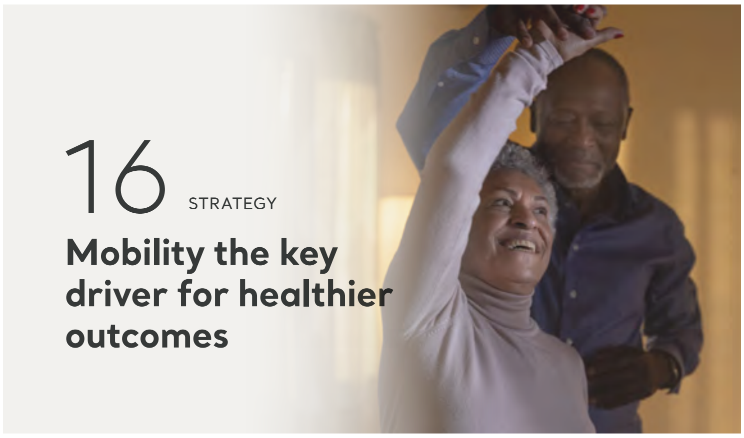
EMPOWERING MOVEMENT

Mobility drives healthier outcomes

ARJO 2021 ANNUAL AND SUSTAINABILITY REPORT



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The power of movement

Research shows that there is a clear connection between mobility and people's physical and mental well-being. Creating the best opportunities for mobility is therefore at the very core of providing high-quality care. We have seen how empowering movement can quickly improve both clinical and financial outcomes. As a leading specialist in the field, we work continuously to promote mobility – with the aim of contributing to better healthcare.

Arjo in brief

For 65 years, we have had a close cooperation with healthcare providers, giving us an in-depth understanding of their daily challenges. Today, Arjo is a market-leading player in the medical device industry, providing sustainable and outcome-based solutions that improve the quality of care and life for patients with reduced mobility, and improve the work environment for healthcare professionals.

Founded by Arne Johansson in Eslöv in 1957

Approximately 6,500 employees

Sells products and solutions in more than 100 countries

Net sales in 2021 amounted to SEK 9,070 M

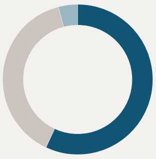
Market capitalization at year-end was SEK 30.2 billion

We are experts in empowering movement for patients in care settings

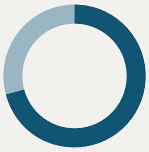
Many hospital-acquired conditions are the result of insufficient mobility in the care process. These complications can largely be prevented, which often requires far less resources than actually treating them. Improved mobility is therefore a key factor in meeting growing care needs around the world. We help our customers to:

- Prevent hospital-acquired conditions such as pressure injuries, patient falls and blood clots
- Support patients on their recovery back to mobility and independence
- Improve the quality of care and life for patients
- Reduce work-related injuries among healthcare professionals
- Enhance efficiency and optimize the use of healthcare resources

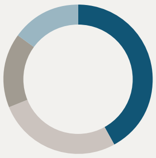
SALES



BY SEGMENT
- Global Sales, 57 %
- North America, 39%
- Other, 4%



BY CUSTOMER CATEGORY
- Acute care, 71%
- Long-term care, 29%



BY SERVICE TYPE
- Capital goods, 41%
- Rental, 26%
- Service, 17%
- Consumables, 16%

PANAGIOTA BIBA AND KAJSA HARALDSSON, R&D

KEY PERFORMANCE MEASURES

	2021	2020
Net sales, SEK M	9,070	9,078
Organic growth in sales, %	3.5	3.9
EBITDA	2,033	1,838
EBITDA growth, %	10.6	9.8
Adjusted EBITDA[1]	2,072	1,913
Adjusted EBITDA margin, %[1]	22.8	21.1
Operating Profit (EBIT)	1,077	866
Cash conversion, %	85.3	123.3
Net debt/adjusted EBITDA[1]	2.3x	2.9x
Equity/assets ratio, %	47.1	40.6
Net profit for the period, SEK M	742	526
Earnings per share, SEK[2]	2.72	1.93
Number of shares, thousands	272,370	272,370
Dividend per share, SEK[3]	1.15	0.85

[1] Before exceptional items. [2] Before and after dilution. [3] Dividend proposed by the Board of Directors.

Sustainable health-care at the core of our business

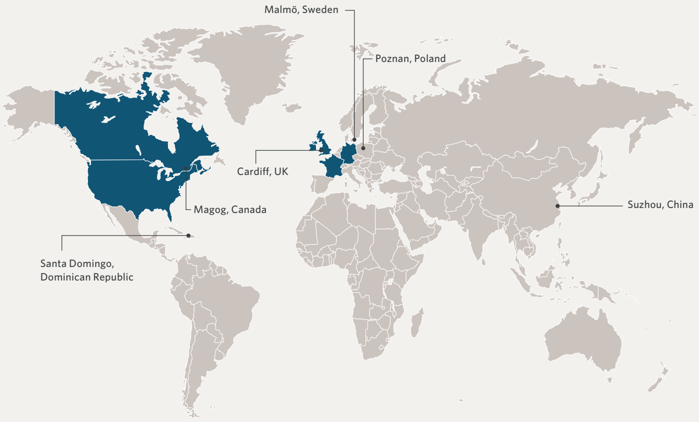
Our role is to make more high-quality care available to more people, and thereby contribute to sustainable healthcare.

We take great responsibility in reducing our own environmental footprint. At the same time, we work to design solutions that help healthcare providers reach their sustainability targets.

Long-term strategy for increased value creation

Arjo's strategy was developed to meet healthcare's existing needs while taking the lead in finding new, outcome-based ways of working. This means that we are continuing to enhance efficiency in our operations while at the same time investing in a unique long-term position as a mobility outcome partner to healthcare, by developing new technologies, business models and a strong organization.

GLOBAL PRESENCE



Arjo currently has five product development and production units and a head office with a central R&D function in Malmö, Sweden (see map). The sales and service operations are represented in more than 100 countries worldwide, and our largest markets are:

1. US (31% of sales)
2. UK (13%)
3. France (10%)
4. Canada (8%)
5. Germany (7%)

Key events 2021

January

Arjo launches Provizio® SEM Scanner

With the innovative Provizio SEM Scanner, Arjo is launching a solution that makes it possible to identify risks of pressure injuries several days before they become visible to the eye, and to thus take the right preventive measures.

■ READ MORE ON PAGE 23

March

Wounds UK publishes report concluding positive results for WoundExpress

In a paper published in the scientific journal Wounds UK, eight experienced UK clinicians state that the use of solutions such as Arjo's WoundExpress can improve both clinical and financial outcomes in the treatment of venous leg ulcers.

■ READ MORE ON PAGE 25

May

New clinical guidelines for rehabilitation

Based on extensive knowledge about methods for early mobilization of patients, Arjo, together with external experts, is developing and launching an evidence-based clinical guide for supporting healthcare professionals in rehabilitation of patients.

February

High engagement in employee survey

Arjo carries out a global employee survey with very positive results. The response rate increased to a full 89 percent and the engagement score rose from 7.5 to 7.9. The results show improvements in all areas, with a particular consensus on the values of the organization and individuals as well as communication of the new strategy.

March

New directive on diversity, equity and inclusion

Arjo initiates a project for the global implementation of a new directive on diversity, equity and inclusion. The aim is to cultivate a workplace that maximizes every employee's talent, potential and contribution by providing equal opportunities for all.

June

100 percent renewable electricity at two of the Group's production facilities

As part of the transition to more renewable energy in the Group's production, Arjo's largest production site, in Poznan, Poland, and the site in Cardiff, UK, now use only renewable electricity in their operations.

July

Health-economic argument for including WoundExpress as standard care in the UK

A research paper by Professor Julian Guest et al. shows that Arjo's WoundExpress in combination with standard care, improves the quality of life for patients with venous leg ulcers, and increases the probability of wound healing by 58 percent. In addition to less suffering for the patient, it also saves cost for healthcare.

READ MORE ON PAGE 25

September

Popular webinar with one of the world's most prominent health economics experts

Arjo holds clinical webinars for a total of 3,500 healthcare professionals. One of the most well-attended was held together with a leading health economics expert, Dr. William Padula. He shared his insight into why the SEM Scanner technology is better than standard treatment for pressure injuries in terms of health economics.

READ MORE ON PAGE 14

September

Arjo receives Innovative Technology Contract from Vizient for the Provizio® SEM Scanner

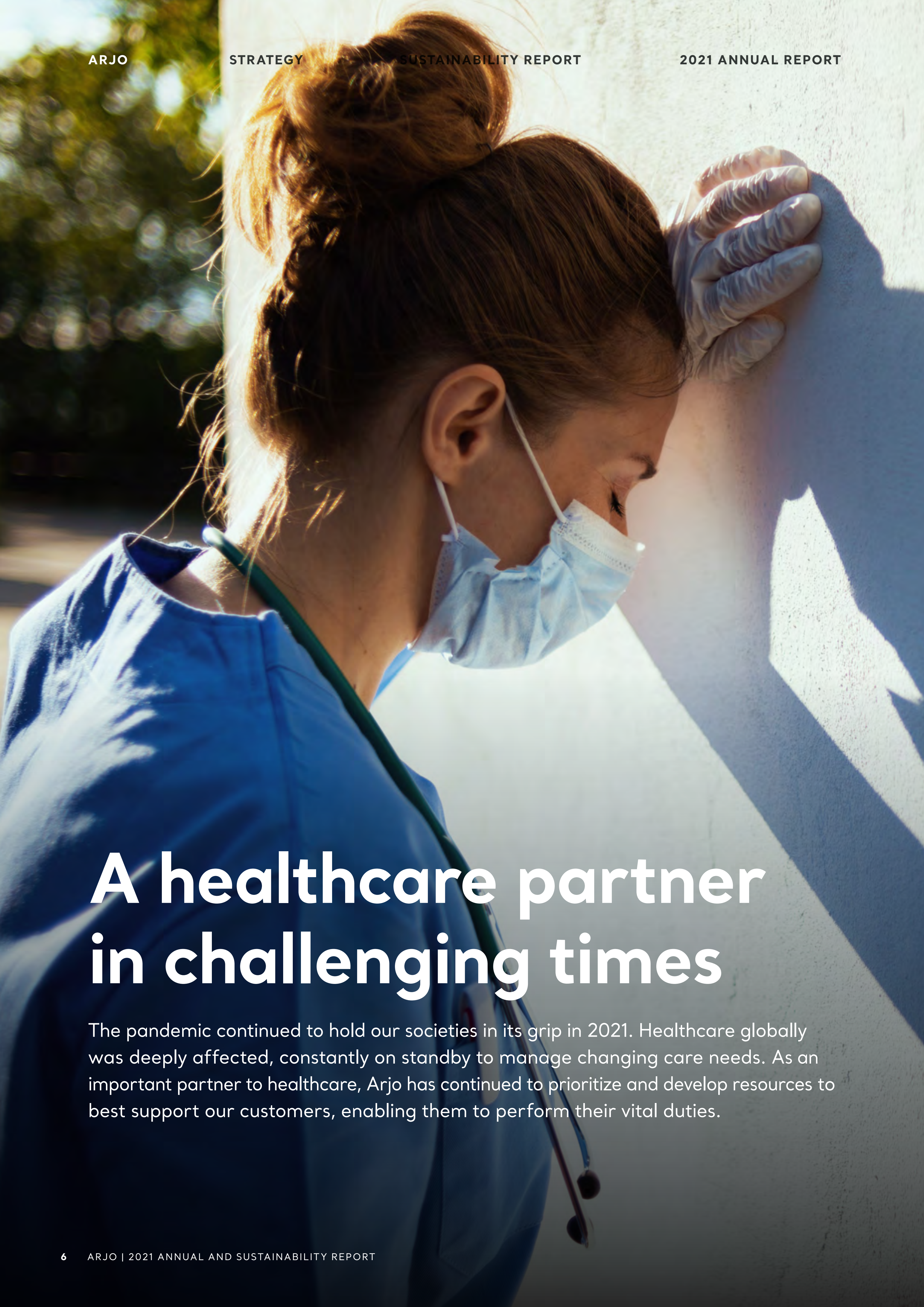
Vizient is one of the largest GPOs in the US, working with more than 50 percent of the country's acute care providers. The contract acknowledges the SEM Scanner's unique qualities in early identification of pressure injury risk, which helps caregivers to provide the right interventions and thereby reduce both patient suffering and healthcare costs.

READ MORE ON PAGE 23

October

Arjo is part of the Swedish pavilion at Expo 2020 Dubai

Starting in October and during six months, Expo 2020 Dubai is carried out with Arjo as one of the 35 official partners in the Swedish pavilion. With the theme of "Co-creation for Innovation" Arjo presents three value-adding healthcare solutions, and is part of promoting the importance of innovating together with other leading companies.



A healthcare partner in challenging times

The pandemic continued to hold our societies in its grip in 2021. Healthcare globally was deeply affected, constantly on standby to manage changing care needs. As an important partner to healthcare, Arjo has continued to prioritize and develop resources to best support our customers, enabling them to perform their vital duties.

Digital training for healthcare staff

Training healthcare staff on equipment and work methods is a central part of Arjo's offering. With the outbreak of the pandemic, Arjo Global Academy quickly pivoted and arranged virtual training courses, and this channel has now been established and is very popular. Many activities were carried out in 2021, from large, comprehensive courses with many participants to more informal product demonstrations.

"If someone had suggested virtual product go-throughs two years ago, I would have said it was impossible – too difficult and not engaging enough. But now we do it every day! We have become really good at involving the participants to make sure we give them a positive, high-quality training experience," says John Compton, Global Academy Director, North America.

A major advantage of Arjo's virtual training courses is that they reach significantly more care professionals than just those physically present. In November 2021 we invited nurses in Australia to a presentation of a clinical program for pressure injury prevention, and more than 2,000 participants signed up in just a week. This widespread interest was fueled by challenges caused by the pandemic, and we are continuing to further develop our virtual training offers to best support the healthcare sector.

Service and maintenance in new ways

Access to hospitals and long-term care facilities was highly restricted for certain periods during the year, presenting enormous challenges for servicing and maintaining the equipment at care facilities. This led to the development of brand new work processes, such as performing service outdoors or in confined spaces. Some activities could be carried out remotely by working together constructively and using digital equipment. These work processes were further enhanced in 2021 to offer flexibility in meeting differing customer needs. The Group intends to continue to strengthen the offering of virtual service solutions, which will also have a positive effect on the environment by reducing travel.

"We have been able to show customers what type of partner we are – that we're always committed to our work and keep our promises despite the circumstances. It has become clear for our customers how important the equipment is for their daily activities. We feel that our work is significant to them, which means that we continuously try a little harder to meet their needs," says Elif Bosemark, VP Global Warehouse.

Handling supply chain challenges

The pandemic had a far-reaching impact on global supply chains in 2021. Arjo was also affected and our teams have worked hard to manage these challenges, with the aim of making the right priorities and supporting our customers as far as possible.

"The best thing we can do is be as open and transparent as possible with our customers and show them that we are doing everything in our power to meet their expectations. As a company, we managed this well, given the current circumstances, and I'm proud of how we have tackled these challenge as a team," says Mikael Persson, EVP Supply Chain & Product Development & Operations.

JOACIM LINDOFF, PRESIDENT & CEO

A sign of strength for the future

– continued investments for more preventive care

We are putting a strong year behind us – a year that largely remained dominated by the pandemic and challenges related to global supply chains. The organization has done a fantastic job in navigating this difficult situation, and has taken great responsibility in supporting a healthcare system under pressure while also helping to improve the long-term quality of care. All in all, we are delivering our best year to date, having achieved all of our financial targets for 2021 and are entering 2022 with even stronger positions.

Our growth journey continued during the year, and the Group's net sales grew organically by 3.5 percent. The organization has done a fantastic job to support healthcare here and now, while at the same time meeting demand that has increasingly reflected more long-term healthcare needs. We report a healthy sales trend in both of our segments, North America and Global Sales, particularly in the US, Canada, the UK and France. Profitable product categories such as patient handling, service and DVT – all of which decreased in 2020 when healthcare investments were largely related to acute needs associated with the pandemic – performed well during the year.

We close 2021 on a strong note, with a robust order book – a confirmation of the continuing high demand and the solid efforts of the organization.

Decisiveness, flexibility and collaboration

Profitability continued to improve during the year and our adjusted operating profit increased almost 20 percent despite global challenges in the supply chain. The shortage of components and difficulties related to transportation and logistics were a high priority for the organization to manage. In close dialog with customers, we adjusted our commercial terms to limit the negative effects, and our customers have generally been understanding of the situation. In parallel, we continued to develop our operations, focusing on high productivity and efficiency, with positive effects that are expected to continue even after the current situation stabilizes.

With decisiveness, flexibility and close collaboration, the organization has been highly successful in managing this complex situation – with the common goal of supporting our customers in the best possible way.

Important steps toward more preventive care

We know that healthcare faces major challenges. Work-related injuries among healthcare staff, hospital-acquired conditions and extensive care needs due to the pandemic show that preventive measures are more important than ever before within healthcare.

Pressure injuries is an example of a problem that can be prevented to a much higher degree than it currently is within healthcare today. This is where Arjo plays an important role as a partner to healthcare. During the year, we launched our new SEM Scanner which makes it possible to detect the risk of pressure injuries significantly earlier than by traditional assessment methods. We have seen great interest from customers and more than 80 evaluations were carried out by hospitals around the world last year, with excellent results. We also signed framework agreements with several major purchasing organizations in our large markets – an important step in making the solution available for more customers onwards.

The scanner is a key component in our new outcome-based program for pressure injury prevention. The program is tailor-made together with our customers and, by using the right equipment and work methods, allows us to help customers reduce pressure injury prevalence, making it possible for them to deliver more care using fewer resources. At the same time, we reduce unnecessary suffering and improve quality of life for patients.

Sustainable healthcare at the core of our business

Contributing to a more sustainable future is one of the most critical challenges of

"Pressure injuries is an example of a problem that can be prevented to a much higher degree than it currently is in the healthcare sector today – and this is where Arjo plays an important role as a partner to healthcare."

JOACIM LINDOFF · PRESIDENT & CEO

our time, that we all need to take part in solving. An important part of our contribution includes freeing up resources and enable care providers to deliver more high-quality care to more people – and, in doing so, work toward long-term, sustainable healthcare.

At Arjo, we also work to reduce both emissions and the use of resources, ensuring that we act in an ethical and responsible manner, and that we make use of the commitment and potential of our employees. This is part of our sustainability framework in which we continuously implement and monitor improvement activities.

Two of our five production facilities transitioned to renewable electricity in 2021, and we have introduced a number of activities to increase resource efficiency in both product development and logistics. From 2022 we have set clear sustainability targets related to the management team's short term incentive, and we are also preparing the organization to introduce Science Based Targets. We are focusing intensely on reducing both our and our customers' environmental footprint, and I am convinced that this work will be central to Arjo's long-term success.

A stronger Arjo for the future

Healthcare professionals around the world are doing a fantastic job and we continue to support healthcare here and now while also contributing to more resource-efficient healthcare for the future. Based on our strategy, we continue to improve the efficiency of our operations and in parallel, we are working to deliver more outcome-based solutions for healthcare. All aimed at further strengthening Arjo's position as a Mobility Outcome Partner.

I am proud of everything that we have achieved during the past year. 2021 tested our ability to adapt to new conditions and we have shown that we are well-equipped for the future. We have a strong, well-functioning and highly committed organization and we have successfully navigated a changing environment in close cooperation with our customers. Flexibility is important in a turbulent world - something we have come to experience again in the beginning of 2022 through the Russian invasion of Ukraine. In addition to enormous human suffering, the war also causes great insecurity, and we are following the developments
closely.

With that said, we enter the new year with strengthened positions, with continuing high demand for capital goods, a favorable performance in service and rental and several interesting product launches, presenting many opportunities for continuing to develop Arjo in a profitable and sustainable way. I look forward to continuing on this exciting journey together with the organization.

Joacim Lindoff
President & CEO

Five success factors in 2021

- The organization's ability to adapt to prevailing circumstances
- Challenges related to the pandemic were navigated well, in close cooperation with our customers
- A strong, well-functioning and highly committed organization
- Launch of SEM Scanner – an important building block for our position as a mobility outcome partner to healthcare
- Dedicated work for a long-term sustainable healthcare and reduced environmental footprint

Arjo's financial and sustainability targets

The financial and sustainability targets serve as governance tools for ensuring that Arjo generates long-term value for stakeholders, and creates a solid foundation for the continued development of the Group.

FINANCIAL TARGETS FOR 2021-2023

Sales growth

Target	Outcome 2021
3–5%	3.5%

Target: Average annual organic sales growth of 3–5%

Outcome: Net sales increased organically by 3.5% in 2021 due to continued high demand for the Group's solutions.

EBITDA margin

Target	Outcome 2021
~23%	22.8%

Target: Adjusted EBITDA margin of approximately 23% from full-year 2023

Outcome: The adjusted EBITDA margin amounted to 22.8%, driven by the Group's growth, long-term investments and continuing good cost control throughout the value chain.

Cash conversion

Target	Outcome 2021
>80%	85.3%

Target: Annual cash conversion of more than 80%

Outcome: For the full-year, cash conversion amounted to 85.3%, primarily as a result of the Group's successful efforts on working capital.

Dividend

Target	Outcome 2021
30-60%	42%

Target: The Group's dividend is to correspond to 30–60% of net profit after tax

Outcome: Arjo's Board of Directors and CEO propose a dividend for 2021 of SEK 1.15 per share, meaning an increase of 35.3% compared with last year. The proposed dividend corresponds to 42% of net profit after tax

SELECTED SUSTAINABILITY TARGETS FOR 2030*

Carbon emissions

Target by 2030	Outcome 2021
-50%	-18%

Target: Halve carbon emissions by 2030, with 2019 as the base year

Outcome: The Group has reduced emissions by a total of 18% to a level of 70,921 tons CO_{2e} since 2019, which is a quicker rate of reduction than forecast. The main reason was less travel.

Gender equality

Target by 2030	Outcome 2021
50%	37.5%

Target: Even gender distribution among senior positions

Outcome: The Group's management team has an even gender distribution, comprising 50% women and 50% men. The percentage of female managers among senior positions was 37.5% for 2021.

*All sustainability targets and outcomes are presented on pages 38-45

Five reasons to invest in Arjo

1 Contributing to a sustainable future – for healthcare, society and the environment

The core of our business is to contribute to a sustainable healthcare system using the right care skills, equipment and care settings. We also take great responsibility for reducing both our own and our customers' environmental footprint and ensuring a high level of business ethics.

2 A market with attractive, long-term growth potential

The growing and aging global population leads to a continuously increasing need for healthcare, and Arjo's current market is growing an average of 3 percent per year. In line with the new strategy and a higher degree of outcome-based solutions, the Group will successively gain traction in a market that is estimated to be ten times larger and grow at double the rate.

3 Continued growth and profitability improvements create room for future acquisitions

Since the listing in 2017, Arjo has reported average annual organic sales growth of 3.6 percent. In the same period, reported annual EBITDA growth was an average of approximately 12.8 percent. The Group's strengthened financial position also creates room for future investments and acquisitions.

4 Global presence with leading market positions in both acute and long-term care

Arjo's products and services are sold in more than 100 countries in both acute and long-term care. With 65 years of experience and a global team of about 6,500 employees, we are one of the market leaders.

5 Strong potential for the future – Arjo is well-positioned to become a leader in outcome-based solutions

Arjo's operations feature a long history of clinical competence and an in-depth understanding of customer needs. Following the new strategy, the Group is moving away from selling products to increasingly offering outcome-based solutions. Arjo will continue to invest in geographic expansion, new technologies and new business models, while continuing to improve operational efficiency.

The world is facing rapidly growing care needs

Global healthcare is facing a growing need for care as well as rising costs and demands for a reduced environmental impact. In order to optimize their use of resources, healthcare providers need solutions that create value in new and different ways. For this reason, Arjo's strategy has been designed to help our customers tackle their main overall challenge: offering more people high-quality care with fewer resources.

"In order to meet growing needs, healthcare must become much more efficient, and there are great gains to be made by increasing preventive work. A clear example is pressure injury, where we in the US estimate the total cost of treating a severe pressure injury to be between 75,000 and 250,000 dollars. However, it only costs 50-100 dollars per day per patient to implement preventative measures. The calculation clearly shows that it is much more cost-effective to introduce preventive measures for all patients, than to treat the complex cases that have developed into severe pressure injury."

STATEMENT BY DR. WILLIAM PADULA, PRESIDENT OF THE U.S. NATIONAL PRESSURE INJURY ADVISORY PANEL (NPIAP)

Market trends and growth factors

A growing and aging population
The world's population is continuing to grow and becoming increasingly older. The World Health Organization (WHO) expects the number of people over 80 to triple between 2020 and 2050.

Increasing lifestyle-related conditions
A growing number of people with conditions such as obesity, diabetes and cardiovascular diseases is putting greater pressure on the healthcare sector. According to the World Health Organization (WHO), the number of obese people has tripled since 1975.

Higher demand for healthcare in emerging markets
Higher prosperity in emerging markets results in rising demand for healthcare. Lower purchasing power is compensated by the size and scope for continued growth.

Increasing transition to long-term care
Since acute care costs more than long-term care, it is becoming more common for patients who require care over a longer period to be moved to long-term care facilities or care at home.

Digital solutions create opportunities
Digitalization in the healthcare sector accelerated during the pandemic, both for carrying out day-to-day activities remotely and for further developing platforms that create opportunities for preventive care and complete outcome-based solutions.

Sustainability a central factor
Healthcare, like all other industries and sectors, is increasing its focus on sustainability. Medical-device suppliers are expected to actively contribute with solutions for greater sustainability, in their own business and in the healthcare system.

Mobility the key driver for healthier outcomes

Many hospital-acquired conditions are caused by insufficient patient mobility in care settings. Using the right equipment and work methods to make sure that these complications never occur, or at least are minimized, is the best way to avoid patient suffering, reduce work load for staff, and ensure efficient use of healthcare resources.

We are empowering movement towards:

Preventing immobility acquired conditions

Immobility acquired conditions, such as pressure injuries and venous blood clots (venous thromboembolism, VTE), cause patients immense suffering and result in significant cost for healthcare providers. This is often entirely avoidable with preventive solutions.

VTE results in fatal outcomes in more than twice the number of cases where people suffer from breast cancer, prostate cancer, motor vehicle accidents and AIDS combined*

*Cohen AT et al., 2007

Aiding the return to mobility

Reduced mobility due to illness or injury accelerates muscular dystrophy, which can lead to a strenuous and prolonged recovery. Our products and solutions are designed to help promote safe and early mobility

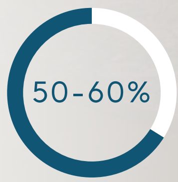
↓40%

Critically ill patients suffer a reduction in muscle strength of up to 40% in the first week of immobility*

*Topp R, et al. The effect of bed rest and potential of prehabilitation on patients in the intensive care unit. AACN Clin Issues. 2002;13(2):14

Eliminating work-related injuries

Each year, a large number of healthcare employees are affected by work-related injuries. By using the right equipment and care settings designed to simplify safe patient transfers, many of these injuries can be avoided.



50-60% of all global healthcare professionals are affected by muscular skeletal disorders*

*American Nurses Association. Health and Safety Survey, 2011

Important benefits of patient mobility

- Stimulates blood circulation, the function of the heart and lungs, and bone and muscle structures
- Minimizes the risk of hospital-acquired conditions, both physical and mental
- Helps to improve self confidence and independence
- Shortens illness and injury recovery times
- Raises overall quality of life

Raising the quality of care and life
Healthcare is under pressure from the rising number of elderly people and increasingly complicated care needs, for example in relation to dementia. The right equipment, environment and skills can empower staff to provide person-centred care that improves clinical outcomes and reduces the risk of complications.

Improving efficiency and costs
Many care facilities struggle to find the capacity and resources needed to meet growing demands in healthcare today. With the right expertise, processes and equipment, they can reduce cost and increase efficiency.

>60%

Dementia is a condition affecting more than 60% of long-term care residents*

*Alzheimer's Disease International, 2015

The World Health Organization (WHO) predicts increased global demand for health and social care staff with the creation of 40 million new jobs by 2030.

THE ARJO VISION:

To be the most trusted partner in driving healthier outcomes for people facing mobility challenges

Our vision sets a clear direction for how we work, what we want to achieve and why Arjo is the right partner for healthcare.

- We continuously seek out opportunities to improve our expertise and raise our innovativeness – all to increase the quality of healthcare.
- We are a leader in our field and have a well-founded reputation as an expert and partner to healthcare.
- We work to improve the situation for both patients and healthcare professionals, and for care providers and healthcare in general.
- We are fact-based and measure success through tangible results – better health and quality of life, better work environments and healthy returns on investments.
- We focus on solving complex health challenges through new approaches and great commitment.
- We work to prevent the negative effects of reduced mobility and create opportunities for increased mobility throughout the care process.

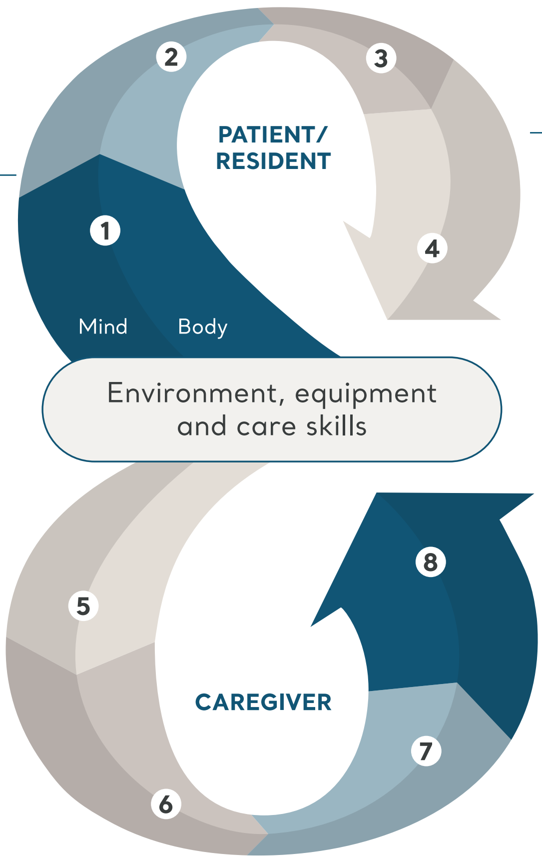
Arjo Positive Eight© – our philosophy in practice

Our evidence-based model, Arjo Positive Eight, is the backbone of our offering. It describes the eight steps of a care process in which the right care setting, equipment and care skills create conditions for safeguarding and stimulating patient mobility. This provides positive feedback, which leads to continuous improvements that add value for patients, staff and healthcare providers.

1. **Mobility**
2. **Improved vital functions**
3. **Reduced consequences of immobility**
4. **Quality of life**
5. **Reduced need for support**
6. **Reduced injuries and improved efficiency**
7. **Reduced sick leave and staff turnover**
8. **Improved care and financial outcomes**

Patient safety and mobility
By ensuring that each patient and resident is supported with the right equipment and that caregivers have the right care skills, mobility can be maintained or improved, with reduced risk for injury.

Clinical outcomes
Clinical outcomes such as pressure injuries, falls, functional incontinence and urinary tract infections are all closely associated with immobility.

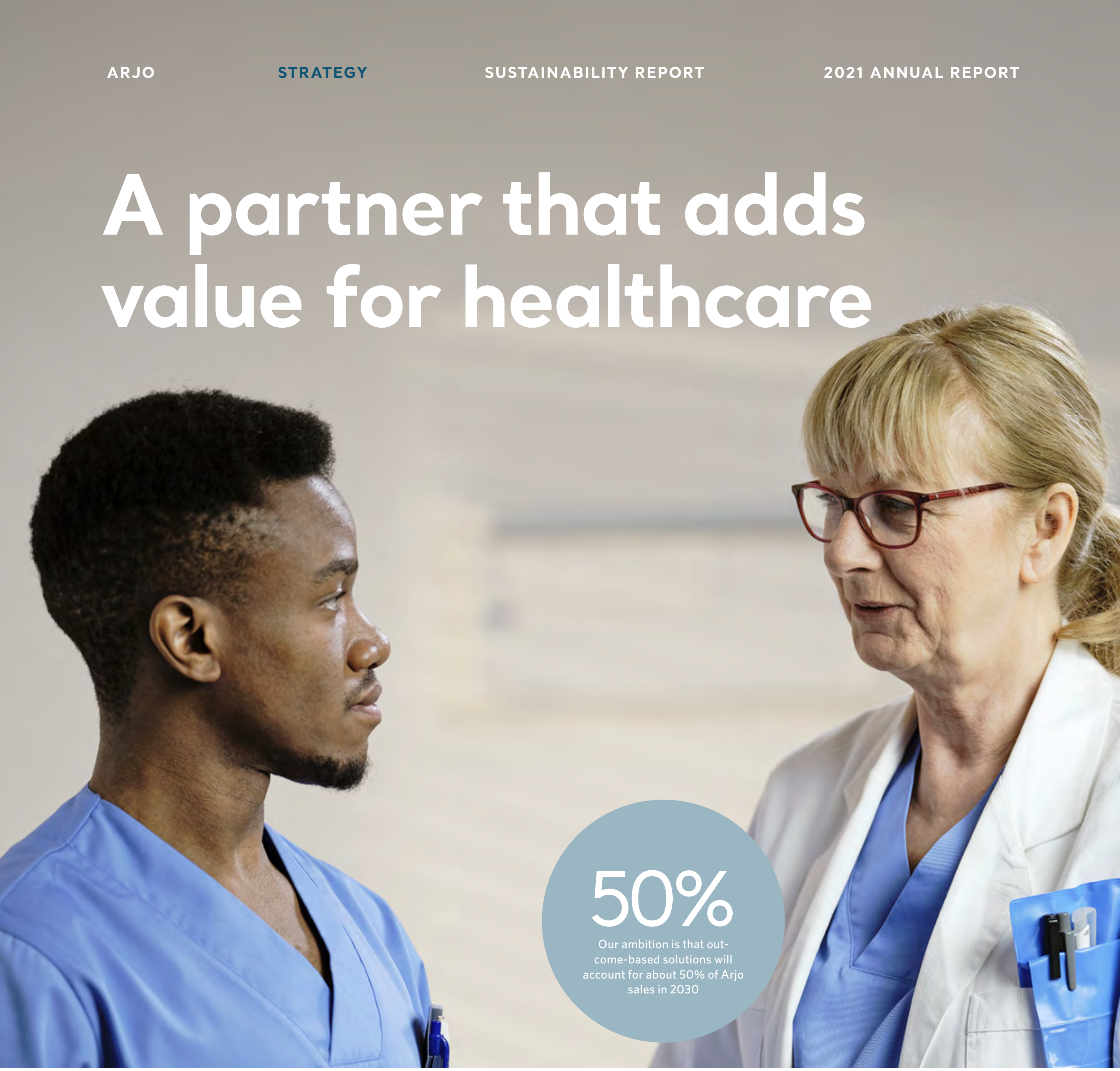


Efficient working processes
Focusing on maintaining and promoting mobility keeps patients and residents moving, and reduces the burden of care.

Financial outcomes
High costs are associated with undesirable patient outcomes related to immobility. Equally, the costs of caregiver injuries associated with supporting dependent patients and residents without the right processes and equipment results in negative financial impact to the organization.

Staff safety and well-being
Preventing physical and psycho-social overload, which may lead to injury and absence when providing assistance with mobility and care tasks to patients and residents.

