



**A mobility outcome
partner to healthcare**

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DIRECTORS' REPORT

Arjo's Annual Report is published in Swedish and English. The Swedish version is the original. The Annual Report and consolidated financial statements for the 2022 fiscal year, as reviewed and audited by the auditors, can be found on pages 2-5, 9-15, 27, 34-36, 40-61, 64-76 and 79-137. The Directors' Report is presented on pages 2-5, 9-15, 27, 34-36, 40-61, 64-76, 79 and 122-137.

OTHER EXTERNAL AUDIT

The auditor has submitted an opinion regarding the statutory sustainability report in accordance with RevR 12. The sustainability report is presented on pages 40-57 and 122-137. The auditor examined the corporate governance statement, pages 67-76, in accordance with FAR's auditing standard RevU 16. The auditor's examination of the corporate governance statement.

1. For a detailed table of contents for the Group, see page 66.





A sustainable healthcare – the core of our business

Research shows that there is a clear connection between mobility and people's physical and mental well-being. We have seen how increased patient mobility can quickly improve both clinical and financial outcomes. As leading specialists in the field, our role is to make more high-quality care available to more people, and thereby contribute to a sustainable healthcare.



Arjo in brief



Founded by Arne Johansson in Eslöv in 1957



Approximately 6,800 employees



Sells solutions and products in more than 100 countries

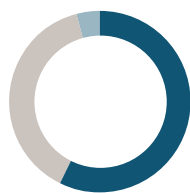


Contributes to sustainable healthcare



Net sales of about SEK 10 billion in 2022

SALES



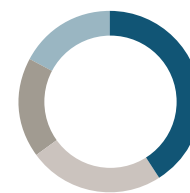
BY SEGMENT

- Global Sales, 58%
- North America, 39%
- Other, 4%



BY CUSTOMER CATEGORY

- Acute care, 70%
- Long-term care, 30%



BY SERVICE TYPE

- Capital goods, 41%
- Rental, 24%
- Service, 18%
- Consumables, 17%

KEY PERFORMANCE MEASURES

	2022	2021
Net sales, SEK M	9,979	9,070
Organic growth in sales, %	-0.2	3.5
EBITDA, SEK M	1,767	2,033
EBITDA growth, %	-13.1	10.6
Adjusted EBITDA, SEK M ¹⁾	1,841	2,072
Adjusted EBITDA margin, % ¹⁾	18.4	22.8
Operating profit (EBIT), SEK M	691	1,077
Cash conversion, %	51.8	85.3
Net debt/adjusted EBITDA ¹⁾	2.5x	2.3x
Equity/assets ratio, %	47.2	47.1
Net profit for the period, SEK M	447	742
Earnings per share, SEK ²⁾	1.64	2.72
Number of shares, thousands	272,370	272,370
Dividend per share, SEK ³⁾	0.85	1.15

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

GLOBAL PRESENCE



Arjo has five product development and production units worldwide. The head office, including a central R&D function, is located in Malmö, Sweden (see map).

The Group has sales and service operations represented in more than 100 countries. Approximately 97% of Arjo's sales are conducted through its own sales companies and the remaining 3% through distributors.

Arjo's largest markets are:

- US (30.0% of sales)
- UK (12.3%)
- France (10.5%)
- Canada (9.5%)
- Germany (7.3%)



Experts in improving mobility in care settings

As leading specialists in the field, Arjo helps healthcare providers to create the conditions to retain and improve patient mobility, aided by the right care setting, equipment and work methods throughout the care process.

Empowering movement among patients is the key to many positive effects, such as quicker recovery, preventing complications and greater independence and quality of life. The right solutions for improving patient mobility also reduce the risk of work-related injuries among caregivers and increase resource efficiency for healthcare.

This is Arjo MOVE[®] – Arjo’s outcome-based programs

- 1 Together with the customer, Arjo analyzes every care unit's unique requirements.
- 2 Arjo develops customized solutions that, besides the equipment itself, also safeguard the care skills and work processes.
- 3 Working together with the customer, Arjo changes care practices and measures and monitors key performance indicators.
- 4 The program guarantees improved clinical and financial outcomes leading to increased resource efficiency for healthcare.

Current programs encompasses two areas:



Caregiver injury reduction



Pressure injury prevention

Product offering

Arjo offers a broad range of products designed to promote mobility, safety and dignity in all care situations.



Patient handling

A broad range of patient handling solutions, such as ceiling lifts, standing and raising aids and slings, for safe, comfortable and dignified repositioning.



Pressure injury prevention

Solutions for preventing and treating pressure injuries, such as therapeutic surfaces and equipment for early identification of pressure injury risk.



