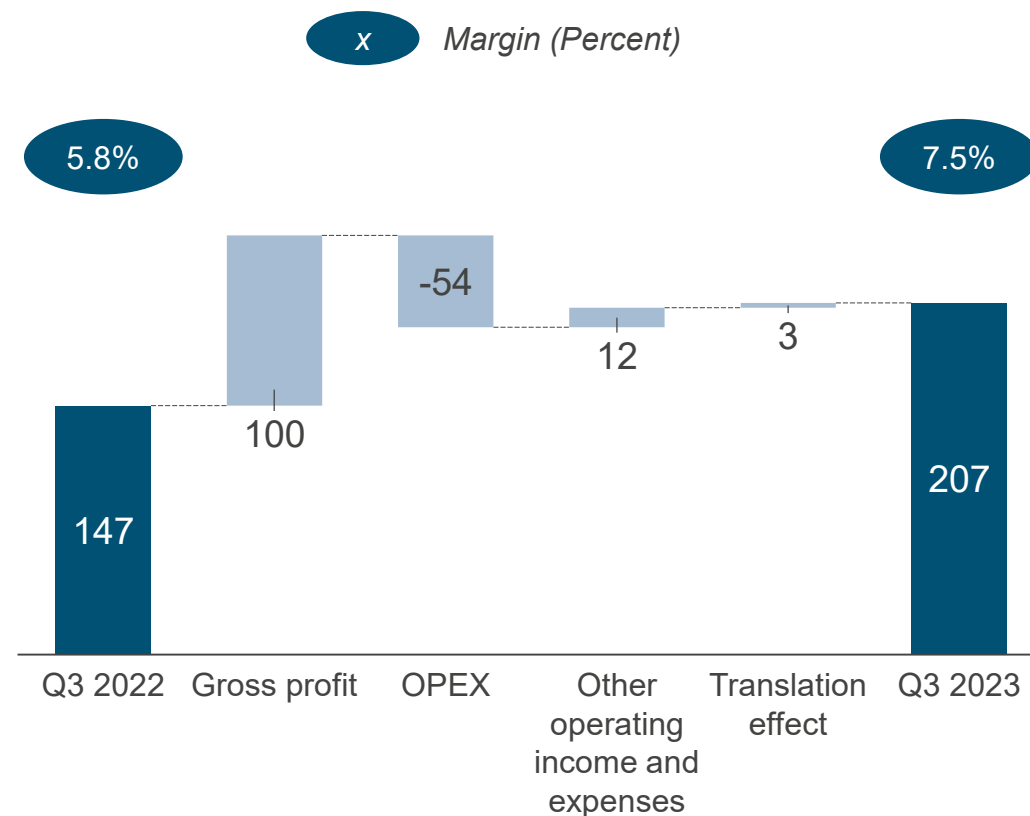


Q3 adjusted EBIT

High activity level and solid cost control

- Adj. EBIT increased by 41.2% vs. Q3 2022
- OPEX development in line with expectations
 - Inflation on salaries clearly visible – expected to remain onwards
 - Increased IT cost related to licenses and IT security efforts
- Good cost control throughout the value chain
- R&D spend according to plan, approx. 2.6% of net sales
- High activity levels to support continued growth agenda

Adj. EBIT bridge – Q3 2023 vs. Q3 2022 (MSEK)