A partner that adds value for healthcare



50%

Our ambition is that outcome-based solutions will account for about 50% of Arjo sales in 2030

IN THE COMING YEARS, ARJO IS FOCUSING ON:

Continuing to increase efficiency in operations

- Ensuring an agile organization where decisions are made close to the customer
- Optimizing the Group's resources, such as marketing, transportation, logistics and purchasing, in line with our sustainability targets
- Expanding geographically in both existing markets and new markets with large growth potential
- Optimizing the product portfolio and continuing to strengthen the offering through product development, acquisitions and partnerships

Investing in new technologies, business models and a strong organization

- Establishing a long-term, unique position as a partner to healthcare, by developing new technologies and business models for sustainable outcome-based solutions
- Launching new outcome-based programs for healthcare's major challenges, for example pressure injuries
- Ensuring the right expertise among the Group's employees for driving more outcome-based business

Our strategy is based on the major overall challenge faced by health-care: offering more people high-quality care with fewer resources. This is where mobility is key. By creating opportunities for improved mobility across the care process, we can prevent complications, shorten length of stay, and minimize the number of work-related injuries among caregivers. This benefits the patient, increases the attractiveness of care professions and improves resource efficiency and sustainability in society.

"Following our strategy, we are investing in new technologies and business models that help solve some of healthcare's greatest challenges, while also continuing to increase the productivity of the organization."

JOACIM LINDOFF, PRESIDENT & CEO

Business model focusing on higher value creation

The core of Arjo's business today is the sale and rental of capital goods with related consumables and services. In 2021, sales of capital goods accounted for 41 percent of the net sales. The remainder was recurring sales such as rental, consumables and service, and our aim is to continue to increase recurring sales over the next few years.

With the new strategy, Arjo will move from primarily selling products to acting more as a partner that offers value-adding, complete outcome-based solutions for the specific needs of our customers. The ambition is that outcome-based programs and solutions will account for about 50 percent of Arjo's sales in 2030, relative to today's 5 percent.

Higher sales of outcome-based programs and solutions

Higher sales of rental, service and consumables

As a Mobility Outcome Partner, Arjo offers complete solutions with guaranteed result

At Arjo, we are experts in creating the best conditions for patient mobility in care settings. Together with our customers, we analyze the unique requirements of each care unit and then develop customized solutions that, besides the equipment itself, also safeguard the care skills and work processes. Working closely together with customers, we are changing care practices, measuring and monitoring key performance indicators and guaranteeing improved clinical and financial outcomes. With these outcome-based solutions and programs for some of healthcare's major challenges, Arjo can address a market that is both ten times larger and growing at double the rate of the market in which the Group currently operates.

Solutions for healthcare's major challenges

Pressure injuries among patients and work-related injuries among caregivers are some of healthcare's greatest challenges. Overall, they cause immense suffering for patients, higher workload for staff and considerable healthcare costs. A significant portion of these health problems are related to reduced patient mobility and can be prevented with the right interventions at the right time.

Our customers need support in managing a number of challenges in new ways so that they can optimize their operations for both patients and employees as well as in terms of resources. Arjo's offering includes a combination of the right equipment, expertise and care skills, which strengthen each other and form a scalable complete solution. An increasing number of Arjo's customers are choosing to implement these solutions in the form of outcome-based programs, and can thus procure a function with guaranteed results instead of individual products.

>500 BSEK

Pressure injuries are currently estimated to cost healthcare more than SEK 500 billion per year globally*.

*Delay et al. (2012), Padula et al. (2019), Deloitte (2014), Guest et al. (2018), Al Mutari (2018)

Evaluation shows 75 percent total reduction in pressure injuries

An evaluation of the SEM Scanner at SANA Hospital Group's hospital in Dresden, Germany showed that 95 percent of risk patients could be identified using the SEM Scanner, which resulted in a total reduction in pressure injury prevalence of a full 75 percent.

"We were able to identify patients who, according to the usual risk scale, did not show an elevated risk of developing pressure injury. This allowed us to address each risk patient very specifically by adapting the measures to each individual patient and thus prevent the development of pressure ulcers. Using the SEM Scanner will minimize our expenses associated with hospital acquired pressure injuries", says Kerstin Steiding, Nurse Manager at Heart Center Dresden University Clinic in Germany.

Unique solution for effective prevention of pressure injuries

Pressure injuries represent a major problem that quickly arise for people with reduced mobility due to age or health issues, and result in long-lasting pain and suffering, and can sometimes even have fatal consequences. But pressure injuries can be prevented to a much higher degree than they currently are in healthcare.

Arjo's Provizio® SEM Scanner measures the sub-epidermal moisture level and makes it possible to identify risks of pressure injuries several days before they become visible to the eye, meaning that the right interventions can be taken at the right time. Arjo launched the SEM Scanner in early 2021, with great customer interest. More than 80 evaluations were completed at hospitals around the world during the year, with great results.

"An objective risk assessment that is performed as early as in the emergency room ensures preventive action for the patients that need it, directing resources right. This can significantly improve both clinical and financial outcomes – and also has a positive effect on staff work load," says Gunilla Nilsson, Sales Manager at Arjo Sweden.

Arjo has extensive knowledge and experience in pressure injury prevention. In 2021, we launched a complete solution called the Early and Targeted Intervention Kit (ETIK) to help healthcare ensure that procedures, work processes and equipment are in line with clinical expertise and current standards. Alongside the SEM Scanner, Arjo's solution includes therapeutic mattresses and support surfaces as well as equipment for transferring, repositioning and early mobilization of bedridden patients.

Velaris – a new mattress system for pressure injury prevention

Early 2022, Arjo launched a new mattress and associated pump system. Velaris combines patient comfort with active treatment using alternating pressure redistribution, without needing to replace the mattress. In this way, staff can meet the changing needs of patients quickly, easily and safely. Velaris is designed to improve clinical outcomes, reduce work load for caregivers and increase resource efficiency for the care facility.

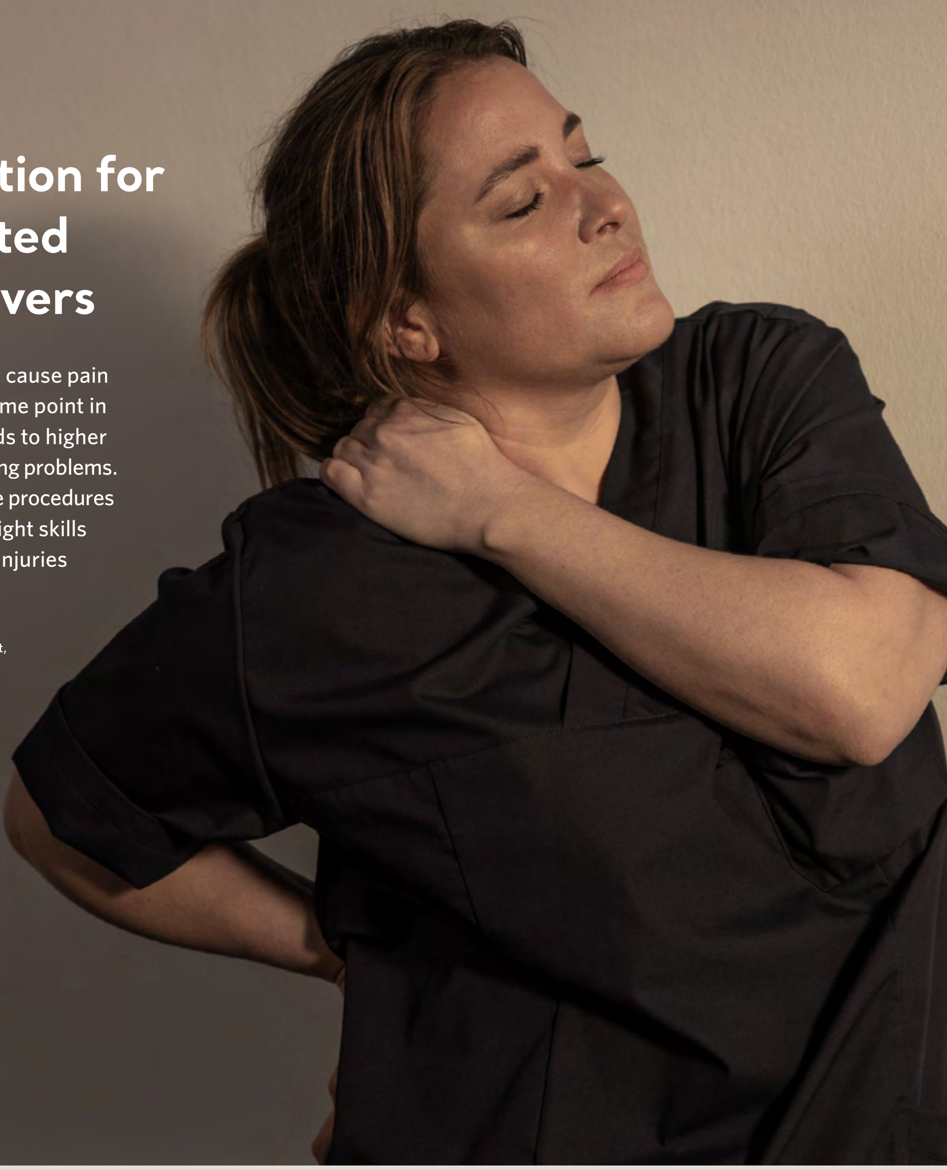
Provizio SEM Scanner awarded Innovative Technology Contract

Vizient is one of the largest group purchasing organizations (GPO) in the US, providing solutions and services that reduce healthcare cost and improve performance for acute care providers. The Provizio® SEM Scanner was awarded a Innovative Technology Contract by Vizient's member-led council in September 2021.

"We are thrilled to have the SEM Scanner recommended for this contract. Vizient serves more than half of the nation's acute care providers, and this contract significantly adds to the great potential of this new technology to reach more health care organizations and help more patients."

ANNE SIGOUIN, PRESIDENT, ARJO NORTH AMERICA.

Provizio® SEM Scanner makes it possible to identify pressure injury risk five days earlier than by visual skin assessment.



Well-established solution for minimizing work-related injuries among caregivers

Work-related injuries is a widespread problem that cause pain and suffering for 80 percent* of all caregivers at some point in their professional lives. For care providers, this leads to higher sick leave, resulting in both increased costs and staffing problems. Arjo's solutions for ensuring patient handling, hygiene procedures and customized medical beds, combined with the right skills and work processes, mean that these work-related injuries can be prevented safely and effectively.

*Martin H. Cohen et al. (2010). PHAMA Patient Handling and Movement Assessment, The Facility Guidelines Institute

>75 BSEK

Work-related injuries among care providers are currently estimated to cost the healthcare sector more than SEK 75 billion per year globally*.

Impact of Safe Patient Handling Legislation on Musculoskeletal Disorders Among California Healthcare Workers, Lee et al. (2020)

Reduction in work-related injuries at more than 800 care facilities


GANG ZHANG, CUSTOMER SOLUTIONS

For reducing work-related injuries among care staff, Arjo has well-established outcome-based programs in place, already having reduced the number of injuries at more than 800 facilities around the world – in some cases with as much as over 90 percent.

The program includes thorough needs assessments for patient handling equipment, process mapping and redesign, and the training and implementation of work methods based on the Arjo Positive Eight and our model for individualized care. Based on the facility assessment, Arjo guarantees certain outcomes and the progress is regularly monitored, measured and evaluated against agreed targets, for constant improvement.

"Healthcare professionals gain a safer work environment with a lower risk of strains and injuries, which also improves their job satisfaction. The care facilities receive optimal value from their investment through higher efficiency and better use of resources. This is a win-win situation, especially with the staffing challenges in healthcare, ultimately bringing safe mobility and quality of care to every patient, every day," says Gang Zhang, VP Customer Solutions.

WoundExpress™ – treats and prevents venous leg ulcers

Venous leg ulcers are a growing problem, usually caused by insufficient blood circulation as a result of underlying factors. Patients commonly experience pain and limited mobility, in some cases leading to depression, anxiety and social isolation, ultimately resulting in reduced quality of life. Traditional treatment often has unsatisfactory results, in part because it is considered both inconvenient and uncomfortable for patients.

Arjo's WoundExpress is an Intermittent Pneumatic Compression (IPC) system to manage lower leg wounds with a garment applied on the patient's thigh, uniquely placed away from the wound site to avoid painful pressure while increasing blood flow to the leg ulcer.

To date, WoundExpress has been introduced to the market in UK, Ireland, Sweden and Denmark. In 2021, WoundExpress received 510(k) clearance from the US Food and Drug Administration (FDA), meaning that the therapy can also be launched in the US market.

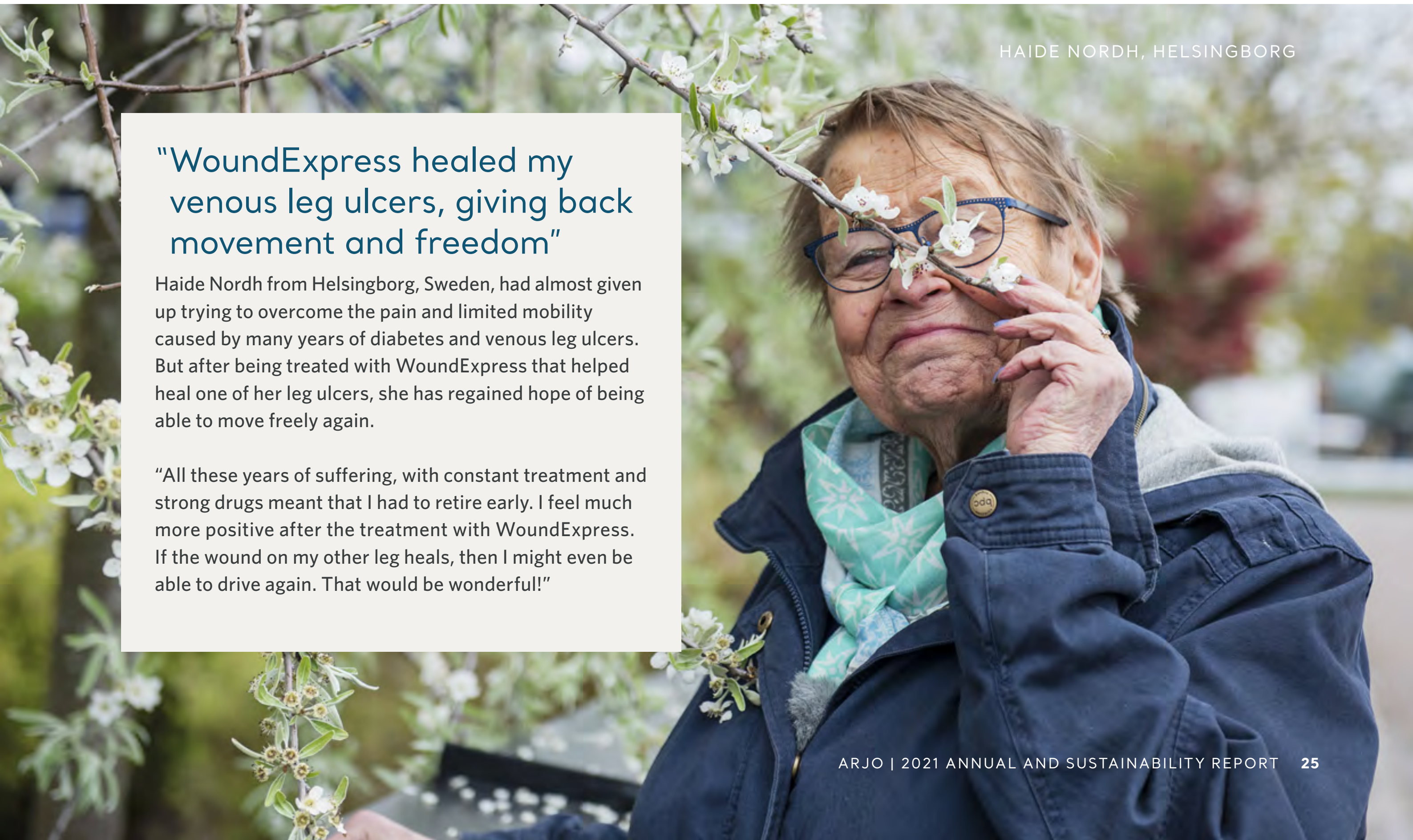
Research provides clear health-economic argument for including WoundExpress as standard care

A research paper by Professor Julian Guest et al. published in the UK, shows that treating hard-to-heal venous leg ulcers with an IPC solution such as WoundExpress improves both clinical and financial outcomes. In combination with standard care, WoundExpress increased the probability of wound healing by 58 percent and improved the health-related quality of life for patients – with significant associated cost savings for healthcare.

>300 BSEK

Venous leg ulcers are currently estimated to cost healthcare more than SEK 300 billion per year globally, of which the US represents almost 50%.

NHS (2019); Wounds International (2015); Reeder et al. (2013); Guest et al. (2017); Corporate Development & Projects: Huntleigh Diagnostics



HAIDE NORDH, HELSINGBORG

"WoundExpress healed my venous leg ulcers, giving back movement and freedom"

Haide Nordh from Helsingborg, Sweden, had almost given up trying to overcome the pain and limited mobility caused by many years of diabetes and venous leg ulcers. But after being treated with WoundExpress that helped heal one of her leg ulcers, she has regained hope of being able to move freely again.

"All these years of suffering, with constant treatment and strong drugs meant that I had to retire early. I feel much more positive after the treatment with WoundExpress. If the wound on my other leg heals, then I might even be able to drive again. That would be wonderful!"


WHAT MOVES YOU?
encouragement
MOSUNMOLA ADEDOKUN,
ARJO GLOBAL ACADEMY

Our platform for development and success

With the right skills, digital solutions and a robust sustainability agenda, we are building a strong platform for a future in which Arjo helps to create better and more sustainable outcomes for healthcare.

People & Organization

For 65 years, we have had a close cooperation with healthcare providers, giving us an in-depth understanding of healthcare's daily challenges. Our extensive knowledge is a prerequisite for developing market-leading solutions that meet high requirements and specific needs, and for working closely with our customers to implement the right work methods in care settings.

We actively participate in community engagement and work together with leading researchers and experts in our fields. Through Arjo Global Academy we are working purposefully to develop our own and our customers' expertise and skills.

Strategically important competences for the future

Ensuring the right skills is a critical factor for our success over the next few years. A changing business model with a greater focus on outcome-based selling will place new demands on the organization, and the focus on competence mapping and development will therefore be raised even more.

"In 2021, we carried out a comprehensive analysis of the overall skills of the organization, with our local markets providing valuable insight into both our strengths and the competences that we need to improve for the future," says Marion Gullstrand, EVP Human Resources & Sustainability.

Based on a gap analysis, Arjo has identified areas in which the organization needs to be stronger in order to deliver on the strategy. This mainly involves further strengthening clinical competence and ensuring the relevant expertise related to health economics and digitalization. Using this analysis, plans are being developed to further strengthen the organization, a process in which the company's leaders will play a key role.

Digitalization

Digital solutions are taking a more prominent role in the healthcare value chain, and this trend accelerated further during the pandemic. For Arjo, this has resulted in further developing our digital offering, in terms of supporting the daily lives of our customers through training, instruction videos, service and support.

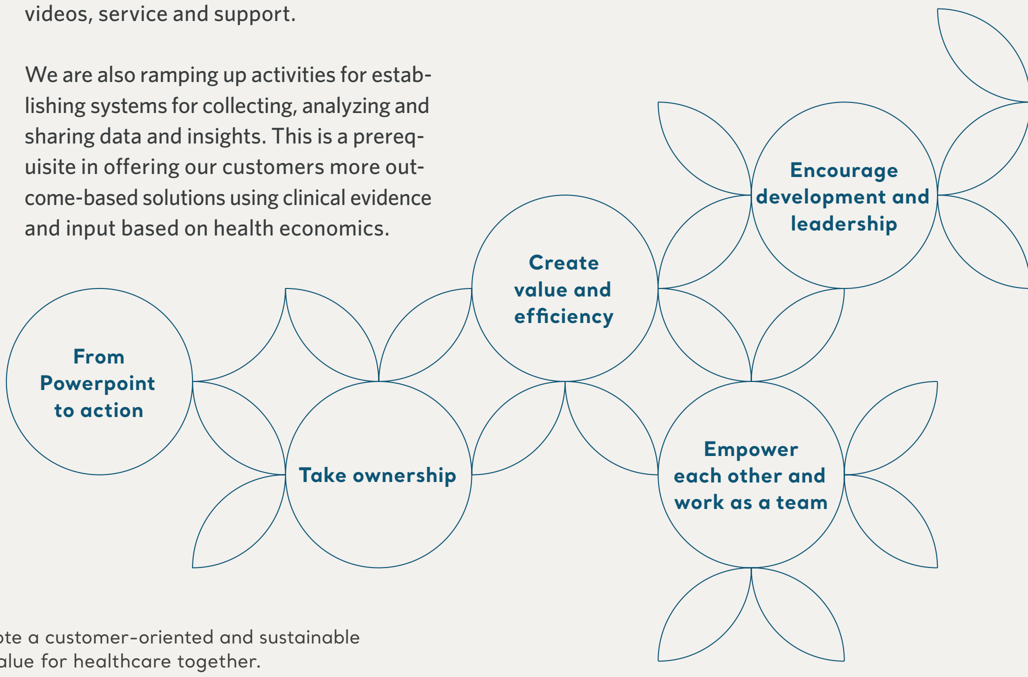
We are also ramping up activities for establishing systems for collecting, analyzing and sharing data and insights. This is a prerequisite in offering our customers more outcome-based solutions using clinical evidence and input based on health economics.

Sustainability

Contributing to sustainable healthcare has been at the core of Arjo's operations since the company was founded in 1957, and is incorporated into our daily work. The Arjo Sustainability Framework 2030 is a robust agenda to further reduce our environmental footprint and increase our contribution to a circular economy.

In addition, we are taking a greater responsibility in ensuring that we act and operate responsibly, and that we attract and retain key competences. The basis for our work is a customer-oriented culture that strongly features diversity, equity and inclusion.

■ READ MORE ABOUT OUR SUSTAINABILITY EFFORTS ON PAGES 30–47



Arjo's Guiding Principles
These principles are our core values and promote a customer-oriented and sustainable corporate culture in which we create added value for healthcare together.

Broad offering of unique products and solutions

Arjo's offering consists of complete solutions that include equipment, expertise and work processes that together create the best conditions for meeting healthcare's major challenges. Our unique products are designed to promote mobility, safety and dignity in all care situations.

Patient handling

Arjo's broad range of lifting and transferring solutions includes ceiling lifts, standing and raising aids and slings, for safe, comfortable and dignified repositioning.

Pressure injury prevention

Arjo offers advanced systems for preventing and treating pressure injuries, for example equipment for early detection and special mattresses.

Leg ulcer treatment and prevention

Arjo offers a system of pump and thigh garments for effective treatment of venous and arteriovenous leg ulcers.

Medical beds

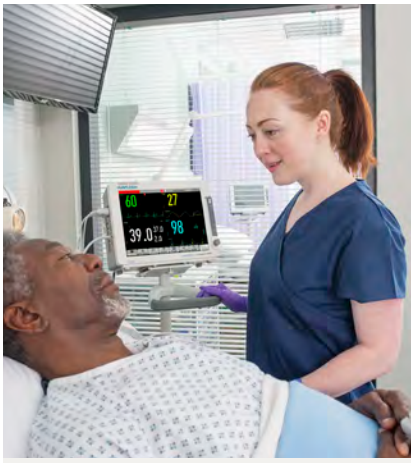
Arjo's wide range of medical beds offers enhanced ergonomics, comfort, safety and ease of use. The technical performance features are adapted for a number of different purposes.

VTE prevention

Arjo has a comprehensive range of compression therapy pumps and garments for the safe and efficient prevention of deep vein thrombosis (VTE/DVT) and treating edema.

Hygiene

Arjo's bathing and shower systems enable safe and efficient hygiene routines and a calming experience for patients.



Diagnostics

For more precise medical assessments, Arjo offers patient and fetus monitors, as well as ultrasound equipment and Doppler equipment for obstetric and cardiac diagnostics.

Disinfection

Arjo has flusher-disinfectors and related consumables for safe cleaning and disinfection.

Service

Arjo also offers service for capital goods and various solutions, including consultation during purchase and education.

Quality and safety are prerequisites for Arjo's operations. To meet the increasingly strict regulatory requirements in the medical device industry, our focus lies on continuously evaluating and improving our products and processes. We follow local and regional regulations in the markets that we serve. Requirements and expectations from the authorities and legislations are increasing. Globally, Arjo now has six certificates for quality management systems: • ISO 9001 • ISO 13485 • EU Medical Device Directive (MDD) • EU Medical Device Regulations (MDR) • Medical Device Single Audit Program (MDSAP) covering medical devices in the US, Canada, Australia, Japan and Brazil • UK Conformity Assessed (UKCA) covering medical device regulations in the UK.

These certificates show that the directives and process in our global quality management system meet the established regulatory requirements. No major deviations were noted in quality and regulatory compliance inspections in 2021 and there were no cases of shortcomings in non-compliance with applicable regulations that could result in warnings (from authorities). No major deviations were noted from third-part audits of Arjo's environmental management systems.

Sustainable healthcare at our core

At Arjo, sustainability is in our DNA. We help our customers to free up resources that create room for more high-quality care available to more people. This contributes to a sustainable healthcare system that can meet the growing needs of tomorrow.

Sustainability is a fundamental part of Arjo's history and culture. Ever since Arne Johansson, Arjo's founder, designed a series of innovative equipment for patient transfers, we have devoted our energy to improving the conditions for patient mobility within the healthcare sector. In this way, we contribute to preventing hospital-acquired conditions and thereby help our customers with some of their greatest challenges, with the aim to create a more sustainable healthcare.

We contribute to better and more sustainable healthcare
Arjo's solutions generate sustainable value at multiple levels in healthcare, thereby contributing to our customers' sustainability agenda.

- We support patients by creating opportunities for improved mobility and clinical outcomes, thereby reducing unnecessary physical and mental suffering.
- We give healthcare professionals the opportunity to safely provide high-quality care, and thereby reduce the risk of work-related injuries.
- Through complete solutions based on the right equipment, expertise and work methods, we contribute to developing effective processes within healthcare, benefitting healthcare and society at large.
- An energy and resource efficient production and the long life cycle of our products generate a limited environmental impact, and we strive continuously to further reduce our environmental footprint throughout the value chain.

Arjo solutions contribute to sustainable healthcare in over 100 countries.

800

Arjo's outcome-based programs have reduced the number of work-related injuries among healthcare professionals at over 800 healthcare facilities around the world.

In 2021, Arjo arranged clinical webinars for a total of 3,500 healthcare participants.

Clear governance ensures results

Arjo's sustainability efforts are based on directives, policies and clear governance involving all levels in the company – a systematic way of working enabling the implementation of decided initiatives and that the Board of Directors is responsible for the sustainability report.

The Arjo Sustainability Framework 2030 (see pages 36-47) is an integral part of our daily decisions and activities. Through a clear governance process, we make sure to work methodically and prioritize correctly to achieve the desired results.

The governance process involves all levels

Ultimate responsibility for the company's sustainability efforts lies with the Arjo Management Team, and is followed up as a standing item on the agenda for every management team meeting. The CEO and Arjo Management Team are responsible for and participate actively in these efforts by deciding on targets, providing guidance for moving forward, evaluating reported results, identifying items for improvement, as well as implementing plans and activities throughout the organization.

Starting 2022, 10 percent of the Arjo Management Team's short term incentive will be based on sustainability targets. Two targets have been identified for 2022: reducing the Group's carbon emissions and preparing the organization to be able to set science-based climate targets in line with the Paris Climate Agreement.

In 2021, a sustainability forum was established, led by Arjo's President & CEO, aimed at reinforcing the implementation, development and governance of the sustainability related efforts.

Arjo's Board of Directors monitors and participates actively in the sustainability work and receives regular updates on the current status, target realization and plans for the future. The Board of Directors also conducts an assessment of the sustainability agenda twice a year.

Projects are led by cross-functional teams

The operational responsibility for Arjo's sustainability efforts is carried by the line organization. Cross-functional teams are in charge of leading projects, achieving targets and subsequent follow-up. Line managers are responsible for ensuring their employees understand and act in accordance with our Code of Conduct and sustainability agenda.

Reporting is done through internal data collection that is compiled and presented to the Arjo Management Team every quarter, and to the Board of Directors every six months. Arjo is working to modify the reporting process in accordance with the Global Reporting Initiative (GRI) guidelines, which will be introduced as of 2022.

Clear guidelines for business ethics

Our sustainability efforts are governed also by ethical guidelines. Arjo's Code of Conduct applies to all employees and we hold regular training sessions at all levels in the organization.

Our principles are based on complying with all relevant, local laws in the countries where we operate. Arjo's anti-corruption policy has zero tolerance for all types of fraud and bribery. Employees can, via an anonymous whistleblowing service, report suspected incidents of any violations of laws and regulations.

Arjo's Directive for Occupational Health and Safety aims to realize a high level of health and safety at the workplace. The directive provides a framework for identifying and managing physical and psychological safety in the work environment, as well as employees' personal and collective wellbeing.

Arjo's Directive for Diversity, Equity and Inclusion aims to assume clear responsibility for our employees and the communities in which we operate. This is reflected in our commitments in the Arjo Sustainability Framework 2030, our Guiding Principles and Leadership Behaviors. By offering equal opportunities to all, we provide the right conditions for making the most of every employee's talent, potential and contribution to our operations.

Starting 2022, the Arjo Management Team's short term incentive will also be based on sustainability targets, including the reduction of carbon emissions and the Group's preparation for Science Based Targets.

KOBBY OKYERE, IT

GIULIA BERTORELLI, PRODUCT MANAGEMENT

HENRIK RUNNERSTRÖM, PRODUCT MANAGEMENT

RANA MOUSSA, FINANCE

Arjo's sustainability forum

Arjo's sustainability forum focuses primarily on the task of creating a sustainable offering throughout the value chain. The forum aims to increase collaboration concerning concrete improvement potential and raise awareness for how initiatives affect both our customers and various parts of the company. A standing item on the agenda is the status for improvement activities in progress.

The forum includes parts of the Arjo Management Team and senior executives within Arjo. In addition to the sustainability team, the participants comprise the following:

- President & CEO
- EVP HR & Sustainability
- CFO
- President, Global Sales & Service
- EVP Supply Chain & Operations
- Head of Product Development
- Head of Purchasing
- Head of Global Transportation
- Head of Inventory and Spare Parts
- Head of Products and Categories

Meetings are held quarterly, and the sustainability forum convened three times in 2021.

Work based on international principles and global initiatives

Arjo's Code of Conduct and the Arjo Sustainability Framework are based on international principles and acknowledged global initiatives.

- UN Global Compact – Arjo supports and follows the ten principles that apply to human rights, labour, the environment and anti-corruption
- UN Climate Agreement – the Paris Climate Agreement
- OECD Guidelines for Multinational Enterprises
- International Labour Organization (ILO) – The UN's labour organization for work and employment issues
- UN Sustainable Development Goals – based on our materiality analysis 2020, we have chosen to present our activities in relation to the SDGs that are most relevant to us

"Contributing to a more sustainable future is one of the most critical challenges of our time, one that we must all assume responsibility for solving. I am convinced that a pivotal part of Arjo's long-term success lies in our efforts to reduce emissions and use of resources, to conduct business in an ethical and responsible manner and to care for our employees – while ensuring a profitable business."

JOACIM LINDOFF, PRESIDENT & CEO

The EU Taxonomy Regulation was established in 2021 as a tool for identifying environmentally sustainable economic activities based on an EU-wide classification system for sustainable activities. The Regulation describes which economic activities fall under the framework of the taxonomy and whether they meet the technical screening criteria. The EU Taxonomy Regulation is still under development and we continuously follow its implementation and future changes. Find more information on page 54.

UN Sustainability Development Goals

By working in line with the UN SDGs, we reinforce the correlation between the company's and society's shared values. Our activities support the following seven SDGs since they are relevant to global and local initiatives in our operations.

Good health and well-being
Improving overall health for patients and residents, as well as work conditions for caregivers, is at the very core of our operations.

Quality education
Access to high quality education for all is one of the primary premises for prosperity, health and equal opportunities. We have a long tradition of targeted advisory and training initiatives for healthcare professionals. Further, we support a research project within the Swedish Industry for Quality Education in India focused on children in grade school.

Gender equality
Arjo values its employees and advocates fairness, gender equality and non-discrimination. Our goal is to cultivate a diverse and inclusive workplace that maximizes every employee's talent, potential and contribution by providing equal opportunities for all.

Decent work and economic growth
The correlation between health, safety and development of our employees is central in our operations, and is backed by Arjo's Directive for Occupational Health and Safety. We emphasize the importance of sound work conditions and a healthy work-life balance.

"By working with R&D at Arjo, I can contribute to creating a better society"

For Panagiota Biba, it was the fact that the solutions really make a difference for people who need to be cared for, that drew her to Arjo. Today she works in Product Development, ensuring that the products meet all requirements, from both technical and user experience perspectives.

"For me and my team, it is a matter of looking holistically at all the relevant parameters, both regulatory standards for medical devices and our own high quality requirements. Nothing can be overlooked, for the product to be able to deliver the desired functionality, safety and comfort – not only for patients and residents but also for caregivers."

WHAT MOVES YOU?

meaningfulness

PANAGIOTA BIBA, R&D

Responsible consumption and production
Collaborating throughout the value chain to reduce emissions is central to global health in the long term. We endeavor to constantly reduce our environmental impact and ensure a more effective use of energy and resources.

Climate action
Climate change has a significant impact on global health. Setting goals for carbon emission that are in line with the Paris Climate Agreement, and encouraging suppliers and business partners to do the same, is critical in realizing the ambition of good health for all.

Promote just, peaceful and inclusive societies
We assume a major ethical responsibility for employees, customers and partners. Business ethics and well-defined principles for compliance are the foundation of Arjo's long-term business relations. We continue to strive for high business ethics on all levels and to ensure that compliance is part of our daily work.

Our Sustainability Framework is a central element of Arjo's strategy and a natural part of our core business. With clear targets and activities, we ensure continuous improvements in our own operations and for our customers. The framework derives from our materiality analysis and acknowledged global principles and initiatives.

Arjo Sustainability Framework 2030

A sustainable healthcare

We create sustainable value for patients, care staff and caregivers, and for the society at large.
To contribute to sustainable healthcare is the overall goal for our sustainability work.

A sustainable offering throughout the value chain

Arjo's objective is to reduce corporate CO_2 emissions by 50 percent by 2030, aligning to the Paris Climate Agreement. Our contribution to a circular economy is to reduce resource consumption while simultaneously improving performance and customer value.

Read more about activities, targets and results in this area on pages 38–41.

A responsible company

Arjo strives for high business ethics on all levels and to ensure that compliance is part of our daily work. Suppliers and business partners will contribute to our sustainability goals and follow Arjo's Code of Conduct.

Read more about activities, targets and results in this area on pages 42–43.

An attractive employer

Arjo works to build a culture based on diversity, equity and inclusion. We put a premium on good health and safety for employees, visitors and partners, and we have a Zero Accident Vision for our workplace.

Read more about activities, targets and results in this area on pages 44–45.

Arjo conducted materiality analyses in 2018 and 2020 to identify the key elements of the Group's sustainability efforts. The analyses involved key personnel in the entire organization, including both the Arjo Management Team and the Board of Directors. We intend to perform a materiality analysis every second year and add an analysis that involves external stakeholders in 2022.

"Our sustainability efforts are integrated in our strategy and daily operations. We work hard to ensure that all activities in the value chain contribute to a more sustainable future, from life cycle analyses in our product development, and material and resource efficiency in production, to responsible purchasing and transportation."