Leg ulcer treatment and prevention

A system of pump and thigh garments for effective treatment of venous and arteriovenous leg ulcers.



Medical beds

A wide range of medical beds that offer enhanced ergonomics, comfort and safety.



VTE prevention

Compression therapy pumps and garments for efficient prevention of blood clots/deep vein thrombosis (VTE/DVT) and treating edema.



Hygiene

Bathing and showering systems for safe and efficient hygiene routines as well as a calming experience for patients.



Diagnostics

Patient and fetus monitors, as well as ultrasound equipment and doppler equipment for obstetric and cardiac diagnostics.



Service

Service for capital goods as well as services and solutions including consultation during purchase and education.



Disinfection

Flusher- and washer disinfectors and related consumables for cleaning and disinfection.



Rental

Arjo's rental solutions ensure that customers have access to the right equipment at the right time and offer a flexible solution to meet changing care needs.



Albert



Barbara



Carl



Doris



Emma

The importance of individualized care

Every patient is different and therefore needs different solutions to provide the right support in all care situations throughout the day. By dividing typical patients into five groups based on level of physical mobility and independence, Arjo's Mobility Gallery[®] helps healthcare staff to assess the needs of their facility and provide the right care to the right patient. The model has been developed for several different care settings, such as elderly care, acute care, bariatric care and care for people with special needs.

A partner for more sustainable healthcare

The past year was in many aspects dominated by global challenges. With a healthcare system still recovering from the pandemic, the need for care remained high while resources continued to be under pressure. This means that improving resource efficiency in healthcare is now more important than ever before. With our long-term strategy, we are leading the way toward better and more sustainable healthcare – for patients, caregivers and society as a whole.

Now that the critical phase of the pandemic is behind us, the global healthcare system is faced with new challenges. The combination of a significant backlog in healthcare, a shortage of care staff and an uncertain economic situation for care providers is presenting challenges for many healthcare systems around the world. At the same time, pressure is mounting on healthcare providers to deliver more high-quality care to more people in order to tackle an aging population with more lifestyle-related complications. This is where Arjo can play a key role as a partner to healthcare.

Solid growth in several major markets

Demand for the Group's products and solutions was generally favorable during the year, and we are continuing to generate stable profitable growth in major markets such as Canada, France, Germany, the UK and Australia. In parallel, initiatives in new markets with growth potential, such as Japan, are continuing to yield positive results.

The single biggest reason for the weaker growth for the Group as a whole was the lower critical care rental volumes in the US – a profitable business that performed on record-high levels during the pandemic. In addition, the extensive shortage of care staff and an uncertain economic situation for healthcare providers in the US resulted in a slowdown in investments in capital

goods in the second half of the year. Due to the strained situation, customers were not able to prioritize long-term operational improvements to the same extent as previously, despite the clear clinical and financial benefits of such efforts.

Activities to strengthen long-term profitability

Global challenges in the supply chain continued in 2022 and were further aggravated by the war in Ukraine. Significant cost pressure arose during the year due to high material and transportation costs as well as rising inflation. To limit the negative effects, significant efforts were put into gradual price adjustments, while remaining in close dialogue with customers. Although, in our experience, customers are generally understanding about the situation, it takes time to implement price adjustments in our industry since it largely involves long-term contracts. This meant that several of the negotiations that were initiated at the start of the year did not have an effect until the fourth quarter.

We also continued to implement long-term efficiency improvements in the operations. We began a restructuring of critical care rental solutions in the US, and also initiated an extensive reorganization of our US sales and service operations aimed at enabling efficient implementation of our strategic plans and better meeting our customers' needs in this important market.



"The pressure on health-care providers to deliver more care to more people is increasing – and this is where Arjo plays a key role as a partner to healthcare."

Meeting demand and ensuring continuity in production and customer deliveries were priority areas in 2022, although this resulted in a build-up of the Group's inventory levels. Important steps were taken at the end of the year to reduce these levels, and as the global supply chain continues to stabilize, we see opportunities for further improvements moving forward, which is also expected to have a positive impact on cash flow onwards.

Widespread interest in solutions for healthcare efficiency

Despite the short-term challenges in the world, global healthcare needs are continuing to rise and customers are continuing to show considerable interest in solutions and technology that can improve both clinical and financial outcomes.