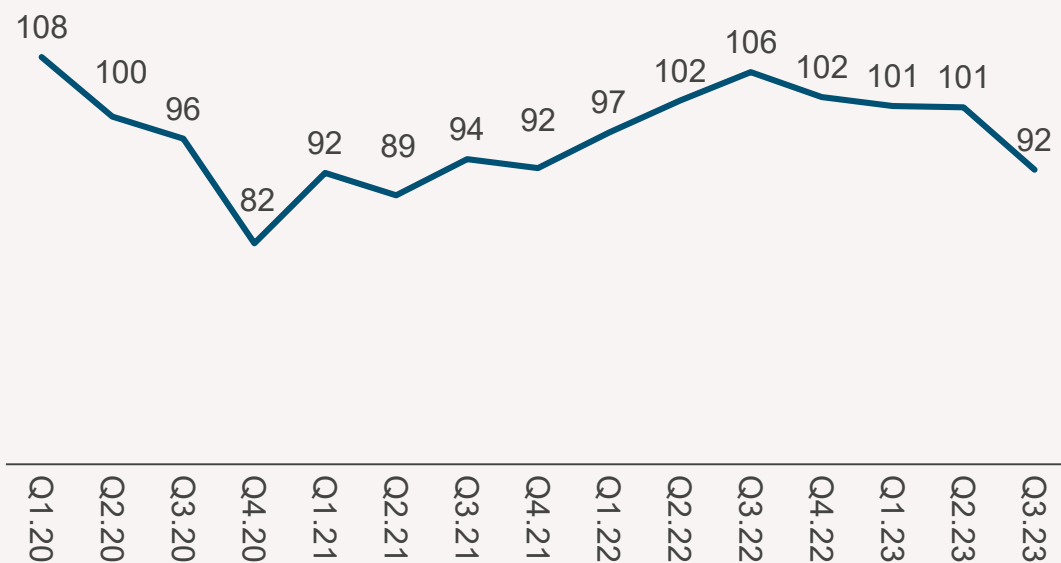


Q3 working capital and operating cash flow

Working capital days improvement

Working capital days – Q1.20-Q3.23

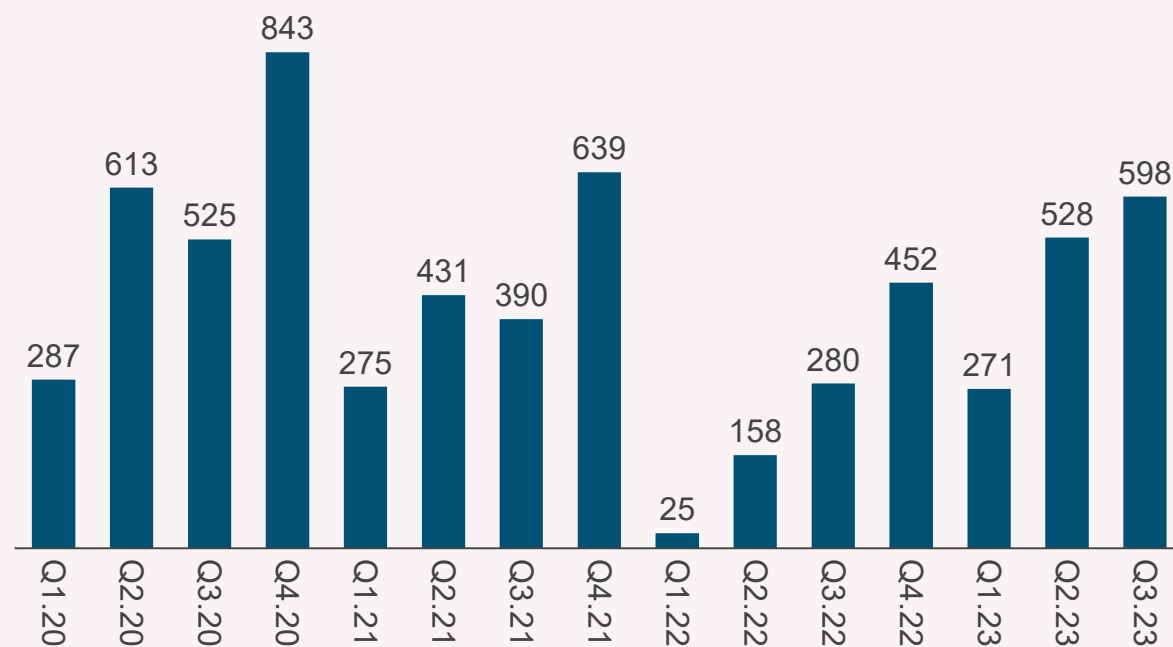
— Working capital days



Strong operating cash flow

Operating cash flow – Q1.20-Q3.23

■ Operating cash flow (MSEK)