MARION GULLSTRAND
EVP HUMAN RESOURCES & SUSTAINABILITY

A sustainable offering throughout the value chain

Arjo strives for a sustainable use of energy and resources, and regularly conducts controls and improvements to reduce the company's climate footprint. In line with the Paris Climate Agreement, the goal is to lower our total carbon emissions by 50 percent by 2030*, from 100,000 tons (2019) to 50,000 tons per year. We also strive to increase our contribution to a circular economy toward long-term sustainable development.

In 2021, life cycle analyses were conducted for two of Arjo's products to determine where the environmental impact occurs. On the basis of these, cross-functional teams have worked to identify areas of improvement ahead of future product development. Education in life cycle analysis and design for circularity were organized to optimize new products from sustainability aspects such as climate impact, reuse/recycling and hazardous waste.

Our largest production facility, in Poznan, Poland, and the one in Cardiff, UK, have both transitioned to 100 percent renewable electricity in their operations. We also conducted workshops on sustainability with all local Supply Chain & Operations managers to find synergies and share experiences in terms of purchasing, transport, inventory, warehouse/logistics and sustainability reporting.

*The areas that Arjo has identified as primary for reducing carbon emissions are production, vehicles, transport and business travel since these areas are under our own control. Emissions were estimated using tools from the GHG Protocol, Scope 3, for transport and business travel. Emissions from production are compiled based on mapping from every production unit.

PRODUCTION IN POZNAN, POLAND

Purposeful product development

Arjo's products for the prevention of venous blood clots (venous thrombosis embolism, VTE) are now further developed in several ways to promote better resource efficiency. User instructions are printed directly on the garment instead of an enclosed piece of paper, and the garments are packed in a more waste-efficient way. The new garment design reduces the use of plastic by 4,320 kg per year, and the further developed pump uses considerably less energy.

4.4%

Healthcare is one of the most carbon intensive service sectors in the industrialized world. It accounts for 4.4 percent of the global emission of greenhouse gases* – more than twice as much as the entire airline industry. About 60 percent stem from the supply chain**, of which 10 percent come from medical devices such as consumables that are typically thrown away after use.

*HealthAffairs, December 2020 **nih.gov

USA

2.5 million consumables reused every year through environmentally friendly process

Since 2018, ReNu Medical is a part of the Arjo Group. ReNu Medical specializes in environmentally friendly medical reprocessing of consumable medical devices such as garments for the prevention of venous thrombosis embolism (VTE). ReNu Medical has secured an attractive position in a growing market, and
currently delivers 2.5 million articles to hundreds of hospitals all over the US.

"Reprocessed single-use devices are a triple win for healthcare. They provide a circular solution that lowers costs, improves supply chain resiliency, and can immediately help reduce greenhouse gas emissions."

DAN VUKELICH, PRESIDENT, ASSOCIATION OF MEDICAL DEVICE REPROCESSORS (AMDR), USA

POZNAN, POLAND

New packaging cuts container need by 33 percent

— and reduces our carbon emissions

Arjo's medical beds are used in hospitals and care facilities worldwide. When they leave the Group's plants, they are packaged in different ways depending on how they will be transported to the customers.

"When shipping, we used to be able to stack three beds on top of each other in the container space. We saw the potential for a fourth with just some modifications to the packaging and pallet. We started a project aimed at finding a solution that would also satisfy all our rigorous quality and safety requirements," says Johan Johannesson, Director, Global Transport.

The project team designed a packaging that was sufficiently stable to handle both weight and operations, and taken into use in March 2021.

"Being able to load four beds instead of three on top of each other reduces the number of containers by 33 percent, contributing to lower carbon emissions. This is an important step toward increasingly more efficient and sustainable transports."

WORK TEAM IN SUZHOU, CHINA

SUZHOU, CHINA

Deliveries in re-usable plastic boxes lower total waste by 4–5 percent

Arjo's production facility in Suzhou, China, now receives material from local suppliers in reusable boxes instead of paper cartons. This facilitates handling in production and saves about 5,000 paper cartons each year, the equivalent of 4–5 percent of the facilities total waste.

"This project is an excellent example of how efforts toward common goals truly make a difference. It's essential that we learn from each other, and we will apply the experiences from this project to inspire other teams and facilities," says Johan Östblad, Sustainability Manager.

SANTA DOMINGO, DOMINICAN REPUBLIC

Optimized use of material cuts the amount of waste by 4,500 kg per year

Local infrastructure and capacity for recycling is underdeveloped in many parts of the Dominican Republic, meaning that waste is often sent to landfills - the worst alternative in the waste hierarchy.

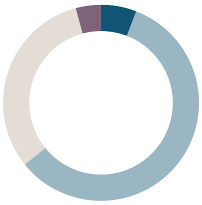
The very best way to manage waste is to not create it in the first place, which was the starting point for several projects aimed to reduce waste at our production facility in the Dominican Republic. Three projects were chosen with the ambition to optimize the use of material in the production of textile products such as slings and alike. The result was a reduction of the total amount of waste by about 4,500 kg per year.

TOTAL CARBON EMISSION REDUCTION

18%

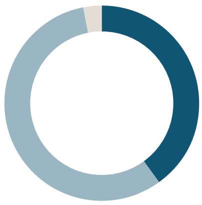
Since the base year 2019, we have reduced carbon emissions by 18%

CARBON EMISSIONS, %



- Production, 5%
- Transport, 61%
- Vehicles, 30%
- Business travel, 4%

WASTE, %



- Non-recyclable/reusable waste, 40%
- Recyclable/reusable waste, 57%
- Hazardous waste, 3%

Goals	Key activities	Status 2021
Production (Scope 1, 2)		
• Reduce carbon emissions from production by 50% (equivalent to 4,000 tons CO_2e*, baseline 2019) by 2030	• Program for energy-efficiency enhancement has been initiated at every production unit • Increased use of renewable energy	• Total carbon emissions from production: 2,509 tons CO_2e* • Share of renewable energy: 42% • CO_2 emissions in relation to production area: 0.05 (CO_2e*/m^2) • Two production units have transitioned to 100% renewable electricity
Vehicles (Scope 1)		
• Reduce carbon emissions from production by 50% (equivalent to 22,000 tons CO_2e*, baseline 2019) by 2030	• Gradual transition to low emission vehicles • Improved calculation method for CO_2e* emission using the GHG protocol tool as calculation tool and method.	• Total carbon emissions from vehicles: 22,000 tons CO_2e* • Average emission for passenger cars and vans: 178 g CO_2e*/km
Transport (Scope 3)		
• Reduce carbon emissions from transportation by 50% (equivalent to 41,000 tons CO_2e*, baseline 2019) by 2030	• Increased efficiency through consolidation of customer deliveries • Continued collaboration with suppliers to reduce carbon emissions • Enhanced fill rate in transportation	• Total carbon emissions from transports: 45,200 tons CO_2e* • The amount of air transport rose during the year due to challenges in the global supply chain caused by the pandemic
Business travel (Scope 3)		
• Reduce carbon emissions from transportation by 50% (equivalent to 20,000 tons CO_2e*, baseline 2019) by 2030	• Reduced travel and increased number of digital meetings, and opting for sustainable alternatives such as rail instead of air travel	• Total carbon emissions from business travel: 1,200 tons CO_2e* • Business travel dropped significantly during the year due to the pandemic
Waste management – hazardous and non-hazardous (Scope 3)		
• Reduce carbon emissions from waste (hazardous and non-hazardous) by 50% (equivalent to 1,218 tons, baseline 2021) by 2030 • Reduce environmental impact from non-recyclable waste (hazardous and non-hazardous) by 50% (baseline 2021, 495 tons) by 2030	• Waste management improved through the use of the waste hierarchy principle based on the strategy to minimize, reuse and recycle material • Improvement project for waste reduction	• Total waste from production: 1,218 tons • Non-recyclable production waste in relation to total production waste: 40% (495 tons) • Total hazardous waste in relation to total production waste: 3% (38 tons) • Total waste related to sales: 0.13 (tons/MSEK)
Packaging		
• All packaging will be made of 100% recycled or recyclable material (baseline to be defined in 2022) by 2030	• Reduction of total amount of packaging • Increased share of recycled or recyclable packaging • Increased demands on subsuppliers regarding recycled and recyclable packaging	• Packaging material with recycled contents: 25% (520 tons) • Packaging material using renewable material (paper, wood): 98%
Circular economy		
• Reduce total resource consumption while simultaneously improving performance and customer value	• All new product development follows eco-design principles • Continuous product portfolio life cycle analyses followed-up by plans to reduce footprint • Implementation of cross-functional life cycle analysis training starting in 2021	• Life cycle analyses for two products completed • Two workshops completed globally with 75 participants from all relevant functions
Governance		
Arjo's Board of Directors monitors progress twice per year, and is responsible for contributing to and approving plans. As a standing item on a monthly agenda, the Arjo Management Team follows the implementation of the plans across the company. Smart, cross-functional teams drive initiatives and projects that proactively contribute to the agenda's key goals. Every quarter, a sustainability forum is held comprised of managers from all functions and under the management of Arjo's President and CEO.		

According to the international standard for measuring greenhouse gas emissions, the GHG Protocol, greenhouse gas emissions are divided into three scopes: Read more under Definitions on page 126.

*CO_2e (carbon dioxide equivalent) is a measure used to compare and/or calculate emissions from various greenhouse gases on the basis of their global-warming potential.

A responsible company

Sound business ethics and well-defined principles for compliance are at the core of Arjo's long-term business relations. Arjo does business across the globe and has a broad network of suppliers and business partners. We place the same high demands on them as on our own business, and have zero tolerance for all forms of corruption, fraud and bribery. Our ambition is to influence other stakeholders in contributing to the development of a fair global market.

Arjo's Business Compliance Committee leads and coordinates efforts within business ethics and compliance in the Group. To further meet local regulatory requirements in major markets, two support committees have been established in North America. For other regions in need of additional support, we have 15 business ethics ambassadors who serve as resources in properly navigating gray zones.

In 2021, the Group's business compliance function carried out an information and training activity with all management teams in the sales organization. Training addressed the company's regulatory framework on business ethics and related management system, as well as discussions on business-related dilemmas linked to Arjo's various directives.

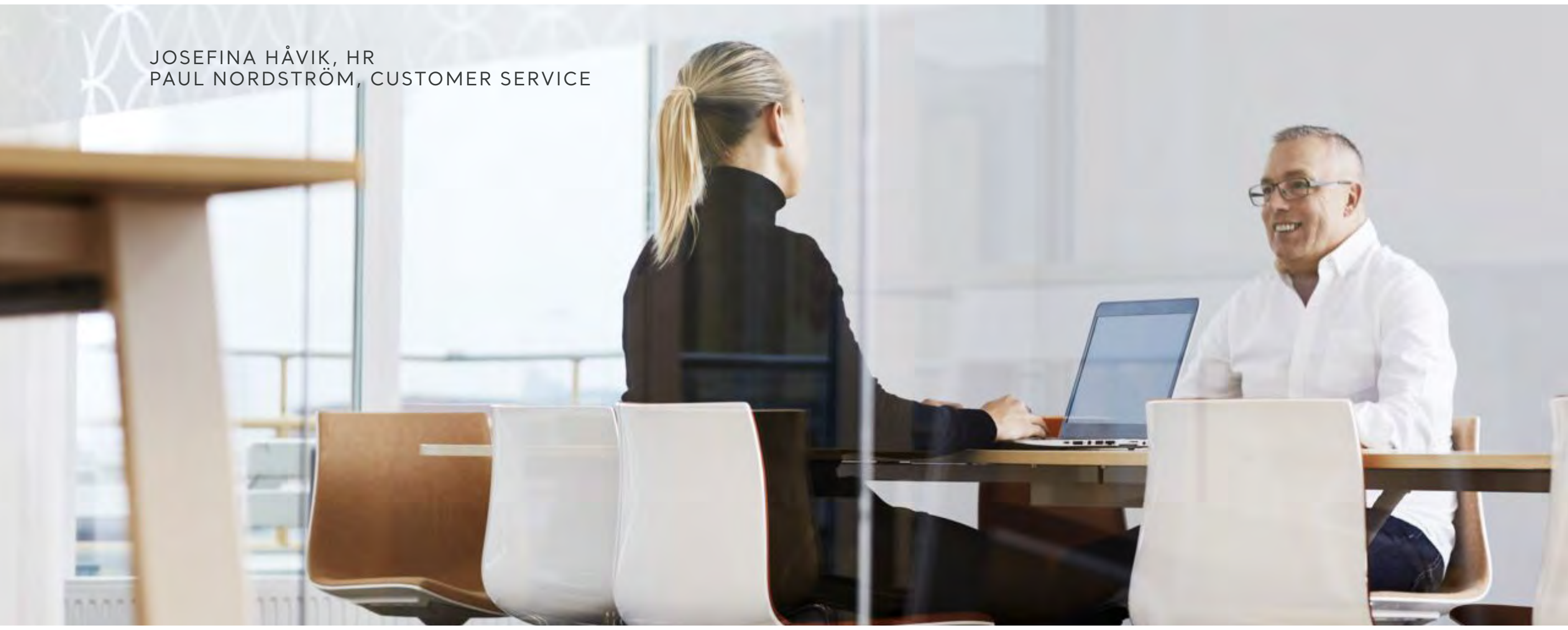
"We were able to go into detail in order to understand the challenges facing each region, meaning that we can offer even better support from the central organization. Additionally, local risk analyses were performed that were verified against those performed centrally. These showed substantial coherence in terms of how we work with our distributors in especially vulnerable regions," says Adam Leismark, VP Business Compliance.

Arjo's process for evaluating and auditing distributors and intermediaries from a business ethical perspective was tested and evaluated during the year. The purpose was to control target realization and further improve an already well-functioning process.

The task of ensuring acceptance for our separate Code of Conduct for suppliers and business partners has progressed throughout the year.

"The feedback has been extremely positive and suppliers equivalent to 95 percent of our total purchasing volume have signed the Code of Conduct," says Jimmy Hermansson, VP Procurement.

Arjo works actively on risk assessments of its IT infrastructure and sensitive data, and has a robust control system in place to manage cyber security, including IT General Control (ITGC), operative measures and procedures to monitor and respond to unauthorized data access and cyber-attacks. Read more on page 55.


JOSEFINA HÅVIK, HR
PAUL NORDSTRÖM, CUSTOMER SERVICE

Goals	Key activities	Status 2021
Code of Conduct		
• 100% of employees receive training in Arjo's Code of Conduct	• All employees have access to digital and on-site training which is repeated regularly • In a number of countries (when permitted by law), the Code of Conduct constitutes a part of select personnel's employment contracts	• 86% of new employees have completed training in 2021
Business ethics		
• All managers and their teams understand and behave in accordance with Arjo's policies and directives on business ethics	• Training of all managers and their teams based on the Business Compliance Policy drafted in 2020 • Training includes a review of the rules pertaining to anti-corruption, competition law, export and sanctions as well as whistleblowing	• Implementation and training was conducted according to plan
Incidents and whistleblowing		
• All employees can report an incident or concerns about serious misconduct that may be suspected, prevented or rectified • Arjo's external partners are to be afforded the same opportunities to report misconduct	• Preparation of a global system for the whistleblowing service including regular employee training about the Code of Conduct processes[1] • The rules concerning investigation and reporting have been clarified	• Of those cases reported, one fell under the category of fraud. One employee has been forced to leave the company due to conduct that was in violation of the rules and Code of Conduct. The employee did not have a senior position and the case had no significant impact on the company's operation • Arjo's system for whistleblowing has been made available to external partners
Advanced training and risk analysis		
• The entire sales organization will actively work to prevent and detect risks related to business ethics, both from a global perspective and based on local risk analyses	• Advanced dilemma-based training with all management teams in the sales organization • Preparation of local risk analyses	• More than 200 people from 28 management teams in the global sales organization have participated in advanced training and in completing local risk analyses
High ethics among business partners		
• All Arjo's business partners are evaluated and audited according to a specially designed process[2] • In high-risk regions, a more detailed process is carried out using a specific analysis and monitoring tool	• Preparation of evaluation and audit processes • Establishment of business ethics ambassadors who support local organizations in high-risk regions	• The process for evaluating and auditing distributors and intermediaries was tested and evaluated during the year, and the outcome was favorable and confirmed that the processes work
Supplier assessment		
• 90% of Arjo's total purchases to be made from suppliers who have signed the customized Code of Conduct for suppliers and business partners	• Continuous audits of suppliers and business partners	• 95% of Arjo's total purchases made from suppliers who have signed our customized Code of Conduct for suppliers and business partners • In 2021, 31 assessments of suppliers and business partners were performed. The pandemic again caused delays this year, but the outstanding planned assessments from 2020 were performed, and outstanding assessments from 2021 will be performed in 2022

Governance

Arjo's Board of Directors approves the Code of Conduct and monitors compliance regularly. The Arjo Management Team is responsible for the implementation of the Code of Conduct, including the establishment and review of targets for improvement. The CEO is Chairperson of Arjo's Business Compliance Committee[3], tasked with safeguarding that the company does business at the highest ethical level, and adheres to the laws, regulatory frameworks and standards that apply in the countries in which we operate[4]. The Committee held five minuted meetings in 2021. A global function manages supplier audits, using an approval process for all new suppliers while continuously auditing all suppliers. Furthermore, suppliers and business partners that are to work with Arjo are required to sign and follow a customized Code of Conduct.

NOTE 1: The system means that employees can make a report of concern or of suspicion regarding serious misconduct. The handling of incidents is coordinated in consultation between the business compliance team and the Group HR department. No employees will be subject to demotion, disciplinary measures or other negative consequences for reporting their concern or suspicions in good faith.
NOTE 2: The audit processes aim to minimize the risk of contact with unsuitable companies and individuals, and to safeguard that Arjo has a transparent and uniform management process for this in every aspect of the company's operations.
NOTE 3: The Business Compliance Committee makes decisions pertaining to Arjo's business ethics strategy, and is comprised of the CEO (Chairperson), EVP Legal & Business Compliance (Vice Chairperson), CFO, EVP Marketing Communication & PR, EVP HR & Sustainability, VP Director Internal Control & Process Development, and other members who are appointed as needed. Recorded meetings are to be held regularly, at least four times every year.
NOTE 4: Together with the Internal Control function, the Committee's key role is to identify risks related to Arjo's operations, prepare and implement directives and procedures, and ensure that these are updated and accessible.

An attractive employer

Arjo's culture is built on diversity, equity and inclusion, and puts a premium on good health and safety for employees, partners and the societies in which we operate. We value all employees and endeavor to cultivate work conditions that offer good opportunities for incentive and growth. This combined is the foundation of Arjo's Guiding Principles and Leadership Behaviors.

Arjo's Directive for Occupational Health and Safety was launched in January together with a practical handbook, and has been implemented throughout the organization during the year.

A new Directive for Diversity, Equity and Inclusion was launched in March, and in the autumn a project team conducted a current situation analysis and started implementing awareness-raising activities for managers. Plans and support material for future initiatives will be released in 2022.

Arjo's 2021 Global Talent Program includes 24 employees who, under the guidance of the Arjo Management Team, share their knowledge and experience, and work together on strategic business projects in order to find new ways forward.

Through the launch of a global mentorship program, we create space to support the development and growth of employees while enhancing skills in key areas. Mentorship offers the opportunity for practical guidance, advice and insights, and prepares individuals for career advancement within the organization.

September marked the launch of Arjo's global concept for a flexible workplace, under which every employee together with their supervisor, evaluates the requisites for working from someplace other than the office. We believe in a high degree of personal accountability for finding the best solution for both employees and the company, though the office remains a key place for cooperation and creative processes.

Goals	Key activities	Status 2021
Occupational health and safety		
• Zero Accident Vision • Provide support and resources for personal health at the workplace	• Establish a company-wide safety culture through improvement programs and preventive measures at all units • Regular internal and external audits of work environment	• No serious workplace accidents or fatal accidents • Accidents per 100 employees: 1.8 • Global Directive and Occupational Health and Safety Handbook implemented as of January 2021
Employee development		
• An environment in which individuals with the right knowledge stay and develop with the company • Average staff turnover: 8.5% • 100% of Arjo employees participate in the annual global People Survey	• Talent programs (global and local) • Succession planning to ensure skills development and secured resources • Annual global People Survey conducted to map engagement • Mentorship programs	• Staff turnover: 11.3% • Talent programs conducted digitally • Participation in the annual global People Survey: 89%
Diversity, equality and inclusion		
• The total workforce to be comprised of minimum of 40% female employees, with 50% female managers in senior positions and an even gender distribution in global and local talent programs • Equal pay for work of equal value, with fair and equal wage-setting	• Recruitment process that ensures diversity and equity • Local and global talent programs that contribute to goals • Training in Arjo Guiding Principles and Leadership Behaviors • Implementation of the Directive for Diversity, Equity and Inclusion as well as further development projects • Annual equal pay surveys in accordance with local laws and requirements	• Percentage of women in the total workforce: 40% • Percentage of female managers in senior positions: 37.5% • Percentage of women in the Management Team: 50% • Percentage of women in the Board of Directors: 29% • Percentage of female participants in talent programs (2020-21): 45% • Equal pay surveys have been carried out and reported in accordance with laws and requirements in local markets
Governance		
Annual targets are set as part of the strategic HR efforts, and include activities promoting diversity and inclusion, succession planning and talent programs, employee development as well as occupational health and safety. Arjo's Board of Directors contributes to the plan and approves it twice a year. The Arjo Management Team has overall responsibility for implementing the plan, and regularly follows up on reports from operations. Line managers and employees have operational responsibility for implementing the plan, and that tools and resources are supplied. Outcomes are followed-up regularly by HR at global and local levels.		

"The positive and inclusive atmosphere brings out the best in all of us"

When Rana Moussa realised that a mattress system from Arjo greatly improved her bedridden sister's quality of life, she had found her new employer. Today, Rana works with Group Accounting at Arjo.

"Everybody knows someone who is ill or old, so it is very easy to relate to the value our solutions can provide. Thanks to Arjo's pressure relieving mattress system, my sister didn't have to suffer from painful pressure injuries. I'm proud to be part of Arjo, and feel that I can really stand for what we do."

WHAT MOVES YOU?

empowerment

RANA MOUSSA, FINANCE

Good examples of social responsibility

Our community engagement is far-reaching and we support a number of organizations in the areas in which we operate. Arjo also encourages its employees to participate actively in social projects that improve the local community. Some of the initiatives we support include:

Pratham, India – within the framework of the Swedish Industry for Quality Education in India, we cooperate since 2017 with the non-profit organization Pratham, which works to improve the country's education system.

Volunteer Time Off, Canada – our volunteer program in which Arjo employees volunteer their time one day per year to get involved in local projects.

Förenade Care, Sweden – where employees at Arjo's head office can volunteer their time and work one full day per year at one of Förenade Care's 50 units for residential services.

Dementia Australia – aimed at supporting people who live with dementia and the dementia care staff. Our employees engage by participating in the Dementia Australia Memory Walk and Jog, as well as other activities.

Dominican Republic – where Arjo has a number of projects to improve the living situation for employees and their families through for instance activities to promote schooling, improve access to health and medical care, as well as activities for children with special needs.

Auditor's opinion regarding the statutory sustainability report

To the Annual General Meeting of Arjo AB (publ), Corp. Reg. No. 559092-8064

Assignment and distribution of responsibility

The Board of Directors is responsible for the sustainability report for 2021 on pages 30–45 and for it being prepared in accordance with the Annual Accounts Act.

Approach and scope of review

Our review was conducted in accordance with the recommendation by the institute for the accounting profession in Sweden, FAR, RevR 12 Auditor's opinion regarding the statutory sustainability report. This means that our examination of the sustainability report is different and substantially less in scope than the approach and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review gives us an adequate basis for our opinion.

Opinion

A sustainability report has been prepared.

Malmö, March 23, 2022
Öhrlings PricewaterhouseCoopers AB

Cecilia Andrén Dorselius
Authorized Public Accountant
Auditor in Charge

Vicky Johansson
Authorized Public Accountant

WHAT MOVES YOU?

inclusiveness

"A genuine care for people – allowing growth for individual potential"

For Khaled Ghayoomi, the most distinguishing thing about Arjo is the strong focus on people – both out in the care facilities and for colleagues. Working as an HR Business Partner, Khaled feels that he can contribute to further strengthen the company culture of empowering people.

"With my insight into both day-to-day activities and HR matters, I have to say that Arjo is a company that truly values diversity. My colleagues, both at the head office in Malmö and worldwide, are a dynamic mix of people – all extremely talented, yet otherwise different in so many ways. This cultivates an open and inclusive atmosphere that allows everyone to grow according to their own strengths."

KHALED GHAYOOMI, HR

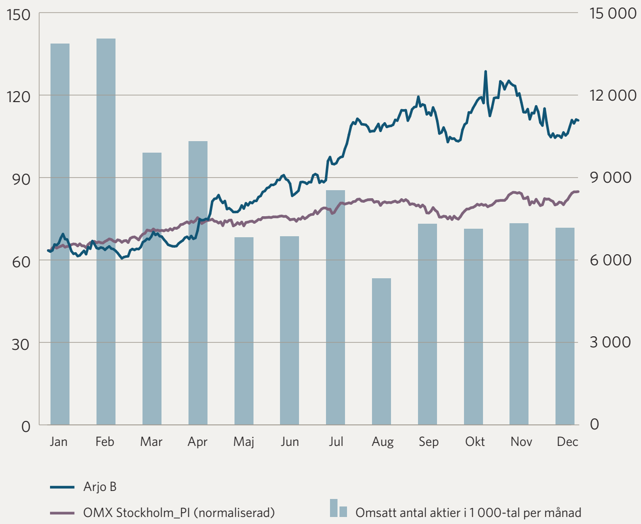
The Arjo share this year

The Arjo series B share was listed on Nasdaq Stockholm on December 12, 2017 and is included in the Nasdaq Nordic Large Cap segment. The share trend was favorable during the year with an increase of 74.63%. The number of shareholders on December 31, 2021 was 38,975.

Share trend

At year-end, the Arjo share was listed at SEK 110.8, which was an increase of 74.63% during the year.

The highest price paid for the Arjo share in 2021 was SEK 132.9 on October 28 and the lowest was SEK 59.6 on February 23. At year-end, market capitalization amounted to SEK 30.2 billion, compared with SEK 17.1 billion at the end of 2020. The turnover of shares on Nasdaq for the year totaled 115.9 million.



Share capital and ownership structure

At year-end 2021, share capital in Arjo totaled SEK 90,789,858 distributed among 272,369,573 shares. All shares carry the same dividend entitlement. One series A share carries ten votes and one series B share carries one vote. The principal owner is Carl Bennet AB, with a holding 25.0% of the capital and 53.2% of the votes at year-end 2021.

Dividend policy

The Arjo Board has adopted a dividend policy entailing that future dividends will be adjusted in line with Arjo's profit level, financial position and future development potential. The aim is for the dividend to correspond to 30–60% of net profit after tax.

Shareholder information

Financial information about Arjo is available on the Group's website, www.arjo.com. Questions can also be put directly to Arjo's investor relations function. Annual reports, interim reports and other information can be requested from the Group's head office by telephone, from the website or by e-mail.

Brokerage firms that monitor Arjo

ABG Sundal Collier, Carnegie, Danske Bank, DNB, Handelsbanken, Nordea, Pareto Securities and SEB Enskilda.

1.15
Proposed dividend per share, SEK

2.72
Earnings per share, SEK

30.2
Market capitalization, SEK billion

Share capital distribution

	ARJO A	ARJO B	Total
No. of shares	18,217,200	254,152,373	272,369,573
No. of votes	182,172,000	254,152,373	436,324,373
% of capital	6.7%	93.3%	100.0%
% of votes	41.8%	58.2%	100.0%

Five largest countries

	Capital, %
Sweden	64.4%
USA	18.8%
Norway	2.8%
UK	1.9%
Luxembourg	1.5%

Ownership by category

	Capital, %
Swedish owners	64.4%
of whom,	
private individuals	10.5%
institutions	11.3%
mutual funds	16.2%
other	26.4%
Foreign owners	30.9%
of whom,	
institutions	4.7%
mutual funds	25.7%
other	0.4%
Anonymous ownership	4.7%

Share data

	2021	2020
Earnings per share after tax	2.72	1.93
Market price, December 31	110.80	62.85
Cash flow from operations/share	6.37	8.32
Dividend	1.15[1)]	0.85
Dividend yield, %	1.0	1.4
Price/earnings ratio	40.7	32.6
Equity per share	25.3	20.7
Average number of shares (million)	272.4	272.4
Number of shares, December 31 (million)	272.4	272.4

[1)] Dividend proposed by the Board of Directors.

Arjo's largest owners at December 31, 2021

	ARJO A	ARJO B	Capital	Votes
Carl Bennet	18,217,200	49,902,430	25.0%	53.2%
Fourth Swedish National Pension Fund		19,294,898	7.1%	4.4%
Swedbank Robur funds		14,225,102	5.2%	3.3%
Capital Group		9,063,877	3.3%	2.1%
Vanguard		8,684,262	3.2%	2.0%
Enter Fonder		6,469,559	2.4%	1.5%
Handelsbanken Fonder		6,109,948	2.2%	1.4%
BlackRock		5,438,278	2.0%	1.2%
Norges Bank		5,407,965	2.0%	1.2%
Dimensional Fund Advisors		5,234,224	1.9%	1.2%

Ownership structure 2021

Shares	Capital	Votes	Shareholders	Ownership, %
1 - 1000	2.7%	1.7%	32,956	84.6%
1001 - 5000	3.7%	2.3%	4,897	12.6%
5001-20,000	2.7%	1.7%	793	2.0%
20,001-100,000	3.3%	2.0%	191	0.5%
100,001-500,000	7.5%	4.7%	79	0.2%
500,001-5,000,000	21.1%	13.2%	49	0.1%
5,000,001-20,000,000	29.3%	18.3%	9	0.0%
20,000,001-	25.0%	53.2%	1	0.0%
Anonymous ownership	4.7%	2.9%	N/A	N/A
Total	**100%**	**100%**	**38,975**	**100%**

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Directors' Report

Operation and structure
Arjo is a market leader in the medical device industry that uses its sustainable and outcome-based solutions to raise the quality of care and life for people with reduced mobility and improve the work environment for healthcare professionals. The Group's 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. Fundamentally, it means contributing to higher quality of care and improved use of resources, resulting in reduced costs for healthcare and society as a whole.

Arjo's main customers are private and public institutions providing acute and long-term care.

Organization
Approximately 97% of sales are conducted through Arjo's own sales companies and the remaining 3% through distributors in markets for which Arjo lacks proprietary representation. Manufacturing is conducted at five production facilities in the Dominican Republic, Canada, China, Poland and in the UK.

Financial overview
Revenue
Consolidated net sales amounted to SEK 9,070 M (9,078). Adjusted for corporate acquisitions, divestments and exchange-rate fluctuations, net sales rose 3.5%.

North America represented 38.7% (39.2) of sales, with remaining shares represented by Global Sales at 57.4% (57.1) and Other at 3.9% (3.7).

Global Sales
Sales for Global Sales increased organically by 2.8% during the year. Several large markets performed particularly well, such as the UK and Germany, and in France, which is the Group's third largest market, double-digit growth was noted for the year. At the same time, growth was held back in other markets, mainly in Asia and Eastern Europe, where extensive lockdowns due to the Covid-19 pandemic negatively impacted sales.

North America
North America grew organically by 4.9% during the year, with a continued solid performance in the US and double-digit growth in Canada. The Group noted a recovery in the areas that initially declined in connection with the pandemic, such as patient handling and DVT. Demand also increased in the rental operations, even though order rates for critical care solutions were significantly lower due to a lower share of patients who were seriously ill with Covid-19.

Exceptional items
During the year, the Group had exceptional items of SEK 39 M (78). Most of these expenses comprise efficiency measures in Europe.

Exceptional items can be specified as follows: restructuring costs (38) and acquisition expenses (1).

EBITDA
EBITDA before exceptional items amounted to SEK 2,072 M (1,913). The EBITDA margin before exceptional items was 22.8% (21.1).

Operating profit
The Group's operating profit increased to SEK 1,077 M (866), corresponding to 11.9% (9.5) of net sales.

Net financial items
Net financial items amounted to SEK -88 M (-164).

Profit after financial items
The Group's profit after financial items increased to SEK 989 M (702), corresponding to 10.9% (7.7) of net sales.

Taxes
The Group's tax expense amounted to SEK 247 M (175), corresponding to 25.0% (25.0) of profit after financial items (see Note 11).

Tied-up capital
Inventories amounted to SEK 1,369 M (1,039) and accounts receivable to SEK 1,542 M (1,500). The average consolidated operating capital was SEK 11,236 M (11,408). Return on working capital was 9.9% (8.3). Goodwill totaled SEK 5,054 M (5,161) at the end of the fiscal year.

Investments
Investments amounted to SEK 760 M (805), of which SEK 249 M (296) pertains to intangible assets and SEK 511 M (509) to tangible assets. Investments primarily pertained to equipment for rental and IT investments.

Financial position and equity/assets ratio
Shareholders' equity at year-end amounted to SEK 6,885 M (5,630), corresponding to an equity/assets ratio of 47.1% (40.6). The Group's net debt totaled SEK 4,341 M (5,067), corresponding to a net debt/equity ratio of 0.6 (0.9). Net debt/adjusted EBITDA before exceptional items was 2.3% (2.9).

Cash flow
Cash flow from operations amounted to SEK 1,734 M (2,267). The cash conversion was 85.3% (123.3).

Shareholders' equity
For information regarding the trading of shares in Arjo, the number of shares, the classes of shares and the rights associated with these in the company, see the Arjo Share section on pages 48–49.

Group-wide events during the year
Launch of SEM scanner
During the year, Arjo launched the new SEM scanner, and received global distribution rights through the acquisition of an equity stake in Bruin Biometrics (BBI) in 2020. The SEM scanner has generated widespread interest among customers and more than 80 evaluations were completed at hospitals around the world, with excellent results. During the year, the SEM scanner was awarded an Innovative Technology Contract with US company Vizient, one of the country's largest group purchasing organizations. Arjo also signed framework agreements with a number of large purchasing organizations in the UK during the year.

FDA clearance for WoundExpress
During the year, Arjo received 510(k) clearance from the US Food and Drug Administration (FDA) for WoundExpress, an intermittent pneumatic compression (IPC) solution for treatment of venous leg ulcers. In addition, several studies were published during the year showing that WoundExpress can significantly improve lower leg wound management. To date, WoundExpress has been introduced to selected markets in Europe, and the product is expected to be available in the US in the first part of 2022.

MDR certification

The EU Medical Device Regulation (MDR) came into force in May 2021. During the year, Arjo expanded the company's MDR certificate to include more product groups than before.

Acquired and divested operations

Acquisitions in 2021

Acquisition of PAC Rentals

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

Research and development

The foundation of all research and development at Arjo is an in-depth understanding of the customer's daily challenges and needs. A customer-focused research and development process helps allocate resources to develop solutions that contribute to enhancing the efficiency of healthcare and solving the challenges Arjo's customers face. With 65 years of market presence, Arjo has developed competitive processes in this field. Innovation of new products and the renewal of existing product lines is one source of growth for Arjo and for the market as a whole. Arjo has continuously prioritized product design and ease of user-friendliness in developing new and existing products. During the year, Arjo's research and development costs amounted to SEK 220 M (202), corresponding to 2.4% (2.2) of net sales. Of this amount SEK 100 M (114) was expensed during the year.

Personnel

Arjo has employees from across the world and the Group's employees are one of the company's primary resources. Arjo's Guiding Principles permeate the entire business and aim to promote a customer-oriented culture that forms the basis of sustainable and profitable growth. In addition to a strong customer focus, Arjo's culture is built on diversity, equality and inclusion, and puts a premium on good health and safety for employees, visitors and partners. Arjo endeavors to be an attractive company in which all employees have equal opportunities, regardless of age, ethnicity, religion or gender. For further information, refer to Arjo's sustainability report. At December 31, 2021, there were 6,554 (6,214) employees, of whom 201 (191) were employed in Sweden. Arjo has employees in a total of 30 countries.