We continued the roll out of our outcome-based programs during the year. Digital solutions are becoming increasingly important for early identification of patients with higher risk of developing pressure injuries. Early identification means that the right equipment and treatment can be administered to prevent these painful complications that also cost the healthcare sector significant sums of money each year. Another important area is reducing work-related injuries among caregivers – a widespread problem that is even more important to solve given the acute shortage of healthcare staff we are seeing today. In helping

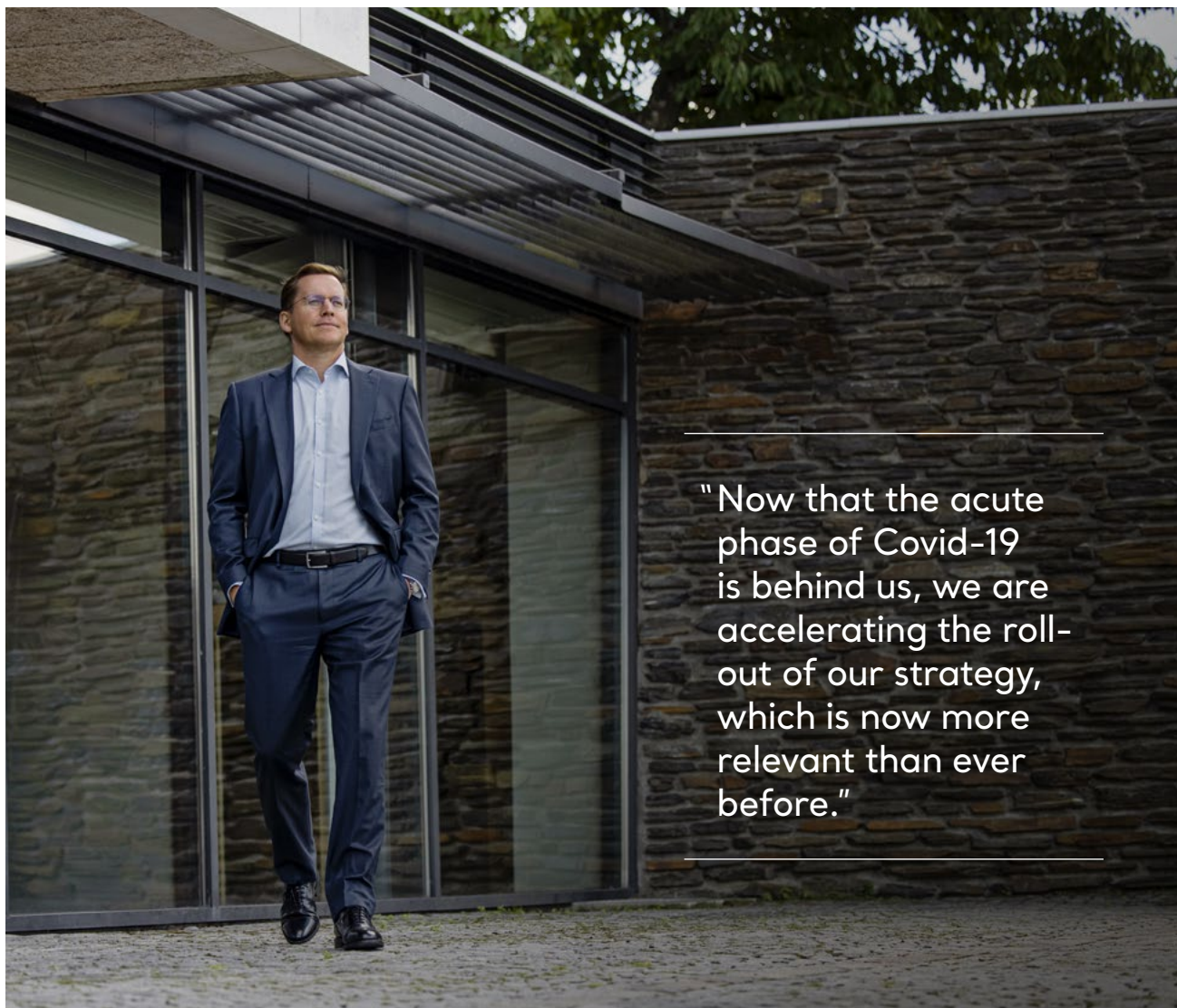
healthcare increase preventive measures, we see significant potential for both improved clinical outcomes and more efficient use of healthcare resources in the future.

We are also making further investments to strengthen our underlying business, which is continuing to perform well, and in line with our strategy we are continuing to pursue profitable growth in the more long-term rental operations. The service business is also continuing to perform well, with a healthy future outlook.

Our contribution to sustainable healthcare

Sustainable healthcare is, in many ways, the core of our operations by offering better care to more people using fewer resources. As part of our sustainability framework, we are working to reduce emissions and the use of resources while ensuring responsible business and developing our employees for the future.