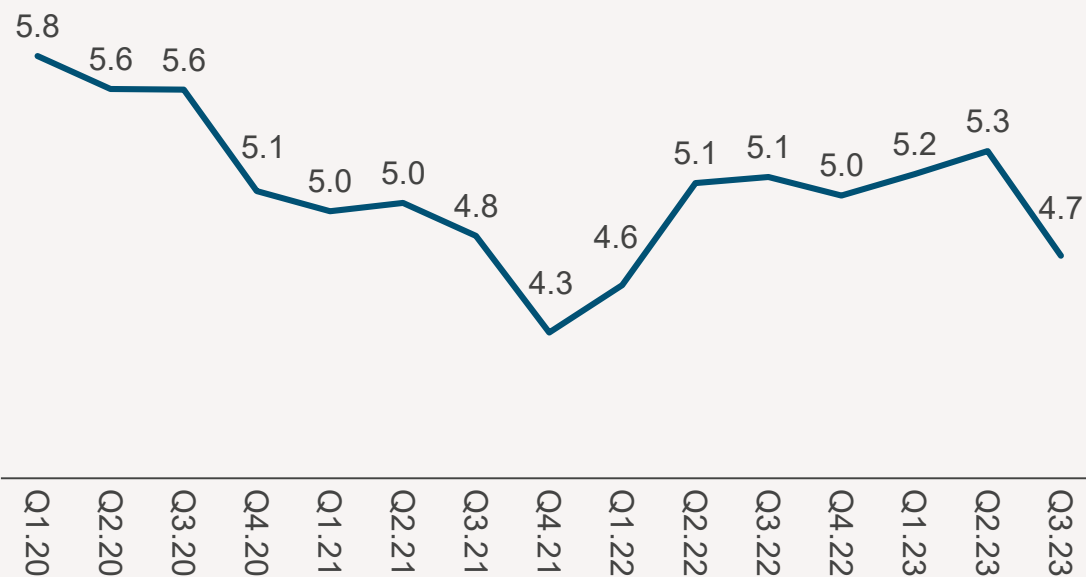


Q3 net debt and leverage

Net debt level decreasing in Q3

Net debt – Q1.20-Q3.23

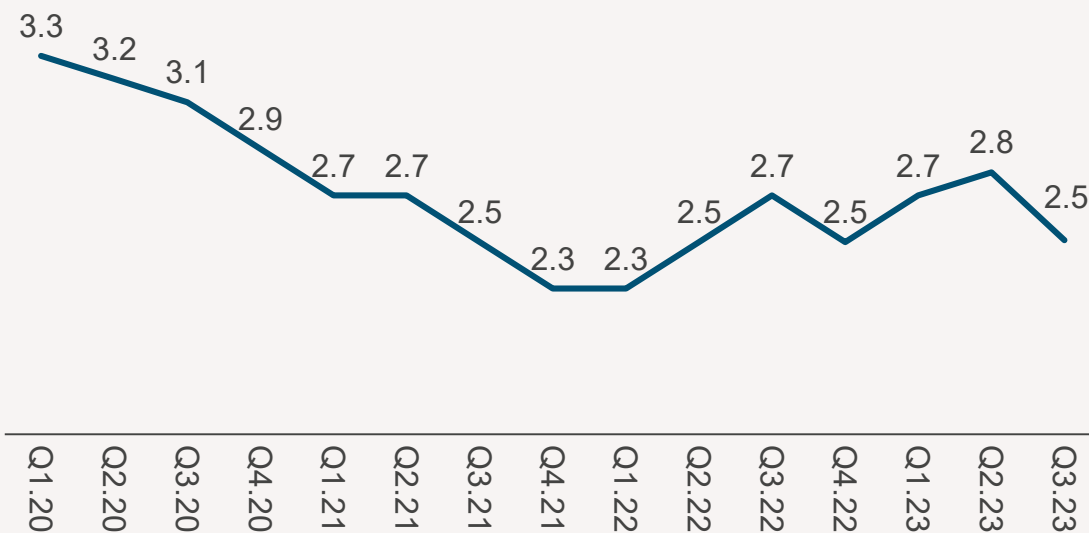
— Net debt, incl. IFRS16 (BSEK)



In turn improving leverage

Leverage – Q1.20-Q3.23

— Net debt / Adj EBITDA, multiple (R12)



Outlook 2023

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

Key takeaways

- Strong core business driving growth
- Continued positive global trend in Service and Rental
- US market remains challenging – but moving in the right direction
- Long-term profitability improvement continues – strong focus on pricing activities to continue also in 2024
- Strong operating cash flow – improving net debt
- High activity level to close 2023 in a good way

Q&A

Financial calendar

Year-end Report 2023

January 30, 2024

Annual Report 2023

March 2024

Interim Report Jan-Mar 2024

April 18, 2024

Annual General Meeting 2024

April 18, 2024

Further questions

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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.

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