Remuneration to senior executives

The 2020 AGM approved the proposed guidelines for executive remuneration. See Note 4 for a description of the amounts expensed under these guidelines. Ahead of the 2022 AGM the Board of Directors has proposed a clarification of the current Guidelines for Remuneration to Senior Executives regarding annual variable remuneration (STIP), where objectives related to sustainability shall be included as one of the parameters in the calculation of this remuneration.

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 east 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.

Sustainability agenda

Arjo endeavors to build up a sustainable, profitable company, while at the same time assuming responsibility for social, ethical and environmental issues. This is regarded as crucial for achieving long-term success.

Arjo's offering of know-how, equipment and solutions generates values that contribute to a sustainable future within healthcare. Based on a regular materiality analysis, an active sustainability agenda is pursued through the Arjo Sustainability Framework 2030. This framework comprises three main areas: a sustainable offering throughout the value chain, a responsible company and an attractive workplace. Arjo ensures that approved activities are implemented through clear governance and a systematic work process. The sustainability agenda is pursued by the Management Team, and the Board regularly studies reports to support the development of key initiatives, and the Board is responsible for the Sustainability Report. Arjo is working to modify the sustainability reporting process in accordance with the Global Reporting Initiative (GRI) guidelines, and reports will be prepared in accordance with GRI from 2022.

Read more about the Group's sustainability efforts on pages 30–45.

Environmental impact

Arjo works systematically to reduce the Group's environmental footprint throughout the value chain. Initiatives to reduce Arjo's environmental impact are partly a result of the national and international regulations that Arjo must comply with and to fulfill the Group's own internal objectives and follow policies.

To ensure that production is conducted in accordance with legislation and international rules, the Group has introduced environmental-management systems at its production facilities, which are certified according to the international standard ISO 14001. These management systems provide solid conditions for structured and proactive environmental work. The management systems also include regular updates to the environmental impact of the facilities.

The key goal is to reduce Arjo's total CO2 emissions by 50% by 2030, with 2019 as the base year. To reduce the company's climate impact, focus is primarily directed to minimizing energy consumption and CO2 emissions in the areas of production, vehicles, transportation and business travel, reducing the amount of hazardous and non-hazardous waste and increasing the contribution to the circular economy.

In 2021, the Group's CO2 emissions decreased by 18% compared with the base year in 2019 and a number of activities were carried out to reduce the Group's environmental impact. For example, Arjo's largest production site, in Poznan, Poland, and the site in Cardiff, UK, now use only renewable electricity in their operations. Furthermore, a number of improvement projects were implemented in product development, packaging and transportation. Further information concerning Arjo's environmental work is presented on pages 38-41.

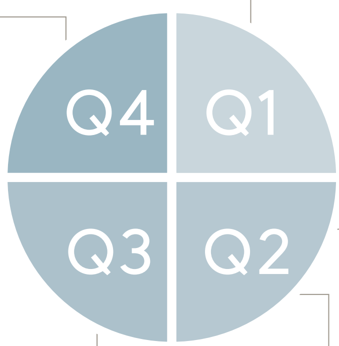
EU taxonomy

The EU established a new regulation, the EU taxonomy, in 2021 to create a classification system for environmentally sustainable economic activities in line with the EU's climate and energy targets for 2030. The EU taxonomy describes the industries that should report under the system, which economic activities fall under the framework of the taxonomy and the activities that meet the technical screening criteria to be aligned with the taxonomy requirements according to the EU's 2030 targets.

When screened, Arjo's products and services (as described on pages 28-29 and elsewhere) were not deemed to be taxonomy-eligible, and the eligible turnover is thus 0%. For total sales, see Note 2 Net sales by type of revenue.

Total capital expenditure comprise investments for the year in tangible and intangible assets, as defined in Note 13 Intangible assets (excluding goodwill) and 14 Tangible assets. Total operating expenditure comprises direct non-capitalized costs related to, for example, research and development, building renovations, short-term leases, maintenance and repairs, and other direct costs related to daily maintenance of tangible assets. In 2021, no building or machinery renovations were performed that can be related to the taxonomy, and

Risk assessment 2021



March 2021
Presentation of planning for the risk assessment for the year and distribution of templates to all relevant members of the Management Team.

April 2021
Risk assessment with each member of the Management Team and relevant people in their organization. As part of this risk assessment, risk managers were tasked with the following:
- Identify material risks in their risk area
- Define how risks are managed and monitored in their organization
- Assess risks based on their impact and probability after mitigating actions

June 2021
A consolidated risk map was presented to and examined by the Management Team.

July 2021
The highest ranked risks on Arjo's risk map were presented to the Audit Committee by the CFO and Internal Control.

October 2021
The highest ranked risks on Arjo's risk map were presented to the Board by the company's CFO.

the related eligible capital and operating expenditure is thus also 0%.

Assessments and interpretations are based on the public information about the taxonomy that was available on January 31, 2022. Some parts of the EU taxonomy are still under development, and Arjo will continue to follow and evaluate the implementation of and future changes to the EU taxonomy.

Risk management

Arjo is exposed to a number of strategic, operational, financial and compliance-related risks. The Management Team performs a risk assessment every year led by the CFO and the Internal Control function, in accordance with the company's directive on risk management and internal control. The purpose of the assessment is to identify and analyze the company's most material risks and any events that could impact Arjo's ability to carry out the company's strategy and achieve defined objectives and visions. The results of the risk assessment comprise a risk register containing descriptions of the company's most critical risks, how they are managed by the responsible function(s) and an evaluation of the probability that these risks may arise in a specific time period and their impact on the company. Identifying risks from a Group perspective enables management and the Board to examine and adapt key risks and assess how the company is to respond to and monitor them. The main risks are then illustrated in a risk map that shows residual risk, meaning the risk remaining after control activities have taken place, which is presented to the Audit Committee by the CFO and Internal Control, and to the Board by the company's CFO.

Arjo's risk assessment process is outlined in the illustration on page 54.

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 many 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 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.

Research and development

Arjo's future growth is also dependent on the continued expansion of new product segments and new product types in existing product segments, which is dependent on the Group's ability to influence, predict, identify and respond to changing customer preferences and needs. Arjo invests in research and development in order to produce and launch new products, but there is no guarantee that any new products will achieve the same degree of success as in the past.

Nor is there any certainty that Arjo will succeed in predicting or identifying trends in customer preferences and needs, or that Arjo will identify them earlier than its competitors. To maximize the return on research and development efforts, the Group has a highly structured selection and planning process to ensure that the Group prioritizes correctly when making decisions about potential projects. This process includes careful analyses of the market, technological progress, choice of production method and selection of subsuppliers. Development activities are conducted in a structured manner and the deliveries of every project undergo a number of fixed control points. Arjo is focused on product launches that will lead to more efficient care, in which more diseases and conditions of ill health 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. Computer-aided portfolio handling was introduced in 2021 and Arjo's internal legal affairs function was strengthened with additional expertise in intellectual property, which resulted in increased control and insight into the company's rights portfolio. The Management Team adopted a separate directive to enhance clarity internally about managing intellectual property rights.

Coronavirus (Covid-19)

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

The organization is managing the situation well and is maintaining a close dialog with subsuppliers to ensure access to key components. Arjo is working proactively to ensure financial contingency in this uncertain time and is continuing to closely monitor developments.

Risk of cyber attacks

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

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

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 macroeconomic trends. Uncertainty about future economic prospects, including political concerns, could adversely affect customers' decisions to buy Arjo's products, which would adversely affect Arjo's operations, financial position and results. Furthermore, changes in the political situation in a region or country, or political decisions affecting an industry or country, could also have a material adverse impact on sales of Arjo's products. Since Arjo operates in a large number of geographical markets, this risk is limited for the Group as a whole.

Authorities and supervisory bodies

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

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

In 2021, Arjo continued its efforts to comply with the EU MDR that came into force in May 2021. In January 2021, Arjo's class Im products and class II intermittent pneumatic compressions were MDR certified. Arjo's class I products are MDR-compliant since May 2021. In December 2021 the product group of Pressure Area Management Systems was added to the scope of the MDR certificate. The existing CE marking applies to the remaining class I and III devices until June 2023. Activities continued during the year to ensure that these products will also be certified under the MDR by the deadline.

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

Financial risk management

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

Currency risks

Currency risks comprise exchange-rate fluctuations, which have an impact on the Group's earnings and shareholders' equity. Currency exposure occurs in connection with payments in foreign currency (transaction exposure) and when translating foreign subsidiaries' balance sheets and income statements into SEK (translation exposure). The effect of exchange-rate fluctuations on earnings calculated using volumes and earnings in foreign currencies is presented in Note 28.

Transaction exposure

Payment flows as a result of sales income and cost of goods sold in foreign currencies cause currency exposure that affects Group earnings in the event of exchange-rate fluctuations. The Group's payment flows in foreign currencies consist mainly of the income generated by export sales. The most important currencies are USD, EUR, GBP, CAD, PLN, CNY and AUD.

Arjo hedges the most important currency exposures in the period when the transaction occurs. Hedging took place using currency forward contracts. For more information, see Note 28 Financial risk management.

Translation exposure – income statement

When translating the results of foreign Group companies into SEK, currency exposure occurs, which affects the Group's earnings when exchange rates fluctuate.

Translation exposure – balance sheet

Currency exposure occurs when translating net assets of foreign Group companies into SEK, which can affect the Group's other comprehensive income.

Sensitivity analysis

Arjo's earnings are affected by a series of external factors. The table below shows how changes to some of the key factors that are important to Arjo could have affected the Group's profit after financial items in 2021.

	Change	SEK M
Price change	±1%	±91
Cost of goods sold	±1%	±49
Salary costs	±1%	±34
Interest rates	±1% percentage point	±43

The effect of a ±1 percentage point change in interest rates on Arjo's profit after financial items was calculated based on the Group's interest-bearing liabilities, excluding pension liabilities, at year-end 2021. The impact of a ±1 percentage point change in interest rates on equity is about SEK 32 M. Consideration was given to the effect of the various risk-management measures that Arjo applies in accordance with its approved policy.

Taxes

Arjo is a global company with operations in many countries. Through its operations, the Group contributes to society through taxes and fees. The global environment entails the risk of double taxation and tax disputes since the Group's transactions and business dealings involve exposure to the areas of corporate tax, customs duties, social security contributions, income tax and value added value. Arjo follows national and international tax legislation and pays taxes and fees in accordance with local laws and regulations in the countries where it operates.

Arjo follows the OECD guidelines for transfer pricing, which means that gains are allocated and taxed where the amount is generated. The OECD's guidelines on internal pricing can be interpreted in different ways, which may mean that the tax authorities in different countries may question the results of Arjo's transfer pricing model, despite the fact that the company follows the OCED guidelines. This may entail the risk of tax disputes in the Group when Arjo and the local tax authorities have differing interpretations.

Outlook 2022

Organic sales growth for 2022 is expected to be within the Group's target interval of 3–5%.

Corporate governance in Arjo

Arjo AB (publ) is a Swedish public limited liability company listed on Nasdaq Stockholm, Large Cap segment. Arjo's corporate governance is based on Swedish legislation, Arjo's Articles of Association, the Swedish Corporate Governance Code, Nasdaq Stockholm's Rule Book for Issuers, and other applicable rules and recommendations. The 2021 Corporate Governance Report is presented here.

Introduction

Arjo is a global supplier of medical devices and solutions that improved clinical and financial outcomes for healthcare through improved mobility, and thus contribute to a sustainable healthcare system. Arjo creates value by preventing complications and improving the quality of care for patients, and enabling a better work environment with a lower risk of injury and higher efficiency for healthcare professionals. Arjo's main customers are public and private institutions providing acute and long-term care. Confidence in Arjo and its products is entirely decisive for continued sales successes. Corporate governance is aimed at ensuring the continued strong performance of the Group by ensuring that the Group fulfills its obligations to shareholders, customers, employees, suppliers, creditors and society. The Group's corporate governance and internal regulations are consistently geared toward business objectives and strategies. The Group's risks are well-analyzed and risk management is integrated in the work of the Board and in operational activities. Arjo's organization and governance are designed to be able to react quickly to changes in the market. Operational decision-making is decentralized and close to the customer, while overall decisions on strategy and approach are made by Arjo's Board of Directors and Management Team.

External and internal regulations

Arjo's corporate governance is based on Swedish legislation such as the Companies Act and the Annual Accounts Act, and external governing instruments, including Nasdaq Stockholm's Rule Book for Issuers, and the Swedish Corporate Governance Code (the "Code"). The Code is based on the "comply or explain" principle, which means that a company that applies the Code does not always have to comply with every rule in the Code and instead can choose alternative solutions that are deemed to be more suitable to the company's specific circumstances. This requires that each deviation is reported, the chosen solution is described and that an explanation for the deviation is presented. Arjo did not deviate from the Code's rules in 2021. The company complies with the Swedish Securities Council's statement on good practice in the Swedish stock market. The internal governing documents relating to Arjo's corporate governance include Arjo AB's Articles of Association, instructions and formal work plan for the Board of Directors, Board committees and CEO, various policies and guidelines as well as Arjo's Code of Conduct and Guiding Principles. The Articles of Association are available on Arjo's website www.arjo.com under corporate governance.

General Meetings

Shareholders exercise their rights to make decisions concerning Arjo's affairs at the General Meeting (Annual General Meeting and Extraordinary General Meetings), which is Arjo's highest decision-making body. The Annual General Meeting will be held each year before the end of June in Malmö, Sweden. Extraordinary General Meetings can be convened when required. The General Meeting resolves on a number of issues, including the adoption of the income statement and balance sheet, appropriation of Arjo's profit or loss, discharge of Board members and the CEO in relation to the company, the structure of the Nomination Committee, the election of Board members (including the Chairman) and auditors. The General Meeting also resolves on remuneration of Board members and auditors, guidelines for the remuneration of the CEO and other senior executives, and any amendments to the Articles of Association. At the Annual General Meeting, shareholders are entitled to address questions about the company and its results for the year in question. Notices of Annual General Meetings and Extraordinary General Meetings at which amendments to the Articles of Association are to be addressed shall be served not earlier than six weeks and not later than four weeks prior to the Meeting. Notices of other Extraordinary General Meetings shall be served not earlier than six weeks and not later than three weeks prior to the Meeting. Notification of the convening of General Meetings is issued through an advertisement being placed in Post- och Inrikes Tidningar and on www.arjo.com. At the time of notice, an announcement that the notice has been issued is to be published in Svenska Dagbladet. Shareholders that wish to participate in a general meeting shall be recorded in a print-out or other representation of the entire share register as per the record date of the general meeting, as determined in accordance with the Swedish Companies Act and notify the company of their intention to participate by the date specified in the notice convening the Meeting. The last mentioned day must not be a Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and not fall earlier than the fifth weekday prior to the Meeting.

Shareholders

For more information about the shareholders and the share, see pages 48-49 and www.arjo.com.

2021 Annual General Meeting

The AGM was held on April 27, 2021. The AGM resolved to adopt the income statement and balance sheet presented and to approve the Board's proposed appropriation of profits.

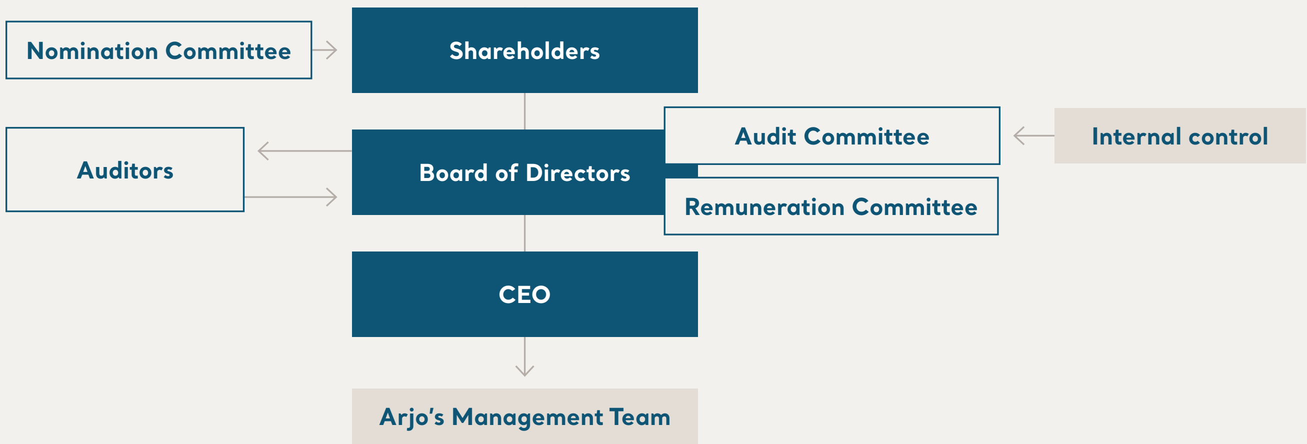
2022 Annual General Meeting

Arjo's Annual General Meeting will be held on April 22, 2022 with the option of postal voting. For further information, see Arjo's website, www.arjo.com.

Nomination Committee

In accordance with the resolution of Arjo's 2020 Annual General Meeting, the Nomination Committee in respect of the Annual General Meeting shall be composed of members appointed by the three largest shareholders in terms of voting rights, based on a list of owner-registered shareholders from Euroclear Sweden AB or other reliable ownership information, as of August 31 of each year, and the Chairman of the Board of Directors. In addition, if the Chairman of the Board, in consultation with the member appointed by the largest shareholder in terms of voting rights, deems it appropriate, it shall include an, in relation to the company and its major shareholders, independent representative of the minor shareholders as a member of the Nomination Committee. The Committee member representing

Arjo's corporate governance



the largest shareholder in terms of the number of votes is to be appointed Chairman of the Nomination Committee. The Nomination Committee is to present proposals on the Chairman of General Meetings, the Board of Directors, the Chairman of the Board, auditors, Board fees as specified between the Chairman and other Board members, remuneration for Committee work and fees to the company's auditors.

Nomination Committee ahead of 2022 Annual General Meeting

Ahead of the 2022 Annual General Meeting, Arjo's Nomination Committee comprised Chairman Carl Bennet (Carl Bennet AB), Per Colleen (Fourth Swedish National Pension Fund), Marianne Nilsson (Swedbank Robur), as well as Board Chairman Johan Malmquist. After consulting with the Chairman of the Nomination Committee, the Chairman of the Board did not consider it necessary to appoint a representative for the minor shareholders ahead of the 2022 Annual General Meeting. From its statutory meeting until the submission of the Annual Report, the Nomination Committee held two meetings. As a basis for its proposal to the 2022 AGM, the Nomination Committee made an assessment as to whether the current Board of Directors is suitably composed and meets the demands that are placed on the Board in view of the company's operations, position and other conditions including relevant sustainability aspects. The Nomination Committee interviewed one of the company's Board members and discussed the principal demands that should be made of Board members, including the requirement for independent members, and considered the number of Board assignments each member has for other companies, as well as highlighting the issue of a more even gender distribution. The Nomination Committee has announced that it applied rule 4.1 of the Code as diversity policy in preparing proposals of Board members ahead of the 2022 AGM. The aim of the policy is that the Board is to have a composition appropriate to the company's operations, phase of development and other relevant circumstances and to exhibit diversity and breadth of qualifications, experience and background, and strive for an equal gender distribution.

Board of Directors

Composition and Board members' independence

According to the Articles of Association, Arjo's Board of Directors is to comprise not fewer than three (3) and not more than ten (10) members elected by the Annual General Meeting for the period up until the end of the next Annual General Meeting. The Board members are elected annually at the AGM to serve for the period up to and including the next AGM. Employees have the right to appoint two representatives and two deputy members to the Board. At the

Board of Directors and Committees in 2021

			Committees		Attendance at meetings		
	Year elected	Independent	Audit Committee	Remuneration Committee	Board meetings	Audit Committee	Remuneration Committee
Johan Malmquist, Chairman of the Board	2017	Yes		Chairman	15/15		3/3
Carl Bennet	2017	No[1]		Member	15/15		3/3
Carola Lemne	2017	Yes	Member		15/15	4/4	
Ulf Grunander	2017	Yes	Chairman		15/15	4/4	
Eva Elmstedt	2017	Yes	Member		15/15	4/4	
Joacim Lindoff	2017	No[2]			15/15		
Dan Frohm	2019	No[1]	Member		15/15	4/4	
Board members appointed by employees							
Eva Sandling Gralén	2018				15/15		
Kajsa Haraldsson	2017				14/15		
Sten Börjesson (deputy)	2017				15/15		
Jimmy Linde (deputy)	2020				15/15		

1) Not independent in relation to the company's major shareholders 2) Not independent in relation to the company and executive management

Work of the Board of Directors in 2021

February
- Year-End Report
- Auditor's report
- Review of the company's work on quality and regulatory compliance
- Report from Audit Committee
- Report from Remuneration Committee
- Board evaluation
- Evaluation of the CEO

March
- Adoption of Annual Report

April
- Interim Report Q1
- Report from Audit Committee
- Statutory Board meeting
- Review of the company's IT strategy

July
- Interim Report Q2
- Report from Audit Committee

September
- Review of the strategy
- Review of product portfolios

October
- Interim Report Q3
- Review of the company's risk map
- Review of the company's work on ethics and compliance
- Review of the company's sustainability efforts
- Report from Audit Committee
- Report from Remuneration Committee

December
- Establishment of annual plan for 2022
- Adoption of long-term plan (LRP) for 2024
- Succession planning
- Report from Remuneration Committee

In addition to the Board meetings described above, the Audit Committee held four meetings and the Remuneration Committee held three.

AGM held on April 27, 2021, Carl Bennet, Eva Elmstedt, Dan Frohm, Ulf Grunander, Carola Lemne, Joacim Lindoff and Johan Malmquist were elected Board members. Arjo's CEO, Joacim Lindoff, is a member of the Board and Arjo's Head of Legal serves as secretary to the Board. Other executives of Arjo participate in Board meetings as rapporteurs for special issues. According to the Code, a majority of the Board members elected by the Meeting are to be independent in relation to Arjo and the Management Team. In addition, in accordance with the Code, at least two of the Board members who are independent in relation to Arjo and the Management Team, must also be independent in relation to the company's major shareholders. The composition of Arjo's Board meets the requirements of independence stipulated in the Code. The Board members' individual shareholdings, their independence in relation to the company, executive management and major shareholders as well as their other assignments in other companies are presented in the table below and in the presentation of Board members on pages 62-63.

Board Chairman's responsibility

The Chairman of the Board follows Arjo's operations through continuous contact with the CEO. The Chairman organizes and heads the Board's work, and is responsible for ensuring that the other Board members receive satisfactory information and documentation for decision-making. The Chairman is also responsible for ensuring that new Board members continuously update and deepen their knowledge of Arjo and otherwise receive the continuous training required to enable Board work to be conducted efficiently. It is also the Chairman who is responsible for contacts with shareholders regarding ownership issues and for ensuring that the Board evaluates its work annually.

Board of Directors' responsibility and work

The work of the Board of Directors is governed mainly by the Swedish Companies Act, the Code and the Board's formal work plan. The Board's formal work plan also states that the Board's overall assignment is to assume responsibility for the Group's organization and management of its business, adoption of the Group's overall goals, development and follow-up of the overall strategies, decisions about major acquisitions, divestments and investments, decisions regarding potential placements and loans in accordance with the finance policy, continuous follow-up of the operations, adoption of the quarterly reports and year-end reports, and the continuous evaluation of the CEO. The Board is also responsible for ensuring the quality of the financial reporting, including systems for monitoring the internal control of Arjo's financial reporting and position (see "Internal control"). In addition, the Board shall ensure that Arjo's external information disclosure is characterized by openness and is correct, relevant and clear. The Board is also responsible for adopting the required guidelines and other policy documents, such as the communications policy and the insider policy. Recurring items on the agenda of the Board's meetings include the following: business situation, project status, market issues, risk management, adoption of the interim report, strategic review, future outlook and economic and financial reporting. The Board held its statutory meeting on April 27, 2021 and convened fifteen times in 2021, with an average attendance rate of 99% of the elected members. At its scheduled meetings, the Board addressed fixed agenda items in accordance with the Board's formal work plan and other ongoing accounting and legal business matters.

Board committees

From among its own numbers, the Board established two committees, the Audit Committee and the Remuneration Committee, both of which work within the instructions established by the Board.

Audit Committee

The Audit Committee is to monitor the processes in Arjo's financial reporting and ensure and monitor the efficiency of the company's internal control by reporting from the Internal Control Group function. Part of the work is to remain informed about the external audit of the annual report and consolidated financial statements, review and monitor the impartiality and independence of the auditors and, in particular, whether the auditors have provided the company with services other than auditing services. The committee shall also secure the accurateness of the risk assessment performed by the company as well as staying updated on the status regarding IT-security (ITGC), current litigations and business compliance. The Audit Committee meets regularly with the auditor to discuss the coordination of internal control and external auditing. Additionally, the Audit Committee is to assist the Nomination Committee in proposals for the AGM resolution on the election of auditors by, for example, ensuring that the auditor's mandate period does not exceed the time permitted by applicable laws, managing the procurement of auditing services (if appropriate) and submitting a recommendation of a proposal to the Nomination Committee. The Committee shall also inform the Board of the result of the audit, including how the audit has verified the company's financial statements, and otherwise conduct the work required to meet all of the requirements contained in the EU Audit Regulation. In addition, the Audit Committee will resolve on guidelines for the procurement of services other than audit services from the company's auditor and, if appropriate, approval of such services. Finally, the Audit Committee will evaluate the work of the auditor and inform the Nomination Committee of the result of this evaluation. In 2021, Arjo's Audit Committee comprised Board members Ulf Grunander (Chairman), Eva Elmstedt, Carola Lemne and Dan Frohm. The Committee meets the requirements of the Swedish Companies Act regarding auditing and audit competence. In 2021, the Committee held four minuted meetings, including informal contact when necessary. The attendance of members at the Committee meetings are presented in the table on page 58.

The company's auditors participated in all meetings convened by the Audit Committee. Jointly with the auditors, the Committee discussed and established the scope of the audit. Other executives of Arjo participate in Audit Committee meetings as rapporteurs for special issues.

Remuneration Committee

The Remuneration Committee's main tasks of the Committee are to prepare the Board's decisions in matters involving remuneration principles, remuneration and other employment terms and conditions for the CEO and other senior executives, and to monitor and evaluate programs involving variable remuneration of the Management Team that are ongoing and were concluded during the year. The Committee will also monitor and evaluate the application of remuneration guidelines for senior executives that the Annual General Meeting resolved upon, as well as the applicable remuneration structures and remuneration levels within the company. The Remuneration Committee comprises Johan Malmquist (Chairman) and Carl Bennet. In 2021, the Committee held three minuted meetings, including informal contact when necessary. The attendance of members at the Committee meetings are presented in the table on page 58.

Remuneration of Board of Directors

It was resolved that fees, excluding Committee fees, would be paid to the Board in the total amount of SEK 4,625,000, of which SEK 1,475,000 to the Chairman and SEK 630,000 to each of the other Board members who are elected by the AGM and are not employed by the Group. Furthermore, the AGM decided that remuneration for the work of the Audit Committee was to be paid in the amount of SEK 260,000 to the Chairman and SEK 130,000 to each of the other members, and that remuneration for the work of the Remuneration Committee was to be paid in the amount of SEK 140,000 to the Chairman and SEK 100,000 to each of the other members. For complete information regarding remuneration of senior executives, see Note 4.

CEO and Management Team

The CEO is responsible for the continuous management and development of Arjo in accordance with applicable legislation and regulations, including Nasdaq Stockholm's Rule Book for Issuers, the Code and the guidelines, instructions and strategies established by the Board of Directors. The CEO is to ensure that the Board of Directors receives objective and relevant information as required for the Board to be able to make well-founded decisions. In addition, the CEO oversees that Arjo's goals, policies and strategic plans as established by the Board are followed and is responsible for informing the Board of Arjo's performance between Board meetings. The CEO heads the work of the Management Team, which is responsible for overall business development. In addition to the CEO, the Management Team at year-end 2021 comprised the CFO, EVP Legal & Business Compliance, EVP Human Resources & Sustainability, EVP Quality & Regulatory Compliance, EVP Chief Strategy Officer, EVP Supply Chain & Product Development, EVP Marketing Communication & Public Relations, President Global Sales and President Sales & Service North America. These persons are presented on pages 64-65. For information regarding remuneration, any share-related incentive programs and terms of employment for the CEO and other senior executives, see Note 4 starting on page 78.

External auditing

Arjo's Annual General Meeting elects external auditors for one year at a time. The auditors review the Annual Report and accounts, as well as the administration by the Board of Directors and the CEO, according to an audit plan adopted in consultation with the Board's Audit Committee. In conjunction with the audit, the auditors report their observations to the Management Team for consideration and then to the Board of Directors through the Audit Committee. The Board meets the auditors at least once a year, when they report their observations directly to the Board without the presence of Arjo's CEO or CFO. The auditors also take part in the Annual General Meeting, where they summarize their audit work and provide their recommendation for the Auditor's Report. Öhrlings PricewaterhouseCoopers AB has been Arjo's firm of auditors since the company was formed, with Authorized Public Accountant Cecilia Andrén Dorselius as Auditor in Charge since April 29, 2021. Cecilia Andrén Dorselius has been the signing auditor for Arjo since the IPO and is also a member of FAR, the institute for the accountancy profession in Sweden.

Internal control

Introduction

The Board's responsibility for internal control is defined in the Swedish Companies Act, the Annual Accounts Act, which contains information regarding the most important aspects of Arjo's system for internal control and risk management in connection with financial reporting that must be included in the company's Corporate Governance Report each year, and the Code. For example, the Board of Directors is to ensure that Arjo has effective internal control and formalized procedures to ensure compliance with established principles for financial reporting and internal control. Arjo's Audit Committee has declared that the current Internal Control function is sufficient from a corporate governance perspective, and that the Group does not require a separate function for internal audit. Arjo's internal control procedures are based on a framework for internal control published by COSO (Committee of Sponsoring Organizations of the Treadway Commission) and on a control environment that

Fees for Board and Committee work 2021 (SEK)

Name	Board fee	Committee fee	Total
Johan Malmquist	1,475,000	140,000	1,615,000
Carl Bennet	630,000	100,000	730,000
Eva Elmstedt	630,000	130,000	760,000
Ulf Grunander	630,000	260,000	890,000
Carola Lemne	630,000	130,000	760,000
Dan Frohm	630,000	130,000	760,000

creates discipline and structure for the other components: risk assessment, control activities, information and communication, and follow-up, evaluation and reporting. The procedures have been designed to ensure reliable overall financial reporting and external financial reporting in accordance with IFRS, applicable laws and regulations as well as other requirements, which are to be applied by companies listed on Nasdaq Stockholm. This work involves the Board of Directors, the Arjo Management Team and other personnel.

Control environment

The Board has adopted instructions and governing documents aimed at regulating the roles and allocation of responsibility between the CEO and the Board. The way in which the Board monitors and ensures the quality of the internal control is documented in the Board's formal work plan and the corporate governance policy, in which the Board has established a number of basic principles that are important for internal control work. The internal control work is also presented in other governing documents, such as Arjo's Code of Conduct, directive for risk management and internal control, and other policies established by the Board and directives established by the Management Team. These include checks and follow-ups of outcome compared with expectations and previous years, and supervision of accounting policies, for example, as applied by Arjo. The responsibility for maintaining an effective control environment and the continuous work on risk assessment and internal control regarding the financial reporting is delegated to the CEO. However, the Board of Directors has ultimate responsibility. Managers at various levels within Arjo have, in turn, the corresponding responsibility in their respective areas of responsibility. The Management Team regularly reports to the Board and the Audit Committee following established procedures. Responsibilities, powers, instructions, guidelines, manuals and policy documents and directives, alongside laws and regulations, comprise the control environment for financial reporting.

Risk assessment

Arjo conducts continuous risk assessment to identify risks relating to financial reporting. These risks include errors in the financial statements (for example, regarding accounting and valuation of assets, liabilities, revenue and costs, and other deviations), as well as irregularities and fraud. Risk management is built into every process and various methods are used to assess, uncover and prevent risks and to ensure that the risks to which Arjo is exposed are managed in accordance with established policies, directives and instructions.

Control procedures

The structure of control activities is of particular importance in Arjo's work to prevent and uncover risks and weaknesses in the financial reporting. The control structure comprises clear roles in the organization that enable effective distribution of responsibility for specific control activities, including authorization controls in the IT system and attestation controls. The continuous analysis made of the financial reporting is very important for ensuring that the financial statements do not contain any material errors.

Information and communication

Arjo has information and communication procedures to promote completeness and accuracy in the financial reporting. Policies, guidelines and internal instructions regarding financial reporting are available in electronic and printed form. Regular updates regarding amendments to accounting policies, reporting requirements or other disclosures are made available to and known by the relevant employees. Guidelines are in place with respect to external disclosure of information and these were drafted with the aim of ensuring that Arjo complies with the requirements for disseminating correct information to the market.

Follow-up activities, evaluation and reporting

The Board of Directors assesses the information provided by the Management Team on a continuous basis. Between Board meetings, the Board regularly receives updated financial information regarding Arjo's performance. The Group's financial position, strategies and investments are discussed at every Board meeting. The Board is also responsible for monitoring the internal control. This work includes ensuring that measures are taken to address any weaknesses, as well as following up proposals to address issues highlighted in connection with the external audit. Each year, the company carries out a self-assessment of risk management and internal control activities. The external auditors also report regularly to the Board of Directors.

Outcome 2021

Every year, the Internal Control Group function performs a self-assessment of the internal control environment of every company. The self-assessment encompasses the control environment related to the financial reporting, for example, controls in the sales process, purchasing process, inventory management and accounting process, and "soft controls" (tone of the top) regarding compliance with internal policies and directives. The self-assessments are supplemented with Internal Control auditing and monitoring selected units and processes as necessary. Both self-assessments and supplementary audits are performed with the GRC tool (governance, risk management and compliance) implemented in 2020, that guarantees a uniform and formalized process and governance model. From this year, the audit and follow-up are carried out in collaboration between Ernst & Young, that performs the ongoing work for the units, and the Internal Control staff function, that has the ultimate responsibility for the process as well as for managing deviations and reporting outcomes and measures. In 2021, Covid-19 led to restrictions in visiting companies and for on-site follow ups, and so audits were performed digitally. This year's self-assessments and monitoring concluded that the Group has a satisfactory control environment for covering material risks related to the financial reporting.

Continuing work

Arjo's continuing work on internal control will remain concentrated on risk assessment, control activities and follow-up/monitoring. Outcomes and any deviations in the control environment are followed up and reported to the process manager and subsequently to the CFO and Audit Committee. Regarding parts of the control environment that are not related to the financial reporting, the Internal Control function works together with the company's compliance functions such as Quality and Regulatory Compliance and Legal and Business Compliance.

Board of Directors

Johan Malmquist

Born 1961.

Chairman of the Board and Board member since 2017. Chairman of the Remuneration Committee.

Education and professional experience: B.Sc. in Economics, Stockholm School of Economics. Previous experience as CEO and President of Getinge Group 1997–2015, Business Area Director within Getinge Group, President of Getinge Group's French subsidiary and President of subsidiaries within the Electrolux Group.

Other ongoing assignments/positions: Chairman of Getinge AB (publ), and Board member of Trelleborg AB (publ), Elekta AB (publ), Dunker-intressena, Mölnlycke AB, Stena Adactum AB and Chalmers University of Technology Foundation.

Previous assignments/positions (past five years): President & CEO of Getinge Group 1997–2015. Board member of Svenska Cellulosa Aktiebolaget SCA (publ), Essity Aktiebolag (publ), Capio AB and Chairman of Aktiebolaget Tingstad Papper.

Shareholding (own and related parties): 150,000 series B shares

Carl Bennet

Born 1951.

Vice Chairman of the Board since 2018 and Board member since 2017. Member of the Remuneration Committee.

Education and professional experience: B.Sc. in Economics, University of Gothenburg. Ph.D. h.c. (Med.), Sahlgrenska Academy, University of Gothenburg and Dr. Tech. h.c., Luleå University of Technology. Previous experience as President & CEO of Getinge 1989–1997.

Other ongoing assignments/positions: CEO and Chairman of Carl Bennet AB, Chairman of Lifco AB (publ) and Elanders AB (publ), Vice Chairman of Getinge AB (publ) and Board member of Holmen AB (publ) and L E Lundbergföretagen AB (publ).

Previous assignments/positions (past five years): -

Shareholding (own and related parties): 18,217,200 series A shares and 49,902,430 series B shares via Carl Bennet AB.

Sten Börjesson

Born 1967.

Employee representative (deputy Board member) since 2021.

Education and professional experience: Upper-secondary education in economics and technology. Employed in Arjo's subsidiary, ArjoHuntleigh AB.

Other ongoing assignments/positions: Owner of Höörs Antenn & Elektronik Service.

Previous assignments/positions (past five years): Employee representative, Board member of Arjo AB 2017–2020. Board member (employee representative) of Getinge AB 2007–2015.

Shareholding (own and related parties): –

Eva Elmstedt

Born 1960.

Board member since 2017. Member of the Audit Committee.

Education and professional experience: Bachelor degree in Economics and Computer Science, Indiana University of Pennsylvania, USA. Previous experience as EVP Global Services and member of the management team of Nokia Networks and Nokia Siemens Networks, as well as senior positions at Ericsson, the operator 3, and Semcon.

Other ongoing assignments/positions: Chairman of Omegapoint, Proact IT Group, Semcon, Telia International Carrier and Board member of Addlife, Elanders and Smart Eye.

Previous assignments/positions (past five years): EVP Global Services and member of the management team of Nokia Networks and Nokia Siemens Networks.

Shareholding (own and related parties): 35,000 series B shares.

Dan Frohm

Born 1981.

Board member since 2019. Member of the Audit Committee.

Education and professional experience: M.Sc. in Industrial Engineering and Management, Linköping University. CEO of DF Advisory LLC.

Other ongoing assignments/positions: Board member of Getinge AB (publ), Carl Bennet AB, Elanders AB (publ), Lifco AB (publ) and the Swedish-American Chamber of Commerce, Inc.

Previous assignments/positions (past five years): Management consultant at Applied Value LLC in New York.

Shareholding (own and related parties): 214,989 series B shares

Eva Sandling Gralén

Born 1964.

Employee representative, member since 2021.

Education and professional experience: Textile Engineering – Textile Technology, University of Borås. Bachelor of Environmental Science at Malmö University. Employed in Arjo's subsidiary, ArjoHuntleigh AB.

Other ongoing assignments/positions: Deputy Board member of Davidshall Progressio Management AB

Previous assignments/positions (past five years): Employee representative, deputy Board member Arjo AB 2018–2020.

Shareholding (own and related parties): 3,000 series B shares

Ulf Grunander

Born 1954.

Board member since 2017. Chairman of the Audit Committee.

Education and professional experience: B.Sc. in Economics, Stockholm University. Previous experience as an authorized public accountant and CFO of Getinge Group 1993–2016.

Other ongoing assignments/positions: Chairman of Nyströms Gastronomi & Catering AB, Djurgården Merchandise Handelsbolag and Djurgårdens IF Skolidrottsförening. Board member of AMF Pensionsförsäkring AB, Lifco AB (publ), Djurgården Hockey AB, Episurf Medical AB and AMF Fonder AB.

Previous assignments/positions (past five years): Board member of a number of companies in Getinge Group, as well as CFO of Getinge Group 1993–2016.

Shareholding (own and related parties): 96,622 series B shares

Kajsa Haraldsson

Born 1982.

Employee representative, member since 2020.

Education and professional experience: M.Sc. in Industrial Design Engineering, Chalmers University of Technology. Employed in Arjo's subsidiary, ArjoHuntleigh AB.

Other ongoing assignments/positions: –

Previous assignments/positions (past five years): Employee representative, deputy Board member, Arjo AB 2017-2020.

Shareholding (own and related parties): 224 series B shares.

Carola Lemne

Born 1958.

Board member since 2017. Member of the Audit Committee.

Education and professional experience: Licensed physician, M.D. and associate professor, Karolinska Institute. Previous experience as Medical Director of Pharmacia Sweden, Clinical Research Manager of Pharmacia Corp., CEO of Danderyd Hospital, President of Praktikertjänst AB and Director General of the Confederation of Swedish Enterprise.

Other ongoing assignments/positions: Chairman of Ung Företagsamhet, ArtClinic AB and Internationella Engelska Skolan AB. Deputy Chairman of the Board of IRLAB Therapeutics AB, Board member of King Gustav V Jubilee Fund. CEO of Calgo Enterprise AB.

Previous assignments/positions (past five years): Board member of the Confederation of Swedish Enterprise, AFA Försäkringar, the Research Institute of Industrial Economics, ICC, Getinge AB (publ), Investor AB (publ), and Vice Chairman of Alecta AB.

Shareholding (own and related parties): 13,000 series B shares

Joacim Lindoff

Born 1973.

President & CEO since 2017.

Education and professional experience: B.Sc. in Economics, Lund University. Previous experience as acting President and CEO of Getinge Group between August 2016 and March 2017, Executive Vice President of Getinge's former Infection Control business area, and Executive Vice President for the Surgical Workflows business area.

Other ongoing assignments/positions: –

Previous assignments/positions (past five years): Acting President and CEO of Getinge Group between August 2016 and March 2017.

Shareholding (own and related parties): 98,206 series B shares.

Jimmy Linde

Born 1971.

Employee representative (deputy Board member) since 2020.

Education and professional experience: M.Sc. in Engineering, Chemical Engineering, Faculty of Engineering, Lund University. Previous experience at AstraZeneca 1996–2017. Employed in Arjo's subsidiary, ArjoHuntleigh AB.

Other ongoing assignments/positions: -

Previous assignments/positions (past five years): -

Shareholding (own and related parties): 1,500 series B shares.

Auditors

Öhrlings PricewaterhouseCoopers

Cecilia Andrén Dorselius, Authorized Public Accountant, Auditor in Charge

Vicky Johansson, Authorized Public Accountant

Arjo Management Team

Joacim Lindoff

Born 1973.

President & CEO.

Education and professional experience: B.Sc. in Economics, Lund University. Previous experience from several positions within Getinge Group, including Acting CEO, Executive Vice President of Getinge's former Infection Control business area, and Executive Vice President for the Surgical Workflows business area, as well as assignments in senior positions in NIBE's Heating business area. Also served as the Chairman of the Board of the Swedish Medtech industry organization.

Shareholding (own and related parties): 98,206 series B shares.

Katarzyna Bobrow

Born 1980.

EVP Quality & Regulatory Compliance

Education and professional experience: M.Sc. in Banking and finance, specialized in finance and monetary policy, Poznan University of Economics and Business and further studies in Quality Management, Poznan University of Technology. Previous experience of various positions in Getinge Group, including Senior Director QA Supply Chain and Operations. Also experience as Quality Specialist for Molex Polska.

Shareholding (own and related parties): 15,700 series B shares

Ingrid Carlsson

Born 1976.

EVP Group Legal & Business Compliance since 2020 and Board secretary.

Education and professional experience: Candidate of Law, Lund University, further studies in Intellectual Property Law at Malmö University. Previous experience of various positions in Alfa Laval including Legal Counsel, Head of Legal Business Division Food & Water, Senior Associate at Mannheimer Swartling law firm, and member of the Swedish Bar Association 2009–2014.

Shareholding (own and related parties): –

Daniel Fäldt

Born 1976.

CFO.

Education and professional experience: B.Sc. in Business Administration, Bryant University. Industrial Management at KTH Executive School. Previous experience as CFO of BE Group AB (Publ) 2017-2020, Finance Director Region Americas and Region South Europe / MEA at Bombardier Transportation (2013-2017), Finance Director Propulsion & Controls, Bombardier Transportation AB (2009- 2013), Finance Director Gunnebo Entrance Control UK (2007-2009), and various positions within the Gunnebo Group (2002- 2007).

Shareholding (own and related parties): 22,000 series B shares.

Marion Gullstrand

Born 1957.

EVP HR & Sustainability.

Education and professional experience: Bachelor's degree in social science, four-year education in Gestalt Therapy – Organization and group level and degree in economy, Lund University. Previous experience as HR Director of Wasa Group, VP HR of Trelleborg AB (publ), HR Director of IKEA Supply Chain Greater China Supply and other HR positions in IKEA Group, as well as various HR positions in Getinge Group, including Acting EVP HR & Sustainability.

Shareholding (own and related parties): 13,600 series B shares

Paul Lyon

Born 1962.

President Global Sales.

Education and professional experience: Bachelor's degree in engineering, Western Australian Institute of Technology. Global Executive Management Programs – Harvard Business School, Chalmers University of Technology and Indian Institute of Management, Bangalore. Previously held leading positions in several large industrial and health care groups, including Huntleigh Healthcare plc UK, YTL Corporation JV Malaysia and Joyce Healthcare Group Australia. Also experience as Managing Director and President of different business areas within Getinge Group, including Getinge Group President APAC and Acting President & CEO of ArjoHuntleigh.

Shareholding (own and related parties): 5,000 series B shares.

Mikael Persson

Born 1967.

EVP Product Development and Supply Chain & Operations.

Education and professional experience: M.Sc. in Mechanical Engineering, Lund University. Previous experience of various positions in Alfa Laval, inter alia, VP Operations – Operations Development Manager, Supply Chain Director of Cardo Flow Solutions and Flügger A/S, VP Supply Chain of ArjoHuntleigh AB and COO Manufacturing Capital Equipment in Getinge Group.

Shareholding (own and related parties): 57,363 series B shares

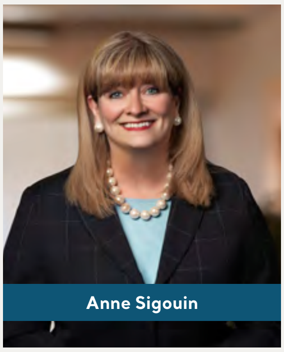
Kornelia Rasmussen

Born 1977.

EVP Marketing Communication & Public Relations.

Education and professional experience: IHM Business School and Communication, School of Education and Communication, Jönköping. Previous experience from various positions in Volvo Car Corporation, including as Director Corporate Communications and acting Senior Vice President – Public Affairs, and most recently as Executive Vice President Communications & Brand Management in Getinge Group.

Shareholding (own and related parties): 12,600 series B shares



Anne Sigouin

Born 1969.

President Sales & Service North America.

Education and professional experience: Bachelor of Arts degree from Concordia University, Montreal, Quebec, Executive Education Leadership Consortium, Smith College, Northampton, MA, as well as numerous executive management programs. Previously held positions with increased scope and responsibilities in sales and marketing in Canada and in the US for Johnson & Johnson Medical Devices Companies and has also been Managing Director of ArjoHuntleigh AB in Canada and President of Getinge Group in Canada.

Shareholding (own and related parties): 3,125 series B shares

Christian Stentoft

Born 1984.

EVP Chief Strategy Officer.

Education and professional experience: M.Sc. in Design and Innovation, Technical University of Denmark. Previously held various positions within Getinge Group, including VP Commercial Excellence & Head of PMO Asia Pacific and Extended Care Division – Director Business Strategy & Insights. Also experience as Engagement manager of Oleto Associates and as management consultant at Catalyst Consulting.

Shareholding (own and related parties): 3,168 series B shares.

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				
Joacim 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
Arjo's performance				
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
Average remuneration on a full-time equivalent basis of employees				
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.

Proposed appropriation of profit

Arjo AB (publ), Corp. Reg. No. 559092-8064

The following profit in the Parent Company is at the disposal of the Annual General Meeting:

Retained earnings	4,150,087,878
Net loss for the year	-12,581,371
Total	**4,137,506,507**

The Board and Chief Executive Officer propose that a dividend of SEK 1.15 per share shall be distributed

to shareholders	313,225,009
to be carried forward	3,824,281,498
Total	**4,137,506,507**

The Board of Directors deems the proposed dividend to be justified in relation to requirements that the Group's nature of business, scope and risks impose on consolidated shareholders' equity and the Group's consolidation requirements, liquidity and financial position.

The Board of Directors and CEO affirm that the consolidated financial statements have been prepared in accordance with international financial reporting standards IFRS, which have been adopted by the EU, and provide a fair and accurate account of the Group's financial position and profit. This Annual Report was prepared in accordance with generally accepted accounting policies and provides a fair and accurate account of the Parent Company's financial position and profit.

The Directors' Report for the Group and Parent Company provides a fair review of the performance of the Parent Company and the Group's operations, financial position and earnings and describes the material risks and uncertainties faced by the Parent Company and companies belonging to the Group.

Malmö, March 23, 2022

Johan Malmquist
Chairman of the Board

Carl Bennet
Vice Chairman of the Board

Eva Elmstedt

Dan Frohm

Ulf Grunander

Kajsa Haraldsson

Carola Lemne

Eva Sandling Gralén

Joacim Lindoff
President & CEO

Our auditor's report was submitted on March 23, 2022
Öhrlings PricewaterhouseCoopers AB

Cecilia Andrén Dorselius
Authorized Public Accountant
Auditor in Charge

Vicky Johansson
Authorized Public Accountant

Consolidated financial statements

Consolidated income statement

SEK M	Note	2021	2020
Net sales	2, 3	9,070	9,078
Cost of goods sold	5	-4,861	-4,952
Gross profit		**4,209**	**4,126**
Selling expenses	5	-1,753	-1,796
Administrative expenses	5	-1,222	-1,258
Research and development costs	5, 7	-100	-114
Exceptional items	5, 6	-39	-78
Other operating income	9	17	7
Other operating expenses	9	-27	-22
Income from participations in associated companies	16	-9	-
Operating profit (EBIT)	3, 5, 6, 4, 8, 15	**1,077**	**866**
Financial income	10	11	5
Financial expenses	10	-98	-169
Profit after financial items	9	**989**	**702**
Taxes	11	-247	-175
Net profit for the year		**742**	**526**
Attributable to:			
Parent Company shareholders		742	526
Earnings per share, SEK1)	12	2.72	1.93
– weighted average number of shares for calculation of earnings per share (thousand)	12	272,370	272,370

[1] Before and after dilution.

Consolidated statement of comprehensive income

SEK M	Note	2021	2020
Net profit for the year		**742**	**526**
Other comprehensive income			
Items that cannot be restated in profit			
Actuarial gains/losses pertaining to defined-benefit pension plans		205	133
Tax attributable to items that cannot be restated in profit	11	-54	-24
Items that can later be restated in profit			
Translation differences	20	636	-853
Hedges of net investments	20	-22	75
Tax attributable to items that can be restated in profit	11	-21	35
Other comprehensive income for the period, net after tax		**745**	**-634**
Total comprehensive income for the year		**1,486**	**-107**
Comprehensive income attributable to:			
Parent Company shareholders		1,486	-107

Consolidated balance sheet

SEK M	Note	2021	2020
ASSETS			
Non-current assets			
Intangible assets	3, 5, 13	7,099	6,834
Tangible assets	3, 5, 14	1,454	1,282
Right-of-use assets	3, 5, 15	1,101	1,044
Non-current financial receivables, interest-bearing	21	–	1
Non-current lease receivables	15, 21	51	21
Non-current receivables for pensions, interest-bearing	21, 23	238	33
Other financial assets	29	117	134
Participations in associated companies	16	123	120
Deferred tax assets	11	255	258
Total non-current assets		**10,437**	**9,728**
Current assets			
Inventories	17	1,369	1,039
Accounts receivable	18, 29	1,542	1,500
Current tax assets		18	71
Current financial receivables, interest-bearing	21	2	14
Current lease receivables	15, 21	24	13
Derivatives, current	28, 29	26	19
Other current receivables		209	282
Prepaid expenses and accrued income	19	228	220
Cash and cash equivalents	21, 29	757	972
Total current assets		**4,175**	**4,130**
TOTAL ASSETS		**14,612**	**13,858**

CONSOLIDATED BALANCE SHEET, CONTINUED.

SEK M	Note	2021	2020
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	20	91	91
Other reserves	20	766	172
Retained earnings		6,028	5,367
Equity attributable to the Parent Company shareholders		**6,885**	**5,630**
Non-current liabilities			
Non-current financial liabilities	21, 28, 29	118	2,018
Non-current lease liabilities	15, 21, 28	830	802
Provisions for pensions, interest-bearing	21, 23	32	37
Deferred tax liabilities	11	187	94
Other provisions, non-current	22	71	64
Total non-current liabilities		**1,238**	**3,014**
Current liabilities			
Other provisions, current	22	57	75
Current financial liabilities	21, 28, 29	4,177	3,051
Current lease liabilities	15, 21, 28	328	296
Accounts payable	28, 29	614	504
Current tax liabilities		61	22
Derivatives, current	28, 29	16	32
Other liabilities		216	293
Accrued expenses and deferred income	24	1,021	941
Total current liabilities		**6,490**	**5,214**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**14,612**	**13,858**

For information about pledged assets and contingent liabilities, see Note 25.

Changes in shareholders' equity for the Group

SEK M	Share capital	Reserves [1]	Retained earnings	Total
Opening balance at January 1, 2020	**91**	**915**	**4,908**	**5,914**
Net profit for the year	–	–	526	526
Other comprehensive income for the year	–	-743	109	-634
Dividend	–	–	-177	-177
Closing balance at December 31, 2020	**91**	**172**	**5,367**	**5,630**
Opening balance at January 1, 2021	**91**	**172**	**5,367**	**5,630**
Net profit for the year	–	–	742	742
Other comprehensive income for the year	–	593	151	745
Dividend	–	–	-232	-232
Closing balance at December 31, 2021	**91**	**766**	**6,028**	**6,885**

[1] For reserves, see also Note 20.

Consolidated cash-flow statement

SEK M	Note	2021	2020
Operating activities			
Operating profit (EBIT)		1,077	866
Add-back of amortization, depreciation and write-down		956	973
Other non-cash items	30	-2	56
Expensed exceptional items [1]		38	71
Paid exceptional items		-38	-64
Interest paid		-89	-101
Interest received		4	5
Other financial items		-4	-28
Taxes paid		-132	-132
Cash flow before changes to working capital		**1,810**	**1,646**
Changes in working capital			
Inventories		-232	-30
Current receivables		135	214
Current liabilities		21	438
Cash flow from operations		**1,734**	**2,267**
Investing activities			
Acquired operations [2]	26	-19	-49
Acquisitions of participations in subsidiaries	26	-	-135
Acquired financial assets		-	-4
Investments in intangible and tangible assets		-760	-807
Divestment of intangible / tangible assets and right-of-use assets		85	23
Cash flow from investing activities		**-695**	**-972**
Financing activities			
Raising of loans	21	9,942	8,574
Repayment of interest-bearing liabilities [2]	21	-10,808	-8,791
Repayment of lease liabilities		-330	-327
Change in pension assets/liabilities		3	1
Change in interest-bearing receivables		27	8
Dividend		-232	-177
Realized derivatives attributable to financing activities		121	-250
Cash flow from financing activities		**-1,277**	**-963**
Cash flow for the year	21	**-237**	**332**
Cash and cash equivalents at the beginning of the period		972	662
Cash flow for the year		-237	332
Translation differences		22	-22
Cash and cash equivalents at year-end	30	**757**	**972**

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

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Notes for the Group

Note 1 Accounting policies

General information
Arjo AB (559092-8064), which is the Parent Company of the Arjo Group, is a limited liability company with its registered offices in Malmö, Sweden. A description of the company's operations is included in the Directors' Report on page 51.

Basis of preparation
Arjo's consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS)/ International Accounting Standards (IAS), as approved by the EU, and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups.

Arjo applies the cost method to value its assets and liabilities, except as regards available-for-sale financial assets and financial assets and liabilities, including derivative instruments, at fair value through profit or loss, which are measured at cost either through profit or loss or other comprehensive income if they are hedging instruments attributable to cash-flow hedges. Additional information about the preparation of the consolidated financial statements is presented below.

Elimination of transactions in Arjo
Receivables, liabilities, revenue, expenses, and unrealized gains and losses arising between entities in Arjo are eliminated in their entirety. Unrealized losses are eliminated in the same manner as unrealized gains, but only insofar as no impairment is required.

Accounting and measurement policies
The basis for preparation of Arjo's financial statements is presented above.

The financial statements are presented in Swedish kronor (SEK). Unless otherwise stated, all amounts are given in millions of Swedish kronor (SEK M). Figures in parentheses pertain to operations in 2020, unless otherwise specified.

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.

Significant estimates and assessments
To prepare the financial statements in accordance with IFRS, the company management is required to make assessments and assumptions that affect the recognized amounts of assets and liabilities and other information in the financial statements as well as the revenues and expenses recognized during the period. Estimates, assessments and assumptions are reviewed on a regular basis. The actual outcome may diverge from these assessments, estimates and assumptions. The areas that the Board and Arjo Management Team believe to particularly significant to an assessment of Arjo's earnings and financial position are stated in each Note, where applicable.

Subsidiaries
Subsidiaries are all companies over which Arjo exercises a controlling influence. Arjo controls a company when it is exposed to or has the right to variability of returns from its holding in the company and can affect these returns through its influence over the company.

Foreign currencies
Functional currency: Transactions in foreign currencies are translated to the functional currency of the financial statements according to the exchange rate on the date of the transaction. Receivables and liabilities in foreign currencies are measured at the closing day rate, and unrealized currency gains and losses are included in profit or loss. Exchange-rate differences attributable to operating receivables and liabilities are recognized in operating profit. Exchange-rate differences regarding financial assets and liabilities are recognized under other financial items.

Translation of foreign operations: Arjo applies the current method for translation of foreign subsidiaries' balance sheets and income statements. This means that all assets and liabilities in subsidiaries are translated at the closing day rate, and all income statement items are translated at average annual exchange rates. Translation differences are recognized under other comprehensive income. The total translation differences in conjunction with divestments are recognized together with the gains/losses arising from the transaction. For long-term intra-Group loans of subsidiaries, Arjo applies the rules on expanded net investments, which means that translation differences on these intra-Group loans are recognized in the same way as the translation effects on the subsidiaries' net assets.

Government grants
Some of the Group's foreign subsidiaries have received aid from local authorities due to Covid-19 but these do not total any significant amount. Government grants relating to costs are recognized in profit or loss. The income is recognized in the same period as the cost that the grants are intended to compensate.

Dividend
Dividends proposed by the Board of Directors are not deducted from distributable earnings until the dividend has been approved by the Annual General Meeting (AGM).

Alternative performance measures
Alternative performance measures are presented in this report to monitor Arjo's operations, the primary measures being adjusted EBITDA, cash conversion and net debt/equity ratio. Definitions and reconciliations of the alternative performance measures are presented on pages 119-121.

New accounting policies applied by Arjo in 2021
IFRIC has published an agenda decision concerning cloud computing arrangement costs, which does not have any material impact and thus Arjo has not made any changes to the financial information in prior periods. No other standards, amendments or interpretations effective from the fiscal year beginning on January 1, 2021 had a material impact on Arjo's financial statements.

New and revised standards and interpretations that have not yet come into effect
No standards, amendments or interpretations effective from the fiscal year beginning on January 1, 2022 had a material impact on Arjo's financial statements.

Note 2 Net sales by type of revenue

Accounting policies

The Group has three streams of income: product sales, services including spare parts and rental. Income is measured at fair value excluding indirect sales tax. Income from the sale of products is recognized when control of the goods is passed to the customer, which in the majority of cases takes place when the product leaves Arjo's warehouse. The products are often sold at volume discounts based on accumulated sales over a 12-month period. Income from the sale of products is recognized based on the price in the contract, less estimated volume discounts. Historical data is used to estimate the expected value of the discount and income is recognized only to the extent that it is highly probable that a material reversal will not occur. A liability (included in the item accrued expenses and deferred income) is recognized for expected volume discounts in relation to sales up to and including the closing date. If delivery of finished products is postponed at the buyer's request, but the buyer assumes the proprietary rights and accepts the invoice (a "bill and hold" sale), income is recognized when control is passed to the customer, which takes place when the products are placed in several locations in the warehouse. The Group's obligation to repair or replace defective products under normal guarantee rules is recognized as a provision, see Note 22 Provisions.

The Group has both fixed-price service contracts and contracts on current account. Income from fixed price contracts are recognized over time in line with control of the services being passed to the customer. Income from contracts on current account is based on time spent and is recognized to the extent that Arjo has the right to invoice the customer (monthly). Advance payments from customers mainly refer to payments for service contracts. These contract liabilities are presented in Note 24 Accrued expenses and deferred income.

No financing component is deemed to exist on the date of sale since the credit period is 30–90 days, which is consistent with market practice.

Arjo applied the exemption not to provide disclosures on future contracted revenue since these have terms of less than one year.

For income recognition for rental, see Note 15 Leases.

SEK M	2021	2020
Product sales	5,209	5,168
Service incl. spare parts	1,504	1,426
Rental	2,357	2,483
Total	**9,070**	**9,078**

Note 3 Segment reporting

Accounting policies

The reporting of operating segments corresponds to the internal reporting submitted to the chief operating decision maker. This function in Arjo was identified as the CEO.

Arjo's operations comprise the following operating segments:
Global Sales – comprises the sales operations in all countries apart from the US and Canada.
North America – comprises the sales operations in the US and Canada.

As of 2021, Arjo monitors the operations following two segments: Global Sales and North America. 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. Arjo's diagnostics operations are included in other items that are recognized together with Group expenses. The Group has no single customer that accounts for 10% or more of the Group's sales.

SEK M	Global Sales 2021	North America 2021	Group functions and Other incl. eliminations 2021	Arjo Group 2021	Global Sales 2020	North America 2020	Group functions and Other incl. eliminations 2020	Arjo Group 2020
Net sales, external	5,211	3,510	350	9,070	5,180	3,558	340	9,078
Operating profit	**941**	**1,149**	**-1,012**	**1,077**	**953**	**1,102**	**-1,188**	**866**
Financial income				11				5
Financial expenses				-98				-169
Profit after financial items				**989**				**702**
Taxes				-247				-175
Net profit for the year				**742**				**526**

The assets specified by segment in the table below comprise the items intangible assets, tangible assets and right-of-use assets. Reporting of assets is based on the domicile of the Arjo companies. Assets and liabilities are not divided by segment since no such amounts are regularly reported to the chief operating decision maker.

	Assets	
SEK M	2021	2020
USA	1,901	1,699
UK	1,275	1,140
Sweden	3,782	3,698
Other	2,696	2,622
Total	**9,654**	**9,159**

The table below presents the 20 largest markets based on where customers are situated.

	2021			2020		
Country	SEK M	%	#	SEK M	%	#
USA	2,830	31	1	2,931	32	1
UK	1,130	13	2	1,100	12	2
France	947	10	3	842	9	3
Canada	759	8	4	688	8	4
Germany	665	7	5	655	7	5
Australia	451	5	6	417	5	6
Netherlands	334	4	7	329	4	7
Italy	237	3	8	250	3	8
Austria	215	2	9	200	2	9
Ireland	160	2	10	153	2	11
Belgium	158	2	11	158	2	10
Switzerland	124	1	12	150	2	12
India	112	1	13	92	1	15
South Africa	107	1	14	125	1	14
Hong Kong	86	1	15	91	1	16
Spain	72	1	16	128	1	13
Sweden	71	1	17	79	1	17
Singapore	65	1	18	54	1	20
New Zealand	62	1	19	57	1	19
Japan	49	1	20	62	1	18
Other	436	5		517	6	
Total net sales	**9,070**	**100**		**9,078**	**100**	

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Note 4 Employee costs

Group, SEK M	2021 Board and CEO [1]	2021 Other	2021 Total	2020 Board and CEO [1]	2020 Other	2020 Total
Salaries and remuneration	125	2,661	2,786	116	2,664	2,780 [2]
Social security expenses	27	473	500	24	533	557 [2]
Pension expenses	11	132	143	10	128	138 [2]
Total	**163**	**3,266**	**3,429**	**151**	**3,325**	**3,476**

[1] Pertains to remuneration of the Board and CEO in all companies in the Group.
[2] Comparative figures have been adjusted with the addition of variable vacation pay.

Average number of employees

Number	2021 Men	2021 Women	2021 Total	2020 Men	2020 Women	2020 Total
Australia	139	66	205	148	66	214
Belgium	51	22	73	53	20	73
Brazil	11	7	18	8	4	12
Denmark	11	6	17	13	8	21
Dominican Republic	264	539	803	228	460	688
France	371	126	497	371	123	494
United Arab Emirates	10	–	10	10	1	11
Netherlands	106	60	166	106	60	166
Hong Kong	14	10	24	14	9	23
India	136	28	164	137	30	167
Ireland	24	4	28	22	4	26
Italy	79	38	117	81	38	119
Japan	13	6	19	14	5	19
Canada	265	149	414	248	142	390
China	74	118	192	78	122	200
Mexico	3	5	8	2	3	5
Norway	8	7	15	9	8	17
New Zealand	24	7	31	25	7	32
Poland	291	476	767	290	478	768
Switzerland	40	14	54	41	12	53
Singapore	34	9	43	31	10	41
Spain	25	18	43	20	13	33
UK	669	292	961	673	288	961
Sweden	101	97	198	96	93	189
South Africa	35	65	100	58	32	90
South Korea	2	–	2	2	–	2
Czech Republic	8	9	17	7	7	14
Germany	315	99	414	313	92	405
USA	609	222	831	682	182	864
Austria	98	21	119	93	21	114
Total	**3,830**	**2,520**	**6,350**	**3,873**	**2,338**	**6,211**

Distribution of senior executives at the closing date, %

Gender distribution in all companies in the Group

	2021	2020
Women:		
Board members of the Parent Company	29%	29%
Board members in all Group companies	8%	9%
Other members of the company's management, incl. CEO	26%	27%
Men:		
Board members of the Parent Company	71%	71%
Board members in all Group companies	92%	91%
Other members of the company's management, incl. CEO	74%	73%

Remuneration and other benefits for senior executives in 2021, SEK 000s

	Board fee[1)]	Basic pay	Variable remuneration, short term	Variable remuneration, long term	Other benefits	Pension expenses	Total
Johan Malmquist, Chairman of the Board	1,615						1,615
Carl Bennet, Board member	730						730
Eva Elmstedt, Board member	760						760
Ulf Grunander, Board member	890						890
Carola Lemne, Board member	760						760
Dan Frohm, Board member	760						760
CEO		8,619	6,800	2,926[2)]	1,171	2,550	22,066
Other senior executives, employed in Arjo AB		10,703	4,848	3,030[3)]	1,391	2,439	22,411
Other senior executives, employed in other Group companies		11,641	6,263	3,841[4)]	1,200	1,340	24,285
Total	**5,515**	**30,963**	**17,911**	**9,797**	**3,762**	**6,329**	**74,277**

1) Also includes fees for work on Board Committees and corresponds to what was resolved at the preceding AGM.
2) Of this amount, SEK 1,105 k will be paid in 2022. The remainder will be paid, conditional on continued employment, in the amount of SEK 1,160 k in 2023 and SEK 661 k in 2024.
3) Of this amount, SEK 924 k will be paid in 2022. The remainder will be paid, conditional on continued employment, in the amount of SEK 1,290 k in 2023 and SEK 816 k in 2024.
4) Of this amount, SEK 1,463 k will be paid in 2022. The remainder will be paid, conditional on continued employment, in the amount of SEK 1,507 k in 2023 and SEK 871 k in 2024.

Remuneration and other benefits for senior executives in 2020, SEK 000s

	Board fee [1)]	Basic pay	Variable remuneration, short term	Variable remuneration, long term	Other benefits	Pension expenses	Total
Johan Malmquist, Chairman of the Board	1,557						1,557
Carl Bennet, Board member	707						707
Eva Elmstedt, Board member	737						737
Ulf Grunander, Board member	864						864
Carola Lemne, Board member	737						737
Dan Frohm, Board member	737						737
CEO		8,130	6,426	2,259 [2)]	1,082 [5)]	2,410	20,307
Other senior executives, employed in Arjo AB		9,109	4,155	2,042 [3)]	1,156 [5)]	2,159	18,621
Other senior executives, employed in other Group companies		11,637	6,626	3,087 [4)]	1,092 [5)]	1,502	23,944
Total	**5,339**	**28,876**	**17,207**	**7,388**	**3,330**	**6,071**	**68,211**

1) Also includes fees for work on Board Committees and corresponds to what was resolved at the preceding AGM.
2) Of this amount, SEK 714 k will be paid in 2021. The remainder will be paid, conditional on continued employment, in the amount of SEK 756 k in 2022 and SEK 788 k in 2023.
3) Of this amount, SEK 537 k will be paid in 2021. The remainder will be paid, conditional on continued employment, in the amount of SEK 629 k in 2022 and SEK 877 k in 2023.
4) Of this amount, SEK 963 k will be paid in 2021. The remainder will be paid, conditional on continued employment, in the amount of SEK 994 k in 2022 and SEK 1,130 k in 2023.
5) Comparative figures for other benefits have been adjusted with the addition of variable vacation pay.

Comments on the table

- Short-term variable remuneration refers to the 2021 fiscal year's expensed bonus, which was paid in 2022.
- Other benefits refer to company car, healthcare insurance and variable holiday pay.
- Other senior executives pertains to remuneration to members of the Arjo Management Team, other than the CEO (9 individuals)

Remuneration of senior executives

Principles: The 2020 AGM established guidelines for remuneration to senior executives that apply until the 2024 AGM and primarily entail the following:

Remuneration and other employment terms and conditions for senior executives is to be market-based and competitive in every market where Arjo is active so as to attract, motivate and retain skilled and competent employees. The Annual General Meeting decides on remuneration to the Chairman of the Board and Board members. Employee representatives do not receive Board remuneration. Remuneration to the CEO and other senior executives comprises basic pay, variable remuneration, other benefits as well as pensions. Other senior executives comprise the individuals, who together with the CEO, comprise the Arjo Management Team. For the Management Team's structure, see pages 64–65. The allocation between basic pay and variable remuneration should be proportionate to the executive's responsibility and authority. The CEO's variable remuneration is a maximum of 80% of basic pay.

Variable remuneration: Variable remuneration is limited to a maximum amount and linked to predetermined and measurable criteria, designed with the aim of promoting the company's long-term value creation. No variable remuneration will be paid if profit before tax is negative. The CEO's bonus for 2021 was based on financial targets set by the Board. The performance-based annual bonus for the CEO is not to exceed 80% of fixed annual salary. For other senior executives, bonuses for 2021 were based on a combination of financial targets and individual goals. The performance-based annual bonus for other senior executives is not to exceed 50-70% of fixed annual salary (depending on function and geographic placement).

Pensions: The CEO is entitled to a pension from the age of 65. The pension is premium based and amounts to 30% of basic pay. The age of retirement for other senior executives is also 65. These pension agreements are premium based. Pension agreements have been signed in accordance with local legislation in the country where the executive resides.

Severance pay: The period of notice for the CEO is a minimum of six months. If termination of employment is initiated by the company then severance pay of 12 months' pay will be awarded. Severance pay is not offset against any other income. Upon termination of employment of any other senior executives, they have the right to severance pay of a minimum of six months and a maximum of 12 months.

Drafting and decision-making process: During the year, the Remuneration Committee gave the Board its recommendations concerning policies for the remuneration to senior executives. The recommendations included the proportion between fixed and variable remuneration, the size of possible pay increases and proposed criteria for assessment of bonus outcomes. The Board discussed the Remuneration Committee's proposals and decided in line with the Remuneration Committee's recommendations. Remuneration of the CEO for the 2021 fiscal year was decided by the Board taking into account the Remuneration Committee's recommendations. Remuneration of other senior executives was decided by the CEO in consultation with the Chairman of the Board. During 2021, the Remuneration Committee was convened on three occasions. In addition to the aforementioned variable remuneration, adopted share or share-related incentive programs may be included. The aim is that such a program will help to attract and retain highly skilled managers, while it makes the Management Team of Arjo AB shareholders of the company, which is considered to be an important and strong signal for other shareholders.

Long-term incentive program

The Arjo Board introduced three-year long-term incentive programs for 2019, 2020 and 2021. The programs are cash-based and encompass 50–55 participants. The incentive programs are an addition to annual 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 the senior executives who can exercise the greatest influence over Arjo's earnings.

Targets: A 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 each program is calculated every year and accumulated over a three-year period. Any outcome will be paid in subsequent years provided that the senior executive remains employed at the company on the payment date.

Synthetic share options

Arjo's Board and the 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 was not charged with any costs related to the offering.

Accounting policies

Incentive programs: Arjo has a long-term and a short-term incentive program that are recognized in accordance with IAS 19 Employee Benefits. During the vesting period, the incentive program is recognized as an expense and a current liability.

Note 5 Costs by cost category

SEK M	2021	2020
Costs by cost category		
Salaries and remuneration	-2,786	-2,780
Social security expenses	-500	-557
Pension expenses	-143	-138
Amortization and impairment of intangible assets	-274	-284
Depreciation and impairment of tangible assets and right-of-use assets	-682	-689
Goods and services	-3,591	-3,749
Total	**-7,975**	**-8,198**

SEK M	2021	2020
Amortization, depreciation and write-downs		
Cost of goods sold	-597	-601
Selling expenses	-145	-158
Administrative expenses	-208	-205
Research and development costs	-6	-5
Exceptional items	-	-3
Total	**956**	**973**

Note 6 Exceptional items

Accounting policies

Expenses that are not regularly occurring linked to the remediation program, aimed at improving the efficiency and structure of the Group, are recognized as "exceptional items."

In addition to the remediation program, exceptional expenses and revenue may also, by way of exception, be classified as exceptional items. Exceptional items refers to material revenue and expense items that are recognized separately due to the significance of their nature or amount.

For the accounting policy on recognizing provisions, see Note 22.

SEK M	2021	2020
Acquisition expenses	-1	-4
Damage claims and disputes	–	-7
Restructuring costs	-38	-67
Total	**-39**	**-78**

Restructuring costs

Of restructuring costs for the year, SEK 27 M relates to an efficiency program in Europe that started in 2020. The program is expected to generate full-year savings of about SEK 50 M.

The remaining expenses of SEK 11 M are attributable to the relocation of the Group's central logistics hub from the UK to Sweden at the start of the year. This move is expected to generate administrative efficiency improvements combined with organizational synergies.

Note 7 Research and development costs

Accounting policies

For the accounting policies on intangible assets, see Note 13 Intangible assets.

SEK M	2021	2020
Research and development costs, gross	-220	-202
Capitalized development costs	120	88
Research and development costs, net	**-100**	**-114**

Note 8 Fees to auditors

SEK M	2021	2020
Fee to PwC		
Fee and expense reimbursement:		
Auditing assignments[1)]	-10	-9
Tax consultancy services	0	0
Other services[2)]	-1	-2
Total	**-11**	**-11**

1) Of which SEK 6 M (5) pertains to remuneration to Öhrlings PricewaterhouseCoopers AB.
2) Of which SEK 1 M (2) pertains to remuneration to Öhrlings PricewaterhouseCoopers AB.

Öhrlings PricewaterhouseCoopers AB (PwC) has the auditing assignment for the entire Group. Auditing assignments refer to statutory auditing, meaning assignments required to issue the auditor's report. This also includes the review of the interim report. No services for auditing activities other than auditing assignments have been performed. Tax consultancy services primarily pertain to general tax matters concerning corporate tax. Other services pertain to consultancy related to matters regarding accounting standards and IT.

Note 9 Exchange-rate gains and losses, net

Exchange-rate differences were recognized in profit or loss according to the following:

SEK M	2021	2020
Other operating income and expenses	-16	-10
Financial items	7	-23
Total	**-9**	**-33**

Note 10 Financial income and expenses

Accounting policies

Financial income and expenses include interest income on bank deposits and receivables, interest expenses on loans and lease liabilities, income from dividends, unrealized and realized profits and losses on financial investments, exchange-rate differences, and the change in value of derivative instruments used in financial activities. Borrowing costs in conjunction with the raising of loans are recognized as part of the loan to which they pertain and are charged to profit during the term of the loan. Interest income on the receivables and interest expenses on liabilities are calculated by applying the effective interest method. The effective rate is the rate that makes the present value of all estimated inward and outward payments during the expected fixed-interest term equal to the carrying amount of the receivable or liability.

Financial income

SEK M	2021	2020
Interest income	4	5
Currency gains	7	0
Total	**11**	**5**

Financial expenses

SEK M	2021	2020
Interest expenses, financial liabilities	-57	-108
Interest expenses, leases	-30	-34
Currency losses	0	-23
Other	-11	-3
Total	**-98**	**-169**

Note 11 Tax

Accounting policies

Arjo's income tax include taxes on Group companies' profits recognized during the accounting period and tax adjustments attributable to earlier periods and changes in deferred taxes. Measurement of all tax liabilities/receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates or those that have been announced and will almost certainly be adopted.

Tax is recognized directly in other comprehensive income and shareholders' equity if the tax is attributable to items that are recognized directly in comprehensive income and shareholders' equity. Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all existing differences between fiscal and carrying amounts of assets and liabilities by applying applicable tax rates.

Temporary differences primarily arise from the depreciation of properties, machinery and equipment, the market valuations of identifiable assets, liabilities and contingent liabilities in acquired companies, financial derivatives, gains from intra-Group inventory transactions, untaxed reserves and tax loss carryforwards, of which the latter is recognized as an asset only to the extent that it is probable that these loss carryforwards will be matched by future taxable profits. Deferred tax liabilities pertaining to temporary differences that are attributable to investments in subsidiaries and affiliates are not recognized, since the Parent Company, in each instance, can control the point in time of reversal of the temporary differences and a reversal in the foreseeable future has been deemed improbable.

Significant estimates and assessments

Deferred tax: The measurement of loss carryforwards and the company's ability to utilize unutilized loss carryforwards is based on the company's assessments of future taxable income in various tax jurisdictions and includes assumptions regarding whether expenses that have not yet been subject to taxation are tax deductible. Deferred tax is recognized in profit or loss unless the deferred tax is attributable to items recognized in other comprehensive income, in which case the deferred tax is recognized together with the underlying transactions in other comprehensive income.

Uncertain tax positions: As an international Group, Arjo could have tax deductions rejected in one country, while the same deduction is granted in another. The tax exposure in these cases comprises the difference between the various countries' tax rates and any penalty interest and fines.

SEK M	2021	2020
Current tax expense	-224	-113
Deferred tax	-23	-62
Total	**-247**	**-175**
Relationship between tax expenses for the year and recognized profit after financial items, SEK M		
Recognized profit after financial items	989	702
Tax according to current tax rate in Sweden 20.6% (21.4)	-204	-150
Adjustment for tax rates in foreign subsidiaries	-4	-4
Adjustment of tax expenses from earlier years	0	0
Tax effect of non-deductible costs	-32	-23
Tax effect of non-taxable income	16	16
Adjustment for changed tax rates	2	-2
Changed value of temporary differences	-3	3
Other	-22	-15
Recognized tax expense	**-247**	**-175**

Amount recognized directly in equity

The total amount of current and deferred tax for the period, attributable to items that are not recognized in profit or loss but instead in other comprehensive income:

SEK M	2021	2020
Deferred tax: actuarial gains/losses pertaining to defined-benefit pension plans	-54	-24
Deferred tax: hedges of net investments	-21	35

SEK M	2021	2020
Deferred tax assets relate to the following temporary differences and loss carryforwards		
Deferred tax assets relating to:		
Non-current assets	180	145
Current assets	60	46
Provisions	35	47
Loss carryforwards	203	199
Other	74	36
Offset	-296	-215
Deferred tax assets	**255**	**258**
Deferred tax liabilities relate to the following temporary differences		
Deferred tax liabilities relating to:		
Non-current assets	-413	-300
Financial receivables and derivatives	0	-
Current assets	-2	0
Provisions	-60	0
Other	-8	-9
Offset	296	215
Deferred tax liabilities	**-187**	**-94**
Maturity structure for loss carryforwards		
Due within 5 years	38	33
Due in more than 5 years	153	139
No due date	589	629
Total	**780**	**801**

There are no material loss carryforwards for which deferred tax has not been recognized.

Note 12 Earnings per share

Earnings per share before and after dilution amounted to SEK 2.72 (1.93). The calculation of earnings per share relating to the Parent Company shareholders is based on the following information:

SEK M	2021	2020
Earnings (numerator)		
Earnings relating to the Parent Company shareholders, which form the basis for calculation of earnings per share	742	526
Number of shares (denominator)		
Weighted average number of ordinary shares for calculation of earnings per share	272,369,573	272,369,573

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

Note 13 Intangible assets

Accounting policies

Goodwill: Goodwill comprises the portion of a purchase price for an acquisition that exceeds the market value of the identifiable assets, with deductions for liabilities and contingent liabilities, calculated on the acquisition date, on the share of the acquired company's assets acquired by Arjo. In a business acquisition whereby the acquisition costs are less than the net value of acquired assets, assumed liabilities and contingent liabilities, the difference is recognized directly in profit or loss. Goodwill arising in conjunction with the acquisition of a foreign entity is treated as an asset in the foreign entity and translated at the exchange rate on the closing date. An impairment test of goodwill is conducted at least once per year or more often if there is an indication that there could have been a decrease in value. Impairment of goodwill is recognized in profit or loss. Recognized impairments of goodwill are not reversed. The gain or loss in connection with the divestment of an entity includes the residual carrying amount of goodwill that pertains to the divested unit.

Other intangible assets: Other intangible assets comprise capitalized development costs, customer relationships, technical know-how, trademarks, agreements and other assets. Intangible assets are recognized at cost with deductions for accumulated amortization and any impairment (for impairment, see the policy under tangible assets below). Amortization is applied proportionally over the asset's anticipated useful life, which usually varies between three and 15 years.

Acquired intangible assets are recognized separately from goodwill if they fulfill the criteria for qualifying as an asset, implying they can be separated or they are based on contractual or other legal rights and that their market value can be established in a reliable manner. Intangible assets that are recognized separately from goodwill in acquisitions of operations include customer relationships, technical know-how, trademarks, agreements, etc. Acquired intangible assets are measured at market value and amortized on a straight-line basis over their anticipated useful life. The useful life can, in certain cases, be indefinite. These intangible assets are not amortized. Instead they are subject to an impairment test at least every year or more often if there is an indication that there could have been a decrease in value. Costs for development, whereby research results or other knowledge is applied to produce new products, are recognized as an asset in the balance sheet to the extent that these products are expected to generate future financial benefits. These costs are capitalized when management deems that the product is technically and financially viable, which is usually when a product development project has reached a defined milestone in accordance with an established project model. The capitalized value includes expenses for material, direct expenses for salaries and indirect expenses that can be assigned to the asset in a reasonable and consistent manner. In other cases, development costs are expensed as they arise. Research costs are charged to earnings as they arise. Capitalized expenses are amortized on a straight-line basis from the point in time at which the asset is put into commercial operation and during the asset's estimated useful life. The amortization period is between three and 15 years.

Significant estimates and assessments

Goodwill and intangible assets with an indefinite useful life: Arjo tests goodwill and other intangible assets with an indefinite useful life for impairment annually.

The recoverable amount for cash generating units has been established through the measurement of value in use. For these calculations, certain estimates must be made (see under Impairment testing below).

SEK M	Goodwill	Brands	Capitalized development costs	Customer relation-ships	Intangible assets, other	Total
INTANGIBLE ASSETS						
Cost, Jan 1, 2021	**5,280**	**729**	**915**	**824**	**2,066**	**9,814**
Investments	0	-	135	-	113	249
Acquisitions	12	-	-	5	-	17
Sales/disposals	0	-	-	-	-9	-9
Reclassifications	-	-	18	-	-16	2
Translation differences	287	7	20	73	39	426
Accumulated cost, Dec 31, 2021	**5,578**	**736**	**1,088**	**902**	**2,193**	**10,498**
Amortization and impairment, Jan 1, 2021	**-119**	**-497**	**-565**	**-588**	**-1,211**	**-2,980**
Amortization for the year	-	-31	-42	-35	-165	-274
Impairment	-	-	-	-	-	-
Sales/disposals	0	-	-	-	9	9
Translation differences	-55	-2	-13	-55	-29	-154
Accumulated amortization and impairment, Dec 31, 2021	**-173**	**-530**	**-620**	**-678**	**-1,396**	**-3,398**
Closing carrying amount, Dec 31, 2021	**5,405**	**206**	**468**	**224**	**797**	**7,099**

SEK M	Goodwill	Brands	Capitalized development costs	Customer relation-ships	Intangible assets, other	Total
INTANGIBLE ASSETS						
Cost, Jan 1, 2020	**5,590**	**736**	**853**	**868**	**1,893**	**9,941**
Investments	-	-	80	-	216	296
Acquisitions	31	-	-	40	10	81
Sales/disposals	-	-	-	-	-6	-6
Reclassifications	-	-	1	0	2	3
Translation differences	-341	-7	-19	-85	-49	-501
Accumulated cost, Dec 31, 2020	**5,280**	**729**	**915**	**824**	**2,066**	**9,814**
Amortization and impairment, Jan 1, 2020	**-178**	**-461**	**-512**	**-613**	**-1,105**	**-2,869**
Amortization for the year	-	-38	-65	-34	-143	-281
Impairment	-	-	-	-	-3	-3
Sales/disposals	-	-	-	-	6	6
Translation differences	59	2	12	60	34	167
Accumulated amortization and impairment, Dec 31, 2020	**-119**	**-497**	**-565**	**-588**	**-1,211**	**-2,980**
Closing carrying amount, Dec 31, 2020	**5,161**	**232**	**350**	**236**	**855**	**6,834**

Impairment testing

SEK M	2021	2020
GOODWILL AND INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE		
Global Sales	2,120	2,024
North America	2,775	2,648
Other	557	531
Group, total	**5,452**	**5,203**

Arjo tests goodwill and intangible assets with an indefinite useful life for impairment for each segment, Global Sales, North America and other segments, which comprise the Group's cash generating units.

Goodwill and other net assets are tested for impairment annually and whenever conditions indicate that impairment may be necessary. The recoverable amount for the cash generating units is based on the calculated value in use.

Assumptions

The value in use of goodwill and other net assets attributable to the segments was calculated based on discounted cash flows. The same return requirements were used for both segments since they have similar risk profiles. The reasonableness of the cost of capital used was verified by comparing with external assessments. A discount rate of 8.5% (8.3) before tax was applied when calculating the value in use. Arjo bases the calculation on attained earnings, forecasts, business plans, financial forecasts and market data. Cash flow for the first three years is based on a strategic plan established by the Arjo Management Team. Future cash flow has then been assumed to have a growth rate corresponding to 2% (2). This growth rate is based on the going concern assumption and does not exceed long-term growth for the industry as a whole. Based on the assumptions given above, the value in use exceeds the carrying amount of the cash generating unit.

Sensitivity analysis

Sensitivity analyses of changes in growth rates and the discount rate, which have a significant impact on the calculation of the discounted cash flows, were performed in connection with impairment testing. The sensitivity analyses revealed that the negative changes below would not individually lead to an impairment requirement.

- Growth rate after year five decreases to 1% (1).
- Discount rate before tax increases by 1 percentage point to 9.5% (9.3).

Intangible assets

There are a limited number of intangible assets, in the form of trademarks with a carrying amount of SEK 47 M (43), for which the useful life has been assessed as indefinite. For these trademarks, there is no foreseeable limit for the time period during which the trademarks are expected to generate net revenue for Arjo. The useful life for other intangible assets is three to 15 years. For strategic acquisitions, the useful life exceeds five years.

Note 14 Tangible assets

Accounting policies

Properties, machinery, equipment and other tangible assets are recognized at cost, with deductions for accumulated depreciation and any impairment. The cost includes the purchase price and expenses directly attributable to the asset to bring the asset to the site and in the working condition for its intended use. Examples of directly attributable expenses included in the cost are delivery and handling costs, installation, legal services and consultancy services. Assets provided to the company in conjunction with the acquisition of new subsidiaries are recognized at market value on the acquisition date. Depreciation is conducted straight line. The value in the balance sheet represents the acquisition cost with deduction for accumulated depreciation and any impairment. Land is not depreciated since it is deemed to have an infinite economic life. However, the depreciation of other assets is based on the following anticipated useful lives:

Class of assets	Depreciation, number of years
Land	40 – 50
Buildings	10 – 50
Machinery	5 – 25
Equipment	10
Production tools	5
Rental equipment	5 – 10
Cars	5
Computer equipment	3

Tangible assets comprising parts with different useful lives are treated as separate components of tangible assets. Standard maintenance and repair costs are expensed during the periods in which they arise. More extensive repair and upgrading costs are capitalized and depreciated over the item's remaining anticipated useful life. Capital gains/losses are recognized under "Other operating income/expenses."

Impairment: At the end of each accounting period, the carrying amount of the assets is assessed to determine whether there is any indication that impairment is required. If there is such an indication, the asset's recoverable amount is established. The recoverable amount is deemed to be the higher of the asset's net realizable value and its value in use, for which the impairment loss is recognized as soon as the carrying amount exceeds the recoverable amount. Previously recognized impairment is reversed if the recoverable amount is deemed to have increased, although the impairment is not reversed to an amount greater than what the carrying amount would have been if no impairment had been recognized in earlier years. Recognized impairment of goodwill is not reversed.

SEK M	Buildings and land[1]	Plant and machinery	Equipment, tools, fixtures and fittings	Rental equipment[2]	Construction in progress	Total
TANGIBLE ASSETS						
Cost, Jan 1, 2021	**375**	**222**	**892**	**3,947**	**54**	**5,490**
Investments	4	1	33	397	76	511
Acquisitions	–	–	1	3	–	4
Sales/disposals	0	-1	-51	-375	-2	-429
Reclassifications	2	9	34	-6	-40	-2
Translation differences	39	16	52	266	3	376
Accumulated cost, Dec 31, 2021	**420**	**246**	**961**	**4,233**	**91**	**5,950**
Depreciation and impairment, Jan 1, 2021	**-174**	**-172**	**-720**	**-3,143**	**-**	**-4,208**
Depreciation for the year	-15	-14	-56	-270	-	-355
Impairment	-	-	-	-	-	-
Sales/disposals	0	1	47	294	-	342
Reclassifications	0	-	-4	4	-	-
Translation differences	-18	-12	-42	-202	-	-275
Accumulated amortization and impairment, Dec 31, 2021	**-207**	**-197**	**-774**	**-3,318**	**-**	**-4,496**
Closing carrying amount, Dec 31, 2021	**214**	**49**	**186**	**914**	**91**	**1,454**

[1] Of which, land amounted to SEK 11 M in 2021.
[2] These assets primarily comprise beds and mattresses.

SEK M	Buildings and land [1]	Plant and machinery	Equipment, tools, fixtures and fittings	Rental equipment [2]	Construction in progress	Total
TANGIBLE ASSETS						
Cost, Jan 1, 2020	**387**	**237**	**930**	**4,200**	**19**	**5,772**
Investments	21	10	34	374	70	509
Sales/disposals	-1	0	-35	-271	0	-307
Reclassifications	3	-1	31	-5	-30	-3
Translation differences	-34	-24	-69	-351	-4	-481
Accumulated cost, Dec 31, 2020	**375**	**222**	**892**	**3,947**	**54**	**5,490**
Depreciation and impairment, Jan 1, 2020	**-176**	**-176**	**-741**	**-3,389**	**-**	**-4,482**
Depreciation for the year	-14	-14	-64	-272	-	-364
Sales/disposals	0	0	34	245	-	279
Reclassifications	0	0	-5	4	-	-
Translation differences	16	18	56	269	-	358
Accumulated deprecation and impairment, Dec 31, 2020	**-174**	**-172**	**-720**	**-3,143**	**-**	**-4,208**
Closing carrying amount, Dec 31, 2020	**202**	**50**	**172**	**804**	**54**	**1,282**

[1] Of which, land amounted to SEK 11 M in 2020.
[2] These assets primarily comprise beds and mattresses.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

Note 15 Leases

Arjo as a lessee

Accounting policies

Leases in which Arjo is the lessee primarily comprise buildings and cars. Leases are normally signed for fixed periods of about five to ten years for buildings and about three to five years for cars.

Leases are recognized as right-of-use assets and current and non-current lease liabilities in the balance sheet on the day that the leased asset is available for use. Exemptions are made for payments for short-term leases (leases of a maximum of 12 months) and leases of a low value, and these are expensed straight-line in profit or loss. Each lease payment is distributed between depreciation of the liability and interest expenses. Interest expenses are distributed over the lease term so that each reporting period is charged with an amount that corresponds to a fixed interest rate for the liability recognized in each period. Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the term of the lease.

Assets and liabilities arising from leases are initially recognized at present value. The lease payments included are:
- fixed payments, less incentives
- variable lease payments that depend on an index or rate
- amounts expected to be payable under a residual value guarantee

Lease payments are discounted at the incremental borrowing rate, which is determined based on the current market rate for the lease term, country, currency and the Group's borrowing rate.

The right-of-use assets are measured at cost and include the following:
- the amount at which the lease liability was originally measured
- lease payments paid on or before the commencement date, after any rewards received when the lease was signed
- initial direct costs
- costs for restoring the asset to the condition prescribed in the terms of the lease

Options to extend or terminate a lease are included in a number of the Group's leases for buildings. These options can only be utilized by the lessee or by both the lessee and the lessor. The assessment of the use of options to extend or terminate a lease is reviewed if a significant event or change in circumstances arises that impacts this assessment and the change is within the lessee's control.

Significant estimates and assessments

Right-of-use assets and lease liabilities: When determining the lease term, management considers all available information that creates an economic incentive to exercise the extension option or not exercise the option to terminate a lease. The option of extending a lease is included in the term of a lease if it is reasonably certain that the lease will be extended (or not ended).

The leases that are primarily affected by this assessment are buildings. The various factors that Arjo mainly considers in its assessment of the exercise of various extension and termination options are the costs associated with terminating the lease and the significance of the asset for the operations.

Arjo deemed it reasonably certain that it will exercise the option of extending certain leases for buildings.

Amounts recognized in the balance sheet

SEK M	2021	2020
Right-of-use assets		
Buildings and land	750	743
Cars and other vehicles	334	281
Other	18	19
Total	**1,101**	**1,044**
Lease liabilities		
Current	315	285
Non-current	827	787
Total	**1,142**	**1,072**

Additional right-of-use assets in 2021 amounted to SEK 264 M (266). The cash outflow amounted to SEK 318 M (312).
For a maturity analysis of the lease liabilities with undiscounted payments, see Note 28 Financial risk management.

Amounts recognized in profit or loss

SEK M	2021	2020
Depreciation of right-of-use assets		
Buildings and land	-161	-159
Cars and other vehicles	-160	-160
Other	-6	-6
Total	**-327**	**-325**
Interest expenses attributable to leases	-30	-34
Expenses attributable to short-term leases (included in cost of goods sold, selling expenses, administrative expenses, research and development costs)	-6	-8
Expenses attributable to low-value leases that are not short-term leases (included in cost of goods sold, selling expenses and administrative expenses)	-6	-7

Arjo as a lessor

Some of Arjo's customers do not purchase Arjo's products, but lease them instead. Leases are defined in two categories, operational and financial, depending on the financial significance of the agreement. Other than the subleases described below, Arjo has only operating leases.

Arjo as a lessor, operating leases

Accounting policies

Revenue from operating leases is recognized evenly over the lease term (see Note 2 Net sales by type of revenue, Rental) Most of the revenue is variable and related to the point in time that the asset was utilized. Operating leases are recognized as non-current assets (see Note 14 Tangible assets, Rental equipment). Straight-line depreciation is applied to these assets based on the expected economic life. The estimated impairment requirement is immediately charged to profit or loss.

Maturity analysis for lease payments with undiscounted lease payments that are to be received annually from customers

SEK M	2021	2020
Due within 1 year	309	350
Due within 1 to 2 years	219	218
Due within 2 to 3 years	179	144
Due within 3 to 4 years	132	82
Due within 4 to 5 years	123	75
Due in more than 5 years	-	3
Total	**961**	**873**

Sale and leaseback and subleases

Accounting policies

Arjo signed sale and leaseback agreements with financiers whereby the asset is later sold onward to customers under a sublease agreement. The contractual terms of these two parts reflect each other. The contracts are evaluated to assess whether they meet the requirements for a sale under IFRS 15 regarding when a performance obligation is satisfied. The contracts that meet the requirements of a sale are recognized in the balance sheet as non-current and current lease receivables from customers and as non-current and current financial liabilities to financiers. Payments are divided between interest income and repayment of receivables, and interest expenses and repayment of liabilities, respectively. Sales income is recognized in profit or loss when the requirements of IFRS 15 are met.

For contracts that do not meet the requirements of a sale, the underlying asset is recognized as a non-current asset in the rental operations and income is recognized continuously over the lease term.

Contracts signed before the transition to IFRS 16 (before 2019) are recognized in accordance with the transition rule and thus were not retested as to whether the transfer of the underlying asset meets the requirements of IFRS 15 to be recognized as a sale. Sales income is recognized in profit or loss when control and the risk are passed to the customer. These contracts are recognized in the balance sheet as non-current and current lease receivables from customers, and as non-current and current lease liabilities to financiers.

Lease receivables in the balance sheet

SEK M	2021	2020
Current	24	13
Non-current	51	21
Total	**74**	**34**

Two new contracts were signed in 2021 with a total gain of SEK 26 M.

Maturity analysis for lease payments with lease payments that are to be received annually from customers

2021, SEK M	Undiscounted payments	Interest effect	Discounted payments
Due within 1 year	24	-1	24
Due within 1 to 2 years	19	-2	16
Due within 2 to 3 years	11	-1	10
Due within 3 to 4 years	10	-1	9
Due within 4 to 5 years	9	-1	9
Due in more than 5 years	8	-1	6
Total	**81**	**-7**	**74**

2020, SEK M	Undiscounted payments	Interest effect	Discounted payments
Due within 1 year	13	0	13
Due within 1 to 2 years	13	0	13
Due within 2 to 3 years	8	-1	7
Due within 3 to 4 years	1	0	1
Total	**35**	**-1**	**34**

Interest income amounted to SEK 1 M (1).

Lease liabilities in the balance sheet from sale and leaseback recognized in accordance with IFRS 16

SEK M	2021	2020
Current	12	11
Non-current	3	15
Total	**16**	**26**

Interest expenses amounted to SEK 1 M (1) and cash outflow to SEK 12 M (13).

Financial liabilities in the balance sheet from sale and leaseback recognized in accordance with IFRS 9

SEK M	2021	2020
Current	11	2
Non-current	45	5
Total	**57**	**7**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

Note 16 Participations in associated companies

Accounting policies

Associated companies are those companies in which the Group has a significant but not a controlling influence, which usually applies to shareholdings of between 20% and 50% of the votes, but could also apply to cases in which consideration is given to operational and legal agreements under which Arjo believes that is has a significant influence despite holding less than 20% of the number of votes. Holdings in associated companies are recognized according to the equity method.

This method entails that holdings in associated companies are initially recognized at cost in the Group's balance sheet. The carrying amount is subsequently increased or decreased to take into account the Group's share of the profit and other comprehensive income from its associated companies after the acquisition date. The Group's share of profit is included in the Group's profit and the Group's share of other comprehensive income is included in other comprehensive income in the Group. Dividends from associated companies are recognized as a reduction of the carrying amount of the investment.

When the Group's share of losses in an associated company is the same size or exceeds the holdings in this associated company (including all non-current receivables that in reality comprise part of the Group's net investment in this associated company), the Group does not recognize any additional losses unless the Group has undertaken commitments or made payments on behalf of the associated company.

Unrealized gains on transactions between the Group and its associated companies are eliminated to the same extent as the Group's holding in the associated company. Unrealized losses are also eliminated unless the transaction comprises an indication of impairment of the asset transferred. The accounting policies for associated companies have been adjusted if necessary to ensure that they correspond to the Group's accounting policies.

Significant estimates and assessments

Under the shareholder agreement with Bruin Biometrics LLC (BBI), Arjo has a permanent BBI Board seat and veto rights for a number of important operational and legal business matters. Accordingly, Arjo has made the assessment that it has a significant influence over BBI despite holding only 10% of the number of votes, and the holding is recognized as participations in associated companies in accordance with the equity method.

Participations in Bruin Biometrics (BBI)

Arjo owns a 10% equity stake in Bruin Biometrics (BBI), a US-based company developing solutions for diagnosing patients with an elevated risk of developing pressure injuries. The deal gives Arjo exclusive global distribution rights for BBI's portable SEM scanner, which allows early detection of pressure injury risk and thereby reduces patient suffering and healthcare costs. BBI has found itself in a start-up phase with limited sales.

Distribution rights are recognized as a separate asset and are included in other intangible assets in Note 13 Intangible assets.

Change in recognized amounts in associated companies

SEK M	2021	2020
Opening cost, associated companies	120	-
Acquisition of participations	-	135
Share of associated companies' profit for the year	-9	-
Other comprehensive income	12	-15
Carrying amount at year-end	**123**	**120**

There were no material receivables or liabilities to BBI at the end of the year.

Condensed financial information for the Arjo Group's associated companies is presented below:

SEK M	2021	2020
Condensed income statement		
Net sales	10	12
Operating loss	-92	-122
Net loss for the period	-92	-122
Other comprehensive income	0	0
Comprehensive income for the period	**-92**	**-122**
Condensed balance sheet		
Non-current assets	4	4
Current assets	36	101
Total assets	**40**	**105**
Shareholders' equity	13	82
Non-current liabilities	-	7
Current liabilities	27	16
Total shareholders' equity and liabilities	**40**	**105**

Note 17 Inventories

Accounting policies

Inventories are measured at the lower of cost, according to the first in/first out (FIFO) principle, and net realizable value. Inventories include a share of indirect costs related to this. The value of finished products includes raw materials, direct work, other direct costs and production-related expenses including depreciation. The net realizable value is calculated as the estimated sales price less estimated completion and selling expenses. An assessment of obsolescence in inventories is conducted on an ongoing basis during the year.

Significant estimates and assessments

Obsolescence reserve: Inventories are recognized at the lower of cost, according to the FIFO out principle, and net realizable value. The value of inventories is adjusted for the estimated decrease in value attributable to products no longer sold, surplus inventories, physical damage, lead times for inventories, and handling and sales overheads. If the net realizable value is lower than the cost, a valuation reserve is established for inventory obsolescence.

SEK M	2021	2020
Raw materials	495	304
Work in progress	38	16
Finished products	836	719
Total	**1,369**	**1,039**

Of the Group's inventories, SEK 1,350 (1,020) is measured at cost and SEK 19 M (19) at net realizable value. At December 31, 2021, the Group's provisions for obsolescence totaled SEK 110 M (114).

Note 18 Accounts receivable

Accounting policies

For accounting policies, see Note 29 Financial instruments.

SEK M	2021	2020
Accounts receivable before provisions	1,618	1,572
Provisions for doubtful receivables	-76	-72
Total	**1,542**	**1,500**

Accounts receivable net, after provisions for doubtful receivables, theoretically constitutes the maximum exposure for the calculated risk of losses. It is the Group's opinion that there is no significant concentration of accounts receivable to any single client.

A maturity analysis of accounts receivable is presented below:

SEK M	2021	2020
Not fallen due	1,134	1,048
Fallen due 1–5 days	79	113
Fallen due 6–30 days	98	144
Fallen due 31–60 days	135	93
Fallen due 61–90 days	58	39
Fallen due, more than 90 days	114	135
Total	**1,618**	**1,572**

At December 31, 2021, the Group's provisions for doubtful receivables totaled SEK -76 M (-72). A maturity analysis of these accounts receivable is presented below:

SEK M	2021	2020
Not fallen due	-2	-3
Fallen due 1–5 days	0	0
Fallen due 6–30 days	-1	-4
Fallen due 31–60 days	0	0
Fallen due 61–90 days	-1	-1
Fallen due, more than 90 days	-71	-63
Total	**-76**	**-72**

Recognized amounts, by currency, for the Group's accounts receivable are as follows:

SEK M	2021	2020
EUR	514	503
USD	503	551
GBP	231	216
CAD	135	114
SEK	10	7
Other currencies	225	181
Total	**1,618**	**1,572**

Changes in provisions for doubtful receivables are as follows:

SEK M	2021	2020
At beginning of the year	**-72**	**-86**
Provision for expected losses	-17	-20
Confirmed losses	8	27
Payment made for reserved receivable	10	1
Translation differences	-4	6
Amount at year-end	**-76**	**-72**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

Note 19 Prepaid expenses and accrued income

SEK M	2021	2020
Accrued income	58	54
Prepaid leasing expenses	6	8
Prepaid insurance expenses	19	18
Prepaid bank fees	28	12
Prepaid IT expenses	57	50
Other	59	78
Total	**228**	**220**

Note 20 Shareholders' equity

Specification of other reserves	Translation reserve		Hedges of net investments		Total	
SEK M	2021	2020	2021	2020	2021	2020
Opening balance	**204**	**1,007**	**-31**	**-92**	**172**	**915**
Change for the year	–	–	-22	75	-22	75
Tax attributable to items that can be restated in profit	-26	50	5	-14	-21	35
Translation difference for the year	636	-853	–	–	636	-853
Closing balance	**815**	**204**	**-49**	**-31**	**766**	**172**

Class of shares	A	B	Total
Quotient value per share	0.33	0.33	
December 31, 2020	18,217,200	254,152,373	272,369,573
December 31, 2021	**18,217,200**	**254,152,373**	**272,369,573**
Shares' voting rights in %	41.8	58.2	100

In accordance with the Articles of Association, the company's share capital amounts to not less than SEK 75 M and not more than SEK 300 M. Within these limits, the share capital can be raised or lowered without requiring an amendment to the Articles of Association. The maximum number of shares is 600 million. One series A share carries ten votes and one series B share carries one vote.

The registered share capital in Arjo AB (publ) amounted to SEK 90,789,858 on December 31, 2021, distributed over 272,369,573 shares with a quotient value of SEK 0.33 per share for both classes of shares.

Note 21 Consolidated interest-bearing net debt

The Group's interest-bearing net debt is presented in the table below. Contracted, unutilized overdraft facilities totaled SEK 6,136 M (4,092) on December 31, 2021 (of which, SEK 4,169 M (3,054) comprised back-up for the commercial paper program). There are also granted, unutilized overdraft facilities of SEK 206 M (203).

			Non-cash items		
SEK M	**Jan 1, 2021**	**Cash flows**	**Other non-cash items**	**Exchange-rate differences**	**Dec 31, 2021**
Non-current and current financial liabilities	5,068	-865	52	40	4,295
Less non-interest-bearing financial liabilities	-82	17	-	-8	-73
Non-current and current lease liabilities	1,098	-330	326	64	1,158
Provisions for pensions, interest-bearing	37	1	-6	0	32
Total interest-bearing liabilities	**6,122**	**-1,177**	**372**	**96**	**5,412**
Non-current and current financial assets	-50	30	-52	-4	-76
Pension assets	-33	2	-199	-8	-238
Cash and cash equivalents	-972	237	-	-22	-757
Total interest-bearing assets	**-1,055**	**269**	**-251**	**-34**	**-1,071**
Net interest-bearing liabilities	**5,067**	**-909**	**121**	**61**	**4,341**

			Non-cash items		
SEK M	**Jan 1, 2020**	**Cash flows**	**Other non-cash items**	**Exchange-rate differences**	**Dec 31, 2020**
Non-current and current financial liabilities	5,365	-217	34	-114	5,068
Less non-interest-bearing financial liabilities	-65	9	-33	7	-82
Non-current and current lease liabilities	1,198	-327	319	-92	1,098
Provisions for pensions, interest-bearing	140	1	-100	-4	37
Total interest-bearing liabilities	**6,638**	**-535**	**220**	**-202**	**6,122**
Non-current and current financial assets	-73	19	-	4	-50
Pension assets	-	0	-33	0	-33
Cash and cash equivalents	-662	-332	-	22	-972
Total interest-bearing assets	**-735**	**-313**	**-33**	**26**	**-1,055**
Net interest-bearing liabilities	**5,903**	**-848**	**187**	**-176**	**5,067**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

Note 22 Other provisions

Accounting policies

Provisions are recognized when Arjo has a legal or informal obligation as a result of past events and it is probable that payment will be required to fulfill the commitment and if a reliable estimation can be made of the amount to be paid. Restructuring measures, guarantee commitments and similar items are recognized in the balance sheet. Provisions are reviewed at the end of each accounting period. For information about restructuring costs, refer to Note 6 Exceptional items.

SEK M	Restructuring	Guarantees	Personnel	Other	Total
Value according to opening balance 2021	**12**	**23**	**10**	**93**	**139**
Provisions	12	12	3	25	52
Used amount	-12	-6	-1	-42	-61
Unutilized funds restored	-	-7	-	-	-7
Reclassifications	-	-	1	0	1
Translation differences	0	2	0	3	6
Value according to closing balance 2021	**13**	**23**	**13**	**79**	**128**
Of which:					
Current					57
Non-current					71
Value according to opening balance 2020	**6**	**18**	**9**	**69**	**102**
Provisions	24	11	4	40	79
Used amount	-17	-3	-2	-10	-32
Unutilized funds restored	0	-1	-	-1	-2
Reclassifications	-	-	-	0	0
Translation differences	-1	-2	-1	-5	-8
Value according to closing balance 2020	**12**	**23**	**10**	**93**	**139**
Of which:					
Current					75
Non-current					64

Expected timing of outflow:

SEK M	2021	2020
Within 1 year	57	75
Within 3 years	9	10
Within 5 years	23	18
> 5 years	39	36
Total	**128**	**139**

Note 23 Provisions for pensions and similar obligations

Accounting policies

Pension commitments: Arjo has both defined-contribution and defined-benefit pension plans, of which some have assets in special funds or similar securities. The plans are usually financed by payments from the respective Group companies and the employees. Arjo's Swedish companies are generally covered by the ITP plan, which does not require any payments from employees.

Defined-benefit plans: Pension expenses for defined-benefit plans are calculated using the Projected Unit Credit Method in a manner that distributes expenses over the employee's working life. The calculation is performed annually by independent actuaries. These commitments are measured at the present value of expected future payments, with consideration for calculated future salary increases, utilizing a discount rate corresponding to the interest rate of first-class company or government bonds with a remaining term that is almost equivalent to the actual commitments. Arjo's net liabilities for each defined-benefit plan (which is also recognized in the balance sheet), comprises the present value of the obligation less the fair value of the plan assets. If the value of the plan assets exceeds the value of the obligation, a surplus arises, which is recognized as an asset. The recognized asset value is limited to the total of costs related to services rendered during previous periods and the present value of future repayments from the plan, or reductions in future contributions to the plan. The actuarial assumptions constitute the company's best assessment of the different variables that determine the costs of providing the benefits. When actuarial assumptions are used, the actual results could differ from the estimated results, and actuarial assumptions change from one period to another. These differences are recognized as actuarial gains and losses. Actuarial gains and losses are recognized in other comprehensive income for the period in which they are incurred.

Arjo has defined-benefit pension plans in Sweden, Germany, the UK and Italy. The pension plans primarily comprise retirement pensions. Each employer normally has an obligation to pay a lifelong pension. Vesting is based on the number of years of service. The employee must be affiliated with the plan for a certain number of years to achieve full retirement pension entitlement. The pension is financed through payments from each Group company.

Costs for defined-benefit pension plans in profit or loss comprise the total costs for service during the current and earlier years, interest on commitments and the expected return on plan assets. Costs for service during the current period and previous periods are recognized as employee costs. The interest component of pension expenses is recognized under financial expenses.

Defined-contribution plans: Defined-contribution plans are plans in which the Group pays fixed fees to a separate legal entity, for example, an insurance company, and does not have any legal or informal obligation to pay additional fees. In many countries, Arjo's employees are covered by defined-contribution pension plans. The pension plans primarily include retirement pensions. Payments for defined-contribution plans are normally based on a certain portion of the employee's salary and are recognized as expenses during the period in which the employees perform the services that the fee covers.

The part of the Swedish ITP plan concerning family pension, disability pension, and employment group life insurance financed by insurance with Alecta is a defined-benefit pension multi-employer plan. For this pension scheme, according to IAS 19, a company is primarily to recognize its proportionate share of the defined-benefit pension commitment and the plan assets and expenses associated with the pension plan. The financial statements are also to include disclosures required for defined-benefit pension plans. Alecta is currently unable to provide the necessary information and therefore the above pension plans are recognized as defined-contribution plans in accordance with item 30 of IAS 19. This means that premiums paid to Alecta will also be recognized on an ongoing basis as expenses in the period to which they pertain.

Significant estimates and assessments

Pension commitments: Recognition of the expenses for defined-benefit pensions and other applicable retirement benefits is based on actuarial valuations, relying on assumptions for discount rates, future salary increases and expected inflation. In turn, the discount rate assumptions are based on rates for high-quality fixed-interest investments with durations similar to the pension plans.

Specification of net value of defined-benefit commitments

2021, SEK M	Funded pension plans	Unfunded pension plans	Total
Present value of commitments	-2,483	-32	-2,515
Fair value of plan assets	2,721	-	2,721
Net asset/liability in the balance sheet	**238**	**-32**	**206**

2020, SEK M	Funded pension plans	Unfunded pension plans	Total
Present value of commitments	-2,394	-31	-2,425
Fair value of plan assets	2,421	-	2,421
Net asset/liability in the balance sheet	**27**	**-31**	**-4**

SEK M	2021	2020
Pension commitments		
Opening balance	**-2,425**	**-2,550**
Costs for service in the current year	-2	-2
Interest expenses	-31	-48
Paid benefits	68	82
Exchange-rate differences	-226	235
Gain/(loss) attributable to changed demographic assumptions	3	92
Gain/(loss) attributable to changed financial assumptions	106	-274
Experience-based gains/(losses)	-8	39
Closing balance	**-2,515**	**-2,425**

SEK M	2021	2020
Plan assets		
Opening balance	**2,421**	**2,410**
Interest income	28	42
Administrative costs pertaining to plan assets	0	0
Fees paid by employer	3	4
Paid benefits	-67	-79
Exchange-rate differences	234	-232
Return on plan assets	102	276
Restriction in plan surpluses with regard to asset ceilings	0	0
Closing balance	**2,721**	**2,421**

The defined-benefit pension commitment and composition of plan assets

2021, SEK M	Present value of commitments	Fair value of plan assets	Net provision / net receivable pensions
Sweden	-51	63	12
Germany	-9	-	-9
UK	-2,432	2,658	226
Italy	-23	-	-23
Total	**-2,515**	**2,721**	**206**

2020, SEK M	Present value of commitments	Fair value of plan assets	Net provision / net receivable pensions
Sweden	-62	57	-5
Germany	-10	-	-10
UK	-2,331	2,364	33
Italy	-22	-	-22
Total	**-2,425**	**2,421**	**-4**

UK	2021	2020
Significant actuarial assumptions, %		
Discount rate	1.8	1.3
Expected salary increase rate[1)]	-	-
Expected inflation	2.7	2.3

[1)] The pension plan is closed which is why no expected salary increase rate is stated.

Sensitivity of defined-benefit commitments to changes in the significant assumptions, UK

2021, SEK M	Expected value of pension commitments	Changed compared with used calculation assumptions
Pension commitments according to original valuation	-2,432	
Discount rate +1 percentage point	-1,969	463
Inflation +1 percentage point	-2,749	-317

The sensitivity analyses above are based on a change in one assumption, while all other assumptions remain constant. It is unlikely that this will happen in practice, and changes in some of the assumptions may correlate. The calculation of sensitivity in the defined-benefit commitments for material actuarial assumptions uses the same method (the present value of defined-benefit commitments by applying the Projected Unit Credit Method at the end of the reporting period) as that used in the calculation of pension liabilities.

Composition of plan assets

SEK M	2021	2020
Securities	2,700	2,403
Properties	6	5
Cash and cash equivalents and similar assets	9	5
Other	6	7
Total	**2,721**	**2,421**

The weighted average term of the pension commitments is 18 years (18).

Information regarding recognition of multi-employer defined-benefit pension plans, Alecta

The commitment for retirement pensions and family pensions for salaried employees in Sweden is safeguarded through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10, this is a multi-employer defined-benefit plan. For the 2021 fiscal year, the company did not have access to such information that makes it possible to recognize this plan as a defined-benefit plan. The pension plan in accordance with ITP, which is safeguarded through insurance with Alecta, is thus recognized as a defined-contribution plan. Fees for the year for pension insurance covered by Alecta amounted to SEK 5 M (4). Alecta's surplus can be distributed to the insurers and/or the insured. At year-end 2021, Alecta's surplus in the form of the collective consolidation level was approximately 172% (148). The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance commitment calculated in accordance with Alecta's actuarial calculation assumption, which does not correspond with IAS 19.

Note 24 Accrued expenses and deferred income

SEK M	2021	2020
Salaries	424	411
Social security expenses	92	77
Commission and bonuses to customers	58	45
Consultancy fees	18	39
Freight costs	23	16
IT expenses	21	10
Deferred income	109	109
Other	277	234
Total	**1,021**	**941**

Deferred income, specification of changes for the year

SEK M	2021	2020
Opening balance	109	106
Provision for the year	229	193
Utilized amount for the year	-239	-179
Translation differences	10	-11
Closing balance	**109**	**109**

Note 25 Pledged assets and contingent liabilities

Accounting policies

Contingent liabilities are commitments not recognized as liabilities/provisions either because it is not certain that an outflow of resources will be required to regulate the commitment or because it is not possible to make a reliable estimate of the amount.

Contingent liabilities

SEK M	2021	2020
Guarantees	23	15
Total	**23**	**15**

Pledged assets

The Group has no pledged assets.

Note 26 Acquired operations

Significant estimates and assessments

Measurement of identifiable assets and liabilities in connection with acquisitions: In conjunction with acquisitions, all identifiable assets and liabilities in the acquired company are identified and measured at fair value, including the value of assets and liabilities in the previously owned share as well as the share attributable to non-controlling interests (see also Note 13 Intangible assets, accounting policies).

Acquired operations in 2021

PAC Rentals

During the second quarter of 2021, Arjo acquired the South African company PAC Rentals, which offers rentals of specialized and therapeutic mattresses. The purchase price amounts to SEK 19 M. The acquisition took place as a transfer of assets and liabilities and has been integrated into Arjo's existing operations in South Africa. The acquired operations generate sales of approximately SEK 10 M annually.

Acquired operations in 2020

AirPal

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

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

Note 27 Transactions with related parties

Companies in the Carl Bennet sphere are considered to be related parties to Arjo. In addition to normal dividends to Carl Bennet AB, Arjo had transactions only with companies in Getinge Group, which are presented in the table below. Business terms and conditions as well as market-regulated pricing apply for delivery of products and services between the companies.

Other expenses primarily refer to Group-wide services. For remuneration and benefits to senior executives and on the Board of Directors, see Note 4.

SEK M	2021	2020
Sales	31	39
Purchases of goods	-4	-3
Accounts receivable	4	1
Other current receivables	–	7
Accounts payable	0	6

Note 28 Financial risk management

Most of Arjo's operations are located outside Sweden. This situation entails that the Group is exposed to a risk of fluctuations occurring in net profit for the year, cash flow and shareholders' equity due to changes in exchange rates. In addition, the Group is exposed to interest-rate, refinancing and counterparty risks.

The primary role of Arjo Group Finance is to support business activities and to identify and in the best way manage the Group's financial risks in line with the Board's established finance policy. Arjo's financial activities are centralized to benefit from economies of scale, to ensure good internal control and to facilitate monitoring of risk.

Currency risks

Currency risks comprise exchange-rate fluctuations, which have an impact on the Group's earnings and shareholders' equity. Currency exposure occurs in connection with payments in foreign currency (transaction exposure) and when translating foreign subsidiaries' balance sheets and income statements into SEK (translation exposure).

Translation exposure – income statement

When translating the results of foreign Group companies into SEK, currency exposure occurs, which affects the Group's earnings when exchange rates fluctuate.

Translation exposure – balance sheet

Currency exposure occurs when translating net assets of foreign Group companies into SEK, which can affect the Group's other comprehensive income. Exposure is reduced by Arjo applying hedge accounting to loans in foreign currency (EUR).

The table provides information on the loans and derivatives that are used for hedge accounting of net investments in foreign operations. The Group did not recognize any ineffectiveness in profit or loss for the year.

Net investments in foreign operations	2021	2020
Amount recognized, loans	1,241	1,225
Amounts recognized in MEUR	121	122
Hedge ratio	1:1	1:1
Change in the carrying amount of the loan due to Changes in exchange rates since January 1	22	84
Change in value of the hedged item to determine effectiveness	22	84

Transaction exposure

Payment flows as a result of sales income and cost of goods sold in foreign currencies cause currency exposure that affects Group earnings in the event of exchange-rate fluctuations. The Group's payment flows in foreign currencies consist mainly of the income generated by export sales that from 2021 take place via a Swedish company with SEK as its functional currency. The most important currencies against the SEK are presented in the table below. The transaction exposure of forecasted flows is not hedged, and instead the Group hedges transactions from the period in which the receivables and liabilities arise. The Group has loans in EUR that are not used in hedge accounting. The currency risk in these loans is reduced through currency derivatives.

The table below outlines the effect on net profit for the year, translated to SEK, of currency fluctuations of ±5 percent in the most important transaction currencies. The column entitled "Balance" is the exposure at the end of the year and is almost exclusively comprised of intra-Group accounts receivable and accounts payable, intra-Group balances in the cash pool and short-term intra-Group loans. These items are eliminated in the consolidated balance sheet. There are also external items in the exposure balance in the form of loans in EUR and accounts receivable and accounts payable, although these items comprise only a very small portion. The Group purchases currency forward contracts on the final banking day of the month for the estimated transaction volumes for the next 30 days. Accordingly, the nominal values of the forward contracts on the closing date do not typically exceed the values of the exposure balances.

Sensitivity analysis, transaction exposure – 2021

Currency	Fair value	Nominal amount	Balance	Effect on net profit for the year & shareholders' equity, +/- 5% (SEK M)
AUD	1	-3	2	0
CAD	0	8	82	4
CNY	1	74	-39	1
EUR	-2	1 121	-1 084	1
GBP	12	1 239	-1 267	-1
PLN	1	207	-140	3
USD	-3	-130	109	-1
Other	0	53	-32	1
Total, SEK M	**10**	**2 569**	**-2 369**	**8**
Of which, current assets	26			
Of which, current liabilities	-16			

Sensitivity analysis, transaction exposure – 2020

Currency	Fair value	Nominal amount	Balance	Effect on net profit for the year & shareholders' equity, +/- 5% (SEK M)
AUD	0	17	-5	0
CAD	-2	19	99	4
CNY	0	42	-27	1
EUR	-5	403	-331	1
GBP	-11	763	-783	-1
PLN	-2	150	-148	3
USD	7	-123	153	1
Other	0	63	-30	1
Total, SEK M	**-13**	**1 334**	**-1 072**	**10**
Of which, current assets	19			
Of which, current liabilities	-32			

Financing risk

Credit facilities and loans

In December 2021, Arjo signed two new agreements for long-term financing. All existing credit agreements were concluded at the same time. In 2021, Arjo expanded the framework amount for its commercial paper program to SEK 5,000 M (4,000). At year-end 2021, SEK 4,169 M (3,054) had been issued. The carrying amount was SEK 4,165 M (3,049).

At the end of the period, Arjo had two revolving credit facilities denominated in EUR. One of the facilities is an agreement with a bank syndicate comprised of six Nordic and international banks. The second facility is an agreement for a non-binding credit facility with the Swedish Export Credit Corporation. Based on these agreements, Arjo believes that it has a highly diversified loan portfolio with a well-composed group of both Nordic and international lenders. Arjo's policy is that refinancing risks are managed by signing long-term committed credit agreements with a range of tenures. All loan facilities include the usual guarantees and commitments, and do not contain any restrictions on dividends. The credit facilities may mature for earlier payment in full or in part if certain events occur, including, but not limited to, non-payment of past due amounts, non-compliance with financial covenants, rounds of terminations of the Group's other financing agreements (cross default) and the insolvency of Arjo or some of Arjo's subsidiaries. The financial covenants comprise Debt Repayment Capacity (the Group's net debt as a percentage of the Group's EBITDA). Arjo meet these covenants during the fiscal year.

Based on this commercial paper program, Arjo can finance its operations in SEK and EUR for one to 12 months. The option of financing based on the commercial paper program was used to repay interest-bearing bank loans. Arjo's unutilized revolving credit facilities serve in the first instance as a back-up to the commercial paper program.

The table on the right presents Arjo's credit facilities and loans as per December 31, 2021 and 2020.

Credit facilities 2021

Type	Currency	Amount, MLC	Utilized	Due
Revolving credit facility, 5+1+1 years	EUR	300	-	2026
Revolving credit facility, 3+1+1 years	EUR	300	-	2024
Commercial paper	EUR	210	179	2022
Commercial paper	SEK	2,900	2,335	2022

Credit facilities 2020

Type	Currency	Amount, MLC	Utilized	Due
Revolving credit facility, 5 years	EUR	500	140	2022
Revolving credit facility, 3+1+1 years	EUR	50	17	2022
Revolving credit facility, 2.5 years	EUR	20	11	2022
Revolving credit facility, 2 years	EUR	30	25	2022
Commercial paper	EUR	150	111	2021
Commercial paper	SEK	2,500	1,945	2021

The table below shows the Group's contractual and undiscounted cash flows from the external financial liabilities on the closing date until the contractual date of maturity.

At December 31, 2021, SEK M	Less than 6 months	7–12 months	1-2 years	2-5 years	> 5 years	Total
Commercial paper	-3,494	-675	-	-	-	-4,169
Leases	-168	-167	-260	-427	-240	-1,262
Other financial liabilities	-42	-6	-12	-68	-7	-135
Derivative instruments, outflows	-551	-26	-	-	-	-577
Derivative instruments, inflows	3,472	12	-	-	-	3,484
Accounts payable	-614	-	-	-	-	-614
Total	**-1,397**	**-862**	**-272**	**-495**	**-247**	**-3,273**

At December 31, 2020, SEK M	Less than 6 months	7–12 months	1-2 years	2-5 years	> 5 years	Total
Bank loans	-	-	-1,930	-	-	-1,930
Commercial paper	-2,552	-502	-	-	-	-3,054
Leases	-146	-144	-229	-401	-253	-1,173
Other financial liabilities	-17	-1	-35	-37	-	-90
Derivative instruments, outflows	-739	-21	-12	-	-	-772
Derivative instruments, inflows	2,253	-	12	-	-	2,265
Accounts payable	-504	-	-	-	-	-504
Total	**-1,705**	**-668**	**-2,194**	**-438**	**-253**	**-5,258**

Interest-rate risk

Arjo is exposed to interest-rate risk, defined as the risk of changed market interest rates impacting the Group's net interest. The aim of Arjo's interest policy is to reduce the short and long-term effect of changed market interest rates on the income statement and to minimize interest expenses. Arjo has focused on minimizing interest expenses and works actively with commercial paper programs to this end. Interest-rate risk is assessed and monitored continuously during the year.

Loans under the commercial paper program have a fixed interest rate for each maturity based on the market rate on the issue date. On each issue date, Arjo can chose between using the commercial paper program or making use of the Group's financial agreements, depending on which alternative is the most advantageous. Based on Arjo's interest-bearing liabilities at December 31, 2021, a momentary change in average interest rates of ±1 percentage point for the currencies represented in the Group's interest-bearing liabilities would entail changed interest expenses of SEK ±43 M on an annual basis, which would impact net profit and equity in the amount of SEK ± 32 M.

Credit and counterparty risks

Arjo's financial transactions cause credit risks with regard to financial counterparties. Credit risks or counterparty risks constitute the risk of losses if the counterparties do not fully meet their commitments. The finance policy states that the credit risk must be limited through accepting only creditworthy counterparties and fixed limits. At December 31, 2021, the total counterparty exposure in derivative instruments was SEK 10 M (-13). Credit risks in outstanding derivatives are limited by the offset rules agreed with the respective counterparty. The Group has ISDA agreements for all of its significant counterparties for raising funds and trading in financial instruments. For the financial assets and liabilities that are subject to legally binding offset agreements or similar, each agreement between the Company and its counterparties permits the relevant financial assets and liabilities to be offset. The derivatives were recognized at gross amount in the balance sheet. The Group's liquidity is placed in bank accounts with low credit risks by distributing between several banks with high credit ratings. Arjo has a bank consortium comprising six different banks, whose credit ratings are between A1 and Aa3.

Reserve for expected credit losses

Arjo's accounts receivable are current in nature and thus the risk-assessment horizon is short. Credit risk is limited by a diverse customer base with a high credit rating since a high percentage are public customers. Many private customers also receive remuneration from publicly financed insurance reimbursement systems, which reduces the risk. The Covid-19 pandemic meant that healthcare in society was a priority area in Arjo's markets and received increased funding. Accordingly, the pandemic did not entail any significant risk of credit losses for Arjo. A collective assessment is performed of the impairment requirement for accounts receivable with low credit risk. An individual assessment is carried out for customers with impaired credit risk, for amounts see note 18 Accounts receivable.

Note 29 Financial instruments

Accounting policies

A financial asset or financial liability is recognized in the balance sheet when the company is party to the contractual conditions of the instrument. A financial asset is derecognized from the balance sheet when the contractual rights to the asset are realized, extinguished or the company loses control over them. A financial liability is derecognized from the balance sheet when the contractual obligation has been fulfilled or in some other manner extinguished. Acquisitions and sales of financial assets are recognized on the transaction date, which is the date on which the company commits to acquire or sell the assets, apart from cases in which the company acquires or sells listed securities, when liquidity-date reporting is applied.

Financial instruments are initially measured at cost corresponding to the fair value of the instrument, plus transaction costs for all financial instruments except for those that belong to the category of fair value through profit or loss, which are measured at fair value excluding transaction costs. The classification determines how the financial instruments are measured after initial recognition, as described below. The classification of financial assets that are debt instruments is determined by the business model for the portfolio in which the financial asset is included and the characteristics of the contractual cash flows. Arjo's business model for all financial assets that are debt instruments is to collect the principal and any interest on the principal. The contractual cash flows for these assets comprise solely principal and interest on the principal, which is why they are classified as financial assets measured at amortized cost. All financial liabilities are classified as amortized cost except for derivative instruments and additional purchase consideration classified as fair value through profit or loss. Financial assets are included in current assets if they are expected to be settled within 12 months of the end of the reporting period. Otherwise, they are classified as non-current assets. Further information about financial instruments can be found in Note 18 Accounts receivable and Note 28 Financial risk management.

Financial assets measured at fair value through profit or loss: Financial assets in this category comprise derivatives and participations in unlisted companies. Changes in fair value are recognized in profit or loss. Participations in unlisted companies are recognized as financial assets.

Financial assets measured at amortized cost: This category is used when the asset is included in a business model the aim of which is to collect contractual cash flows, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Assets in this category comprise non-current financial receivables, accounts receivable and other current receivables. Assets in this category are initially measured at fair value including transaction costs. After the acquisition date, they are recognized at amortized cost using the effective interest method. Accounts receivable are recognized in the amounts that are expected to be received after deductions for expected credit losses, which are assessed on a case-by-case basis. The expected term of accounts receivable is short, which is why amounts are recognized at nominal values without discounting.

Impairment of financial assets: On the closing date, the Group assesses the impairment requirement of a financial asset or a group of financial assets. These assessments are individual. All financial assets, except for those that belong to the category of financial assets measured at fair value through profit or loss, are tested for impairment. The majority of these financial assets that are subject to impairment rules (accounts receivable) are current, which is why the Group has chosen to apply the simplified approach whereby expected credit losses are recognized for the full lifetime from the date of initial recognition.

Impairment requirements for accounts receivable are determined based on past experience of customer losses on similar receivables and an assessment of forward-looking information. The assessment comprises expected credit losses over the full lifetime of the asset based on various probability-weighted scenarios. Accounts receivable for which impairment requirements have been identified are recognized at the present value of the expected future cash flows. The impairment requirement of expected credit losses for receivables for which no individual impairment requirement has been identified is assessed collectively. Impairment of accounts receivable is recognized in operating expenses. Receivables with short terms are not discounted since the effect is not material.

Financial liabilities measured at fair value through profit or loss: Financial liabilities in this category comprise derivatives and additional purchase consideration. Changes in fair value are recognized in profit or loss.

Financial liabilities measured at amortized cost: This category includes non-recurring financial liabilities, accounts payable and other current liabilities. Non-current liabilities have an expected term longer than one year while current liabilities have a term of less than one year. Items in this category are initially measured at fair value and in the subsequent periods at amortized cost using the effective interest method.

Net recognition of financial instruments: Financial assets and liabilities are offset and recognized at a net amount in the balance sheet only when the company has a legally enforceable right of offset and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Group has netting agreements for derivatives (ISDA) but does not meet the requirements for net recognition of these.

Hedge accounting: The requirements for hedge accounting include that there must be an economic relationship between the hedging instrument and the hedged item and that the economic relationship does not have a material impact on credit risk. The hedge ratio is to follow the quantity of the hedging instrument and the hedged item. Hedging documentation is also required that details the company's target and risk management strategy, the identified hedging instrument, the identified hedged item, the risk that is to be hedged and a strategy for monitoring effectiveness. Financial instruments that meet hedge-accounting requirements under the method for hedging of net investment in a foreign operation method are recognized as follows.

Hedging of currency risk in foreign net investments: Investments in foreign subsidiaries (net assets including goodwill) have been hedged to a certain extent by using currency loans as hedging instruments. Exchange-rate differences on currency loans for the period less deductions for tax effects are recognized in the statement of income. Accumulated value changes from the hedging of net investments in foreign operations are reversed from shareholders' equity to profit or loss when the foreign operation is divested in full or in part. The effect of the hedge is recognized on the same line as the hedged item.

Valuation techniques for determining fair value: The fair value of derivative instruments was calculated using the most reliable market prices available. This requires all instruments that are traded in an effective market, such as currency forward contracts, to be measured at market-to-market prices. The fair value of the additional purchase consideration was determined based on inputs that are not based on observable market information. Accordingly, the are classified at level 3 of the fair value hierarchy.

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Fair value disclosures pertaining to interest-bearing loans and other financial instruments

Arjo's long-term loans have floating interest rates and, accordingly, the fair value is assessed as corresponding to the carrying amounts. Arjo's credit risk has not changed significantly since the agreement was signed. For other financial assets and liabilities, fair value is assessed as corresponding to the carrying amount due to the short expected term.

The fair value of currency forward contracts is established using prices of currency forwards on the closing date, with the resulting value discounted to the present value. All derivatives are classified under level 2 of the fair value hierarchy.

The Group has a liability for additional purchase considerations related to the acquisition of ReNu and AirPal in the US, which is at level 3 of the fair value hierarchy. The change in the liability for the year is attributable to the payment for ReNU (SEK -17 M) and exchange-rate fluctuations. The liability for additional purchase considerations was calculated based on contractual terms in the acquisition agreements and is based on forecasted results in acquired companies.

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. A decline in value of SEK 23 M took place during the year that was charged to earnings. The table below presents the Group's financial instruments by category.

Financial instruments by category

	2021			2020		
Financial assets, SEK M	Assets measured at amortized cost	Assets at fair value through profit or loss	Total	Assets measured at amortized cost	Assets at fair value through profit or loss	Total
Derivative instruments	–	26	26	–	19	19
Other financial assets	–	117	117	–	134	134
Accounts receivables and other financial receivables	1,573	–	1,573	1,536	–	1,536
Cash and cash equivalents	757	–	757	972	–	972
Total	**2,330**	**143**	**2,473**	**2,508**	**153**	**2,661**

Financial instruments by category

	2021			2020		
Financial liabilities, SEK M	Liabilities measured at amortized cost	Liabilities at fair value through profit or loss	Total	Liabilities measured at amortized cost	Liabilities at fair value through profit or loss	Total
Borrowings	4,222	–	4,222	4,987	–	4,987
Derivative instruments	–	16	16	–	32	32
Accounts payable and other financial liabilities	614	–	614	504	–	504
Additional purchase consideration	–	73	73	–	82	82
Total	**4,836**	**89**	**4,925**	**5,491**	**114**	**5,605**

Note 30 Supplementary disclosures to the cash-flow statement

Accounting policies

Cash-flow statements are prepared in accordance with IAS 7 Statement of Cash Flows, indirect method. The cash flows of foreign Group companies are translated at average exchange rates. Changes in the Group structure, acquisitions and divestments are recognized net, excluding cash and cash equivalents, under "Acquired operations" and "Divested operations" and are included in cash flow from investing activities.

Cash and cash equivalents: The major portion of cash and cash equivalents comprises cash funds held at financial institutions, and only a minor portion comprises current liquid investments with a term from the acquisition date of less than three months, which are exposed to only an insignificant risk of value fluctuations.

Cash and cash equivalents

SEK M	2021	2020
Cash and bank balances	757	972
Total	**757**	**972**

Adjustments for items not included in cash flow

SEK M	2021	2020
Change in reserve [1]	-8	33
Income from participations in associated companies	9	-
Exchange-rate differences	-6	15
Gain from divestment/disposal of non-current assets	3	8
Total	**-2**	**56**

[1] Primarily refers to inventories and customer reserves.

Note 31 Events after the end of the fiscal year

There were no significant events after the end of the fiscal year.

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Parent Company financial statements

Parent Company income statement

SEK M	Note	2021	2020
Administrative expenses	2, 3, 4	-175	-165
Restructuring costs		-	-3
Other operating income	5	150	133
Operating profit		**-25**	**-35**
Income from participations in Group companies	6	88	115
Financial income	7	18	19
Financial expenses	8	-92	-80
Profit after financial items		**-11**	**19**
Taxes	9	-1	-5
Net profit for the year [1)]		**-13**	**15**

[1)] Also comprehensive income for the year.

Parent Company balance sheet

SEK M	Note	2021	2020
ASSETS			
Non-current assets			
Intangible assets	10	355	381
Participations in Group companies	11	5,832	5,862
Other financial assets		75	98
Deferred tax assets	9	2	2
Total non-current assets		**6,264**	**6,343**
Current assets			
Financial receivables, Group companies		2,128	1,212
Other receivables from Group companies		27	61
Other receivables		2	12
Prepaid expenses and accrued income		15	18
Cash and cash equivalents		-	-
Total current assets		**2,172**	**1,303**
TOTAL ASSETS		**8,436**	**7,646**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital		91	91
Non-restricted shareholders' equity			
Retained earnings		4,150	4,367
Net profit for the year		-13	15
Total shareholders' equity		**4,228**	**4,472**
Provisions			
Other provisions		1	1
Total provisions		**1**	**1**
Current liabilities			
Interest-bearing financial loans	12	4,165	3,049
Accounts payable		4	10
Other liabilities to Group companies		11	70
Other liabilities		0	16
Accrued expenses and deferred income	13	27	27
Total current liabilities		**4,206**	**3,172**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**8,436**	**7,646**

Changes in shareholders' equity, Parent Company

SEK M	Share capital	Retained earnings and net profit for the year	Total shareholders' equity
Opening balance at January 1, 2020	**91**	**4,544**	**4,635**
Net profit for the year	-	15	15
Dividend to shareholders	-	-177	-177
Closing balance at December 31, 2020	**91**	**4,382**	**4,472**
Opening balance at January 1, 2021	**91**	**4,382**	**4,472**
Net profit for the year	-	-13	-13
Dividend to shareholders	-	-232	-232
Closing balance at December 31, 2021	**91**	**4,138**	**4,228**

Parent Company cash-flow statement

SEK M	Note	2021	2020
Operating activities			
Operating loss		-25	-35
Add-back of amortization, depreciation and write-down		83	79
Other non-cash items		0	0
Dividend received		172	990
Interest received and similar items		18	19
Interest paid and similar items		-70	-80
Taxes paid		-2	-4
Cash flow before changes to working capital		**176**	**969**
Cash flow from changes in working capital			
Current receivables		67	3
Current liabilities		-81	82
Cash flow from operations		**162**	**1,054**
Investing activities			
Acquisition of intangible assets	10	-57	-121
Divested / Acquired subsidiaries		-	-480
Acquisitions of other companies		-	-4
Cash flow from investing activities		**-57**	**-605**
Financing activities			
Change in interest-bearing loans		1,116	-524
Change in interest-bearing receivables		-989	252
Dividend		-232	-177
Cash flow from financing activities		**-105**	**-449**
Cash flow for the year		**0**	**0**
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at year-end		**-**	**-**

Parent Company notes

Note 1 Accounting policies

The financial statements of the Parent Company were prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Reporting of Legal Entities. In accordance with the regulations stipulated in RFR 2, in the annual financial statements for a legal entity, the Parent Company is to apply all of the IFRS/IAS regulations and statements that have been endorsed by the EU where possible within the framework of the Swedish Annual Accounts Act and with consideration of the link between accounting and taxation. The recommendation specifies which exceptions and additions are to be made from IFRS/IAS. Provisions conforming to IFRS/IAS are stated in Note 1 Accounting policies, for the consolidated financial statements. The Parent Company applies the accounting policies detailed for the Group with the exception of the following:

Shares and participations

Subsidiaries are recognized in accordance with the acquisition method, implying that holdings are recognized at cost in the balance sheet less any impairment. Dividends from subsidiaries are recognized as dividend income.

Financial instruments

The Parent Company applies the exemption in RFR 2 not to apply IFRS 9, meaning that financial instruments are measured based on cost in accordance with the Swedish Annual Accounts Act.

Group contributions

Group contributions are recognized in profit or loss under income from participations in Group companies.

Note 2 Amortization and write-downs

SEK M	2021	2020
Intangible assets	-83	-80
Total	**-83**	**-80**
Amortization and write-downs by cost category		
Administrative expenses	-83	-76
Restructuring costs	-	-3
Total	**-83**	**-80**

Note 3 Fees to auditors

SEK M	2021	2020
Fee and expense reimbursement		
Auditing assignment	-3	-3
Auditing activities other than auditing assignments	-	-
Tax consultancy services	0	0
Other services	0	0
Total	**-3**	**-3**

Pertains to remuneration to Öhrlings PricewaterhouseCoopers AB.

Note 4 Employee costs

Average number of employees

Sweden	2021	2020
Men	3	2
Women	3	2
Total	**6**	**4**

Gender distribution

%	2021	2020
Women:		
Board members	29	29
Other members of senior management	60	56
Men:		
Board members	71	71
Other members of senior management	40	44

Salaries, other remuneration and social security expenses

2021, SEK 000s	Board and CEO	Other senior executives	Total
Salaries and remuneration	25,031	19,972	45,003
Social security expenses	8,140	6,867	15,007
Pension expenses	2,550	2,439	4,989

2020, SEK 000s	Board and CEO	Other senior executives	Total
Salaries and remuneration	23,236	16,462	39,698 [1]
Social security expenses	7,552	5,696	13,248 [1]
Pension expenses	2,410	2,159	4,569

[1] Comparative figures have been adjusted with the addition of variable vacation pay.

Note 5 Other operating income

SEK M	2021	2020
Sale of services to other Group companies	144	133
Currency gains	6	0
Total	**150**	**133**

Note 6 Income from participations in Group companies

SEK M	2021	2020
Dividend	172	990
Impairment	-103	-912
Group contributions	19	37
Total	**88**	**115**

Note 7 Financial income

SEK M	2021	2020
Interest income from Group companies	18	19
Total	**18**	**19**

Note 8 Financial expenses

SEK M	2021	2020
Interest expenses	-18	-19
Interest expenses Group companies	-51	-57
Currency losses	-1	-3
Impairment of financial assets	-23	-
Total	**-92**	**-80**

Note 9 Tax

SEK M	2021	2020
Current tax expense	-1	-5
Deferred tax	0	0
Total	**-1**	**-5**

Relationship between tax expenses for the year and recognized profit after financial items:		
Recognized profit after financial items	-11	19
Tax according to current tax rate	2	-4
Tax effect of non-deductible costs	-38	-208
Tax effect of non-taxable income	35	212
Other	-1	-5
Recognized tax expense	**-1**	**-5**

Deferred tax assets in the balance sheet amounted to SEK 2 M (2) and were attributable to temporary differences.

Note 10 Intangible assets

SEK M	2021	2020
Software		
Opening cost	607	486
Investments	57	121
Closing accumulated cost	**664**	**607**
Opening amortization	-226	-146
Amortization for the year	-83	-76
Impairment for the year	-	-3
Accumulated amortization and impairment	**-309**	**-226**
Closing planned residual value	**355**	**381**

Note 11 Participations in Group companies

Parent Company's holdings	Reg. office/ Country	Corporate Registration Number	No. of participa-tions 2021	No. of participa-tions 2020	Per-centage holding	Carrying amount, SEK M 2021
Arjo Belgium N.V.	Belgium	418,919,541	39,120	39,120	62	8
Arjo Danmark A/S	Denmark	26 67 05 78	2,500	2,500	100	3
Arjo Dominican Republic	Dominican Republic	131398278	3,591,999	3,591,999	100	65
Arjo Sverige AB	Eslöv, Sweden	556528-4600	1,000	1,000	100	54
Arjo France S.A.S.	France	305,219,677	578,460	578,460	100	360
Arjo Middle East FZ-LLC	United Arab Emirates	94298	1	1	100	41
Arjo Hong Kong Limited	Hong Kong	18078186-000-02-20-3	25,000	25,000	100	47
ArjoHuntleigh Healthcare India Private Limited	India	U85199MH2002PTC135700	1,905,709	1,905,709	100	-
Arjo (Ireland) Limited	Ireland	238034	33,336	33,336	100	37
Arjo Italia Spa	Italy	5503160011	1,000,000	1,000,000	100	94
Arjo Japan K.K.	Japan	2010401135243	500	500	100	0
ArjoHuntleigh Magog Inc	Canada	626505	24,126,001	24,126,001	100	575
Arjo (Suzhou) Co., Ltd	China	913205947573292624	1	1	100	241
Arjo (Suzhou) medical equipment trading Co., Ltd	China	91320594MA1UQ6DX7G	1	1	100	35
Arjo Treasury AB	Malmö, Sweden	556475-7242	2,225	2,225	100	9
Arjo IP Holding AB	Malmö, Sweden	556247-0145	3,000	3,000	100	40
Arjo México Equipos Médicos S.A. de C.V	Mexico	AME190724UM7	99	99	99	2
Arjo Nederland BV	Netherlands	69089396	18	18	100	808
Arjo Norge AS	Norway	994290177	100,000	100,000	100	1
ArjoHuntleigh Polska Sp.zo.o.	Poland	253572	100	100	100	0
Arjo Switzerland AG	Switzerland	CHE-107.306.624	100	100	100	42
Boxuan Medical Equipment Pte. Ltd.	Singapore	200508769D	5,700,000	5,700,000	100	-
Arjo Iberia S.L.U.	Spain	B67064618	3,000	3,000	100	0
Huntleigh Technology Limited	UK	1891943	85,390,762	85,390,762	100	2,356
Arjo Korea Co., Ltd	South Korea	110111-5012995	1,000	1,000	100	20
Arjo Taiwan Limited	Taiwan	83536401	0	0	100	0
Arjo Czech Republic s.r.o.	Czech Republic	46962549	1	1	100	2
Arjo Deutschland GmbH	Germany	HRB 12913	1	1	100	334
Huntleigh Healthcare GmbH	Germany	HRB 23795	2	2	100	4
Arjo Holding USA, Inc	USA	–	10,000	10,000	100	646
Arjo Austria GmbH	Austria	FN42604d	1	1	39	8
Total carrying amount						**5,832**

The table above includes all directly owned subsidiaries.

SEK M	2021	2020
Cost		
Opening cost	5,862	6,294
Investments	-	955
Shareholders' contributions	73	20
Divestments	-	-495
Impairment	-103	-912
Closing accumulated cost	**5,832**	**5,862**

The Group companies directly or indirectly owned by Arjo AB (publ) are specified below

Sweden
Arjo Sverige AB, 556528-4600, Eslöv
ArjoHuntleigh AB, 556304-2026, Malmö
Arjo Treasury AB, 556475-7242, Malmö
Arjo IP Holding AB, 556247-0145, Malmö
ArjoHuntleigh International AB
556528-1440, Malmö

Australia
Arjo Australia Pty Ltd
Arjo Hospital Equipment Pty Ltd
Joyce Healthcare Group Pty Ltd

Belgium
Arjo Belgium N.V.

Brazil
Arjo Brasil Equipamentos Médicos Ltda.

Denmark
Arjo Danmark A/S

Dominican Republic
Arjo Dominican Republic

France
Arjo France S.A.S.

United Arab Emirates
Arjo Middle East FZ-LLC

Hong Kong
Arjo Hong Kong Limited

India
ArjoHuntleigh Healthcare India Private Limited

Ireland
Arjo (Ireland) Limited

Italy
Arjo Italia Spa[1)]

Japan
Arjo Japan K.K.

Canada
ArjoHuntleigh Magog Inc
Arjo Canada Inc

China
Arjo (Suzhou) medical equipment trading Co., Ltd.
Arjo (Suzhou) Co., Ltd

Mexico
Arjo México Equipos Médicos S.A. de C.V

Netherlands
Arjo Nederland BV
Huntleigh Holdings BV

Norway
Arjo Norge AS

New Zealand
Arjo New Zealand Limited

Poland
ArjoHuntleigh Polska Sp. zo.o.

Switzerland
Arjo Switzerland AG

Singapore
Boxuan Medical Equipment Pte. Ltd.
Arjo South East Asia Pte. Ltd.

Spain
Arjo Iberia S.L.U.

UK
Huntleigh Technology Limited
1st Call Mobility Limited
ArjoHuntleigh International Limited
Arjo UK Limited
Huntleigh Diagnostics Limited
Huntleigh Healthcare Limited
Huntleigh International Holdings Limited
Huntleigh Luton Limited
Huntleigh Properties Limited
Huntleigh (SST) Limited
Pegasus Limited

South Africa
Arjo Africa Exports (Pty) Ltd
ArjoHuntleigh South Africa Pty Ltd
Huntleigh Africa Provincial Sales Pty Ltd
Huntleigh Africa Pty Ltd

South Korea
Arjo Korea Co., Ltd.

Taiwan
Arjo Taiwan Limited

Czech Republic
Arjo Czech Republic s.r.o.

Germany
Arjo Deutschland GmbH
Huntleigh Healthcare GmbH

USA
Arjo Holding USA, Inc.
Arjo, Inc.
Renu Medical, Inc.

Austria
Arjo Austria GmbH

[1)] The Parent Company guarantee was issued for the subsidiary registered in Italy and applies to all outstanding liabilities for the subsidiary on the closing date until the commitments have been met.

Note 12 Interest-bearing financial loans

SEK M	2021	2020
Commercial paper program	4,165	3,049
Total	**4,165**	**3,049**

The Parent Company established a commercial paper program with a framework amount of SEK 5,000 M (4,000). Issues totaling SEK 4,169 M (3,054) were implemented.

Note 13 Accrued expenses and deferred income

SEK M	2021	2020
Salaries	11	12
Social security expenses	11	7
Consultancy fees	2	3
Accrued IT expenses	4	4
Total	**27**	**27**

Note 14 Pledged assets and contingent liabilities

Pledged assets

The Parent Company had no pledged assets in 2021 or 2020.

Contingent liabilities, SEK M	2021	2020
Guarantees		
Guarantees for subsidiaries	102	2,110
Other	16	32
Total contingent liabilities	**118**	**2,142**

Note 15 Proposed allocation of profits

The following profits in the Parent Company are at the disposal of the Annual General Meeting:

SEK	
Retained earnings	4,150,087,878
Net profit for the year	-12,581,371
Total	**4,137,506,507**

The Board and Chief Executive Officer propose that a dividend of SEK 1.15 per share shall be distributed to shareholders	313,225,009
To be carried forward	3,824,281,498
Total	**4,137,506,507**

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Auditor's report

To the general meeting of the shareholders of Arjo AB (publ), corporate identity number 559092-8064

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Arjo AB (publ) for the year 2021 except for the corporate governance statement on pages 57-65. The annual accounts and consolidated accounts are included on pages 50-56 and 68-111 in the Annual report, which is available on the company's website.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 57-65. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the Key audit matter
Goodwill and other intangible assets with indefinite useful life represent a significant part of the balance sheet of Arjo and amount to MSEK 5,452 (MSEK 5,203) as of 31 December 2021. The Company annually performs an impairment assessment of the assets based on a calculation of the discounted cash flow for the cash generating units, in which goodwill and other intangible assets with indefinite useful life are reported, which consists mainly of the segments Global Sales and North America. This impairment test is based on a high level of judgments and assumptions regarding future cash flows. Information is provided in Note 13 as to how the Company's management has undertaken its assessments, and also provides information on important assumptions and sensitivity analyses. Key variables in the test are growth rate and discount factor (cost of capital). It is also presented that no impairment requirement has been identified based on the assumptions undertaken.	In our audit, we have evaluated the calculation model applied by management. We have reconciled and critically tested essential variables against budget and long-term plan for the Company. We have performed a retrospective review of the prior period estimate by comparing it to actual current period results. We have tested the sensitivity analysis for key variables in order to assess the risk of need for impairment. We have also assessed the correctness of the disclosures included in the financial statements.

Other Information than the annual accounts and consolidated accounts

Other information consists of a separately prepared Business Overview, which is available on the company´s website.The Business Overview includes the sustainability report and our statement regarding this report. The business overview, sustainability report and the annual accounts and consolidated accounts have been combined as one document on the company's website.

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 66-67 and 115-127. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Arjo AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for ABC AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report #[checksum] has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Arjo AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 57-65 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

Öhrlings PricewaterhouseCoopers AB, was appointed auditor of Arjo AB (publ) by the general meeting of the shareholders on the 27 April 2021 and has been the company's auditor since the 21 December 2016.

Malmö 23 March 2022
Öhrlings PricewaterhouseCoopers AB

Cecilia Andrén Dorselius
Authorized Public Accountant
Partner in charge

Vicky Johansson
Authorized Public Accountant

Multi-year overview: Group

Condensed consolidated income statement

SEK M	2021	2020	2019	2018	2017
Net sales	9,070	9,078	8,976	8,217	7,688
Cost of goods sold	-4,861	-4,952	-5,039	-4,555	-4,260
Gross profit	**4,209**	**4,126**	**3,937**	**3,662**	**3,428**
Selling expenses	-1,753	-1,796	-1,849	-1,657	-1,571
Administrative expenses	-1,222	-1,258	-1,223	-1,219	-1,135
Research and development costs	-100	-114	-139	-141	-134
Exceptional items	-39	-78	-53	-156	-324
Other operating income	17	7	8	11	29
Other operating expenses	-27	-22	-10	-7	-11
Income from participations in associated companies	-9	-	-	-	-
Operating profit (EBIT)	**1,077**	**866**	**671**	**493**	**281**
Interest income and other similar items	11	5	8	11	15
Interest expenses and other similar expenses	-98	-169	-137	-109	-117
Profit after financial items	**989**	**702**	**542**	**395**	**179**
Taxes	-247	-175	-139	-99	-61
Net profit for the year	**742**	**526**	**403**	**296**	**118**
Attributable to:					
Parent Company shareholders	742	526	403	296	118

Condensed consolidated balance sheet

SEK M	2021	2020	2019	2018	2017
Intangible assets	7,099	6,834	7,072	6,946	6,634
Tangible assets	1,454	1,282	1,292	1,153	1,134
Right-of-use assets	1,101	1,044	1,158	-	-
Participations in associated companies	123	120	-	-	-
Non-current financial receivables, interest-bearing	288	55	46	97	8
Financial assets	372	393	455	351	326
Total non-current assets	**10,437**	**9,728**	**10,023**	**8,547**	**8,102**
Inventories	1,369	1,039	1,144	1,117	1,104
Accounts receivable	1,542	1,500	2,001	1,802	1,898
Current financial receivables	25	27	27	10	-
Other current receivables	481	592	565	625	434
Cash and cash equivalents	757	972	662	961	672
Total current assets	**4,175**	**4,130**	**4,399**	**4,515**	**4,108**
Assets held for sale	-	-	-	74	-
TOTAL ASSETS	**14,612**	**13,858**	**14,422**	**13,136**	**12,210**
Shareholders' equity	6,885	5,630	5,914	5,427	5,074
Total shareholders' equity	**6,885**	**5,630**	**5,914**	**5,427**	**5,074**
Provisions for pensions, interest-bearing	32	37	140	27	61
Non-current financial liabilities	118	2,018	1,791	2,859	5,131
Non-current lease liabilities	830	802	885	41	-
Other provisions	258	158	167	225	187
Total non-current liabilities	**1,238**	**3,014**	**2,983**	**3,152**	**5,379**
Accounts payable	614	504	543	458	541
Current financial liabilities	4,177	3,051	3,575	2,761	90
Current lease liabilities	328	296	313	10	-
Other non-interest-bearing liabilities	1,371	1,363	1,095	1,284	1,126
Total current liabilities	**6,490**	**5,214**	**5,525**	**4,513**	**1,757**
Liabilities held for sale	-	-	-	44	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**14,612**	**13,858**	**14,422**	**13,136**	**12,210**

Condensed consolidated statement of cash flows

SEK M	2021	2020	2019	2018	2017
Operating activities					
Operating profit (EBIT)	1,077	866	671	493	281
Add-back of amortization, depreciation and write-down	956	973	1,004	687	715
Other non-cash items	-2	56	-54	-84	36
Expensed exceptional items[1]	38	71	53	130	250
Paid exceptional items	-38	-64	-73	-81	-63
Financial items	-89	-124	-120	-92	-102
Taxes paid	-132	-132	-193	-171	-135
Cash flow before changes to working capital	**1,810**	**1,646**	**1,287**	**882**	**982**
Changes in working capital					
Inventories	-232	-30	38	24	-103
Current receivables	135	214	-133	95	176
Current liabilities	21	438	59	-10	-483
Cash flow from operations	**1,734**	**2,267**	**1,252**	**991**	**572**
Investing activities					
Divested/Acquired operations	-19	-49	6	-144	-
Acquisitions of participations in subsidiaries	-	-135	-	-	-
Acquired financial assets	-	-4	-78	-16	-
Net investments	-675	-784	-729	-557	-652
Cash flow from investing activities	**-695**	**-972**	**-800**	**-717**	**-652**
Financing activities					
Change in interest-bearing liabilities	-1,196	-544	-672	171	5,131
Change in non-current receivables	30	8	-5	-22	-29
Dividend	-232	-177	-150	-136	-
Realized derivatives attributable to financing activities	121	-250	65	-	-
Transactions with shareholders	-	-	-	-	-5,796
Cash flow from financing activities	**-1,277**	**-963**	**-762**	**13**	**-694**
Cash flow for the year	**-237**	**332**	**-311**	**287**	**-774**
Cash and cash equivalents at the beginning of the period	972	662	961	672	1,446
Cash flow for the year	-237	332	-311	287	-774
Translation differences	22	-22	13	16	0
Reclassification to assets held for sale	-	-	-	-14	-
Cash and cash equivalents at year-end	**757**	**972**	**662**	**961**	**672**

[1] Excluding write-downs on non-current assets.

Net sales per segment

SEK M	2021	2020
Global Sales	5,211	5,180
North America	3,510	3,558
Other	350	340
Group	**9,070**	**9,078**

Key performance indicators for the Group

SEK M	2021	2020	2019	2018	2017
Sales measures					
Net sales	9,070	9,078	8,976	8,217	7,688
Net sales growth, %	-0.1%	1.1%	8.6%	6.9%	-1.5%
Organic growth in sales, %	3.5%	3.9%	3.9%	3.0%	-1.6%
Expense measures					
Selling expenses as a % of net sales	19.3%	19.8%	20.6%	20.2%	20.4%
Administrative expenses as a % of net sales	13.5%	13.9%	13.6%	14.8%	14.8%
Research and development costs gross as a % of net sales	2.4%	2.2%	2.4%	2.5%	2.7%
Earnings measures					
Operating profit (EBIT)	1,077	866	671	493	281
Adjusted operating profit (EBIT)	1,116	943	724	649	605
EBITA	1,351	1,150	963	798	596
Adjusted EBITA	1,390	1,224	1,016	930	846
EBITDA	2,033	1,838	1,675	1,180	996
EBITDA growth, %	10.6%	9.8%	42.0%	18.4%	-35.1%
Adjusted EBITDA	2,072	1,913	1,728	1,312	1,246
Earnings per share, SEK	2.72	1.93	1.48	1.09	0.43
Margin measures					
Gross margin, %	46.4%	45.5%	43.9%	44.6%	44.6%
Operating margin, %	11.9%	9.5%	7.5%	6.0%	3.7%
Adjusted operating margin, %	12.3%	10.4%	8.1%	7.9%	8.0%
EBITA margin, %	14.9%	12.7%	10.7%	9.7%	7.8%
Adjusted EBITA margin, %	15.3%	13.5%	11.3%	11.3%	11.0%
EBITDA margin, %	22.4%	20.3%	18.7%	14.4%	13.0%
Adjusted EBITDA margin, %	22.8%	21.1%	19.2%	16.0%	16.2%
Cash flow and return measures					
Return on shareholders' equity, %	11.9%	9.1%	7.1%	5.6%	1.5%
Cash conversion, %	85.3%	123.3%	74.7%	84.0%	57.4%
Operating capital, SEK M	11,236	11,408	11,082	9,946	10,317
Return on operating capital, %	9.9%	8.3%	6.5%	6.5%	5.9%
Capital structure					
Interest-bearing (+) net debt/(-) net receivables	4,341	5,067	5,903	4,630	4,602
Interest-coverage ratio, multiple	12.8x	6.5x	5.5x	6.2x	5.3x
Net debt/equity ratio, multiple	0.6x	0.9x	1.0x	0.9x	0.9x
Net debt / adjusted EBITDA, multiple	2.3x	2.9x	3.0x	3.5x	3.7x
Equity/assets ratio, %	47.1%	40.6%	41.0%	41.3%	41.6%
Equity per share, SEK	25.3	20.7	21.7	19.9	18.6
Other					
No. of shares	272,369,573	272,369,573	272,369,573	272,369,573	272,369,573
Number of employees, average	6,350	6,211	6,151	6,123	5,853

Origin of key 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. The alternative performance measures are also presented in the company's other financial statements.

Key performance measures for 2021, 2020 and 2019 include IFRS 16 amounts. Other years are excluding IFRS 16. For effects of the transition, see the 2019 Annual Report.

Sales measures

SEK M	2021	2020	2019	2018	2017
(A) Net sales preceding year	9,078	8,976	8,217	7,688	7,808
Acquired/divested net sales for the period	-	-	-11	-3	-
(B) Organic net sales for the period	315	348	320	231	-125
Effect of changes in exchange rates	-323	-246	399	301	5
Restatement of net sales in the US market	-	-	51	-	-
Net sales	9,070	9,078	8,976	8,217	7,688
(B/A) Organic growth in sales, %	*3.5%*	*3.9%*	*3.9%*	*3.0%*	*-1.6%*

Expense measures

SEK M	2021	2020	2019	2018	2017
(A) Selling expenses	1,753	1,796	1,849	1,657	1,571
(B) Administrative expenses	1,222	1,258	1,223	1,219	1,136
(C) Research and development costs, gross	220	202	212	201	204
(D) Net sales	9,070	9,078	8,976	8,217	7,688
(A/D) Selling expenses as a % of net sales	*19.3%*	*19.8%*	*20.6%*	*20.2%*	*20.4%*
(B/D) Administrative expenses as a % of net sales	*13.5%*	*13.9%*	*13.6%*	*14.8%*	*14.8%*
(C/D) Research and development costs gross as a % of net sales	*2.4%*	*2.2%*	*2.4%*	*2.4%*	*2.7%*

Earnings and margin measures

SEK M	2021	2020	2019	2018	2017
(A) Operating profit (EBIT)	1,077	866	671	493	281
Add-back of amortization and write-down of intangible assets	274	284	292	305	315
(B) EBITA	1,351	1,150	963	798	596
Add-back of depreciation and impairment of tangible assets	682	688	712	382	400
(C) EBITDA	2,033	1,838	1,675	1,180	996
Exceptional items	39	78	53	156	324
Add-back of write-down of restructuring and integration costs	–	-3	–	-24	-74
(D) Adjusted operating profit (EBIT)	1,116	943	724	649	605
(E) Adjusted EBITA	1,390	1,224	1,016	930	846
(F) Adjusted EBITDA	2,072	1,913	1,728	1,312	1,246
(G) Net sales	9,070	9,078	8,976	8,217	7,688
(A/G) Operating margin, %	*11.9%*	*9.5%*	*7.5%*	*6.0%*	*3.7%*
(B/G) EBITA margin, %	*14.9%*	*12.7%*	*10.7%*	*9.7%*	*7.8%*
(C/G) EBITDA margin, %	*22.4%*	*20.3%*	*18.7%*	*14.4%*	*13.0%*
(D/G) Adjusted operating margin, %	*12.3%*	*10.4%*	*8.1%*	*7.9%*	*8.0%*
(E/G) Adjusted EBITA margin, %	*15.3%*	*13.5%*	*11.3%*	*11.3%*	*11.0%*
(F/G) Adjusted EBITDA margin, %	*22.8%*	*21.1%*	*19.2%*	*16.0%*	*16.2%*

Capital structure

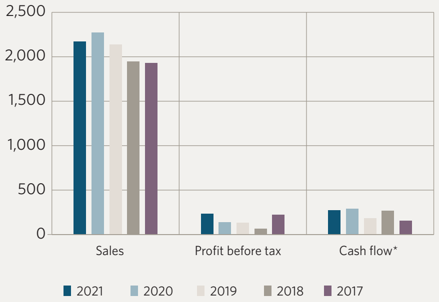
SEK M	2021	2020	2019	2018	2017
Calculation of interest-bearing net debt, net debt/equity ratio and interest-bearing net debt / Adjusted EBITDA					
Financial liabilities	4,222	4,987	5,300	5,671	5,221
Lease liabilities	1,158	1,098	1,198	0	-
Provisions for pensions, interest-bearing	32	37	140	27	61
Less financial receivables	-314	-83	-73	-107	-8
Less cash and cash equivalents	-757	-972	-662	-961	-672
(A) Interest-bearing (+) net debt/(-) net receivables	4,341	5,067	5,903	4,630	4,602
(B) Shareholders' equity	6,885	5,630	5,914	5,427	5,074
(C) Adjusted EBITDA	2,072	1,913	1,728	1,312	1,246
(A/B) Net debt/equity ratio, multiple	*0.6x*	*0.9x*	*1.0x*	*0.9x*	*0.9x*
(A/C) Interest-bearing net debt / Adjusted EBITDA, multiple	*2.3x*	*2.9x*	*3.0x*	*3.5x*	*3.7x*
Calculation of interest-coverage ratio					
Profit after financial items	989	702	542	395	179
(A) Addition of interest expenses	87	143	133	105	117
Add-back of exceptional items	39	78	53	156	324
(B) Profit after financial items plus interest expenses and add-back of exceptional items	1,115	922	728	656	620
(B/A) Interest-coverage ratio	*12.8x*	*6.5x*	*5.5x*	*6.2x*	*5.3x*

Cash flow and return measures

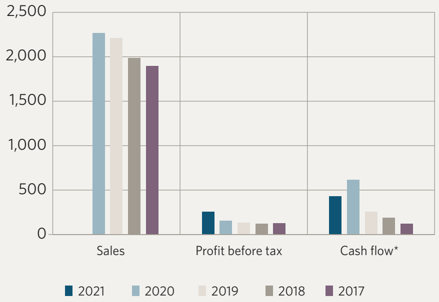
SEK M	2021	2020	2019	2018	2017
Calculation of cash conversion					
(A) Cash flow from operations	1,734	2,267	1,252	991	572
(B) EBITDA	2,033	1,838	1,675	1,180	996
(A/B) Cash conversion, %	*85.3%*	*123.3%*	*74.7%*	*84.0%*	*57.4%*
Calculation of return on shareholders' equity					
(A) Net profit for the year	742	526	403	296	118
Shareholders' equity at beginning of the period	5,630	5,914	5,427	5,074	10,658
Shareholders' equity at the end of the period	6,885	5,630	5,914	5,427	5,074
(B) Average total shareholders' equity	6,257	5,772	5,671	5,251	7,866
(A/B) Return on total shareholders' equity, %	*11.9%*	*9.1%*	*7.1%*	*5.6%*	*1.5%*
Calculation of return on operating capital					
Total assets opening balance	13,858	14,422	13,136	12,210	14,713
Total assets closing balance	14,612	13,858	14,422	13,136	12,210
Average total assets	14,235	14,140	13,779	12,673	13,462
Excluding average cash and cash equivalents	-865	-817	-812	-817	-1,058
Excluding average other provisions	-274	-223	-257	-278	-220
Excluding average other non-interest-bearing liabilities	-1,860	-1,692	-1,629	-1,632	-1,867
(A) Operating capital	11,236	11,408	11,082	9,946	10,317
Operating profit (EBIT)	1,077	866	671	493	281
Add-back of exceptional items	39	78	53	156	324
(B) EBIT after add-back of exceptional items	1,116	943	724	649	605
(B/A) Return on operating capital	*9.9%*	*8.3%*	*6.5%*	*6.5%*	*5.9%*

Quarterly performance

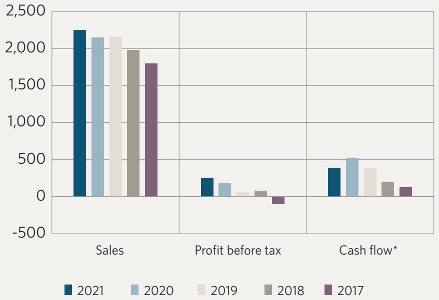
Quarter 1



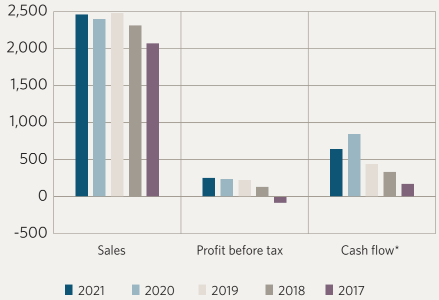
Quarter 2



Quarter 3



Quarter 4



*From operations.

The Group's 20 largest markets

	2021			2020			2019			2018			2017		
Country	SEK M	%	#	SEK M	%	#	SEK M	%	#	SEK M	%	#	SEK M	%	#
USA	2,830	31.2	1	2,931	32.3	1	2,817	31.4	1	2,390	29.2	1	2,242	29.2	1
UK	1,130	12.5	2	1,100	12.1	2	1,101	12.3	2	1,128	12.9	2	992	12.9	2
France	947	10.4	3	842	9.3	3	828	9.2	3	748	8.8	3	678	8.8	3
Canada	759	8.4	4	688	7.6	4	708	7.9	4	625	7.5	5	576	7.5	5
Germany	665	7.3	5	655	7.2	5	693	7.7	5	651	7.9	4	609	7.9	4
Australia	451	5.0	6	417	4.6	6	428	4.8	6	399	5.9	6	455	5.9	6
Netherlands	334	3.7	7	329	3.6	7	342	3.8	7	323	3.8	7	293	3.8	7
Italy	237	2.6	8	250	2.7	8	258	2.9	8	266	3.2	8	247	3.2	8
Austria	215	2.4	9	200	2.2	9	200	2.2	9	197	2.8	9	214	2.8	9
Ireland	160	1.8	10	153	1.7	11	153	1.7	11	146	1.9	11	143	1.9	11
Belgium	158	1.7	11	158	1.7	10	183	2.0	10	186	2.4	10	181	2.4	10
Switzerland	124	1.4	12	150	1.6	12	141	1.6	12	123	1.5	12	117	1.5	12
India	112	1.2	13	92	1.0	15	127	1.4	13	113	1.3	13	103	1.3	13
South Africa	107	1.2	14	125	1.4	14	92	1.0	14	98	1.1	14	84	1.1	15
Hong Kong	86	0.9	15	91	1.0	16	82	0.9	16	87	1.1	15	31	0.4	24
Spain	72	0.8	16	128	1.4	13	53	0.6	21	47	0.6	21	32	0.4	23
Sweden	71	0.8	17	79	0.9	17	85	1.0	15	75	0.9	17	78	1.0	16
Singapore	65	0.7	18	54	0.6	20	55	0.6	19	56	0.7	20	68	0.9	17
New Zealand	62	0.7	19	57	0.6	19	59	0.7	18	60	0.7	18	56	0.7	19
Japan	49	0.5	20	62	0.7	18	54	0.6	20	36	0.4	23	38	0.5	20

Quality and environmental certifications 2021

Quality and environmental certifications 2021	Global certifications	Certification of production units				
Site	ArjoHuntleigh AB	Suzhou, China	Poznan, Poland	Magog, Canada	San Cristobal, Dominican Republic	Cardiff, UK
ISO 9001	x	x	x	x	x	x
ISO 13485	x	x	x	x	x	x
MDSAP	x	x	x			x
CE (MDD)	x	x	x	x	x	x
CE (EU MDR)	x	x	x	x	x	x
UKCA (UK MDR)	x	x	x	x	x	x
ISO 14001		x	x	x	x	x

x – certified plants

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Huntleigh Diagnostics Limited
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President: Khizer Ibrahim

Huntleigh International Holdings Limited
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President: Khizer Ibrahim

Huntleigh Luton Limited
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Huntleigh Properties Limited
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Pegasus Limited
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1st Call Mobility Limited
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Huntleigh Healthcare Limited
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President: Peter Cashin

Huntleigh Technology Limited
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President: Joacim Lindoff

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Austria

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President: Torsten van Steelandt

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.

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 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.

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 terms

Blood clot
Blood clots are formed when the blood coagulates, forming a clot that can block blood vessels and make it difficult for the blood to flow.

Deep vein thrombosis (DVT)
Deep vein thrombosis is the most common form of vein thrombosis and means the 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)
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.

Mobility
The body's ability to move or actively perform a movement.

Prevention
Preventive activity/treatment.

Rehabilitation
Exercises that are designed to optimize the function and reduce obstacles, with the aim of regaining maximum function following an injury or illness.

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

Pressure injuries
Sores that occur when blood circulation in an area is reduce due to continuous pressure against the skin, which is often the result of reduced mobility.

Venous and arteriovenous leg ulcers
Ulcers on the feet and lower leg that do not heal within six weeks, caused by a lack of blood flow in the veins or in both the veins and arteries.

Venous thromboembolism (VTE)
A venous thrombosis means a blood clot in the vein system. Often occurs in deep leg veins (deep vein thrombosis).

Edema
Swelling due to accumulation of fluid in tissues.

Other terms

Science Based Targets
Science based targets to reduce the GHG emissions of a company in line with the Paris Climate Agreement.

Scope 1, 2, 3
According to the international framework to measure greenhouse gas emissions, the GHG Protocol, greenhouse gas emissions are divided into three scopes:
- Scope 1: Direct emissions (such as from company-owned vehicles and oil furnaces)
- Scope 2: Indirect emissions from grid-connected energy consumption (from purchased electricity, district heating, cooling and steam)
- Scope 3: Other indirect emissions (such as from purchased transport, goods, material and services)

Other information

Distribution policy
The printed version of Arjo AB's Annual Report is distributed only to shareholders who expressly request a copy. The Annual Report is also available in its entirety on the Group's website: www.arjo.com

Reading guide
- The Arjo Group is referred to as Arjo in the Annual Report.
- Figures in parentheses pertain to operations in 2020, unless otherwise specified.
- Swedish kronor (SEK) is used throughout.
- Millions of kronor are abbreviated SEK M.
- All figures pertain to SEK M, unless otherwise specified.
- Information provided in the Annual Report concerning markets, competition and future growth constitutes Arjo's assessment and is based mainly on a combination of material compiled externally and internally.
- 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.

Annual General Meeting
The Annual General Meeting will be held on April 22, 2022 with the option of postal voting. For further information about the AGM and registration, see Arjo's website, www.arjo.com.

Nomination Committee
Arjo's interim report for the third quarter of 2021 contained instructions for shareholders on how to proceed to submit proposals to Arjo's Nomination Committee and how to propose motions to be addressed at the Annual General Meeting.

Dividend
The Board of Directors and CEO propose a dividend for 2021 of SEK 1.15 per share (0.85), an increase of 35.3% compared with last year. The total dividend thus amounts to approximately SEK 313 M (232). The proposal is justified based on the combination of the Group's financial position and future development opportunities. The proposed dividend for 2021 is well in line with the target in Arjo's adopted dividend policy.

Financial information
Updated information on, for example, the Arjo share and corporate governance is available on Arjo's website www.arjo.com.

The Annual Report, year-end report and interim reports are published in Swedish and English and are available for download at www.arjo.com. The Annual Report can also be ordered from: Arjo AB, Att: Informationsavdelningen, Hans Michelsensgatan 10, SE-211 20 Malmö, Sweden. Tel: +46 (0) 10 335 4500.

The following information will be published for the 2022 fiscal year:

April 22, 2022:	Interim report, January-March
April 22, 2022:	Annual General Meeting
July 14, 2022	Interim report, January-June
October 28, 2022	Interim report, January-September
January 25, 2023	Year-End Report 2022
March-April 2023	2022 Annual Report


joyful
empowered
optimistic

Arjo is **Empowering Movement** in healthcare to drive healthier outcomes for people facing mobility challenges


BYSTED.SE
trust
movement
care
Arjo's journey began with entrepreneur and founder Arne Johansson in 1957. When he came to understand the burden his wife experienced in her work as a nurse, he had found his mission in life – to develope equipment that makes it safer to handle patients. The first Arjo products then saw the light of day, followed by many, many more. Today, our solutions help improve mobility in care settings around the world, and drive healthier outcomes for everyone involved.
For 65 years, we have had a close cooperation with healthcare providers, giving us an in-depth understanding of their daily challenges. Together, we strive to minimize patient challenges such as loss of muscle strength, blood clots, pressure injuries, falls, anxiety and depression as well as work-related injuries among staff. Our products and solutions for patient handling, hygiene, disinfection, diagnostics, treating leg ulcers, prevention of pressure injuries and blood clots, and our medical beds, are all designed to promote mobility, safety and dignity in all care situations.
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arjo
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