Several important steps were taken in our work on introducing Science Based Targets during the year, and we are working continuously to analyze and reduce our environmental impact. All of our production units are now operated using renewable electricity, and we carried out life cycle analyses of a number of products to ensure as high degree of circularity as possible.



"Now that the acute phase of Covid-19 is behind us, we are accelerating the roll-out of our strategy, which is now more relevant than ever before."

Our organization is deeply committed to sustainability and we are continuing our efforts to reduce our own environmental impact at the same time as we support the sustainability agenda of our customers.

Positive outlook for continuing growth in years ahead

In conclusion, we expect healthy growth in the years ahead, driven by both the current business offering and several new product launches.

We have entered 2023 with an intense focus on continuing to improve our profitability in the short term. Now that the acute phase of Covid-19 is behind us, we are accelerating the roll-out of our strategy, which is now more relevant than ever before.

Together with a strong and motivated organization, I am looking forward to continuing to build a profitable and sustainable Arjo for the long term.

Joacim Lindoff
President & CEO

Factors driving growth and profitability in the years ahead:

- Implement price adjustments to compensate for higher cost pressure
- Higher sales of outcome-based solutions and continued roll-out of programs for reducing work-related injuries and preventing pressure injuries
- Launch of new products
- Higher sales of rental solutions and service
- Continuing focus on acquisitions and partnerships

Arjo's targets





Arjo's targets serve as a tool for governing the long-term development of the company and generating value for all stakeholders. These targets encompass sales, profitability, capital efficiency, shareholder dividend, and a number of sustainability related areas.

Financial targets 2023–2025





At Arjo's Capital Markets Day in October, updated financial targets for 2023-2025 were presented. Average annual organic sales growth of 3–5 percent stands firm, and is expected to be driven by high demand, increased sales volumes in rental and service, and the launch of a number of new products. The profit-

ability target of an adjusted EBITDA margin of approximately 23 percent remains unchanged and has been slightly delayed due to high cost pressure in materials, transportation, energy and inflation. The former targets of annual cash conversion of more than 80 percent and a dividend corresponding to 30–60 percent of net profit after tax remain in place.

FINANCIAL TARGETS FOR 2020–2022

	TARGET	OUTCOME 2022
 Sales growth	3–5% Average annual organic sales growth of 3–5 percent.	-0.2% Organic net sales declined slightly during the year, mainly due to lower critical care rental volumes in the US. Adjusted for this, sales increased about 3 percent.
 EBITDA margin	~23% Adjusted EBITDA margin of approximately 23 percent from full-year 2023.	18.4% The adjusted EBITDA margin was impacted by an unfavorable product mix and significantly higher material and logistics costs.
 Cash conversion	>80% Annual cash conversion of more than 80 percent.	51.8% Cash conversion was held back by a higher inventory build-up.
 Dividend	30–60% The Group's dividend is to correspond to 30–60 percent of net profit after tax.	52% Arjo's Board of Directors and CEO propose a dividend for 2022 of SEK 0.85 per share, which is well in line with the Group's target.

SELECTED SUSTAINABILITY TARGETS

	TARGET BY 2030	OUTCOME 2022
 Carbon emissions	-50% Cut carbon emissions in half by 2030, with 2019 as the base year.	-18% Arjo has reduced its emissions by a total of 18 percent since 2019. The main contributing factors are lower emissions from the fleet of vehicles and the transition to renewable energy. Read more on page 124.
 Gender equality	40–60% The underrepresented gender is not to fall below 40 percent of senior positions.	34% The total percentage of female managers in senior positions was 34 percent. The Group's management team has an even gender distribution, comprising 50 percent women and 50 percent men. Read more on page 131.
 Circularity	80% The percentage of waste that can be recycled is to be 80 percent by 2030, with 2021 as the base year.	61% The percentage of waste that can be recycled was 61 percent, due to a higher number of local initiatives worldwide. Read more on page 126.
 Code of Conduct	97% 97 percent of the Group's purchases of direct materials are to be made from suppliers who have signed Arjo's Code of Conduct for suppliers and other business partners.	91% The percentage of suppliers who have signed the Code of Conduct was 91 percent. During the year, yet another Group unit was included in the calculation of outcome for 2022. Read more on page 129.

Arjo's segments

North America

Arjo's North America segment comprises the US and Canada.

Market development in 2022

Sales growth declined in North America in 2022, driven by challenging comparative figures in the US. The decline was mainly attributable to lower critical care rental volumes in the US - a category that performed very strongly during the pandemic.

A significant slowdown in capital equipment sales, particularly patient handling equipment, was also noted in the US in the second half of 2022. The main driver behind this development was the extensive shortage of healthcare professionals and an uncertain economic situation for healthcare providers that led to a shift in focus from long-term improvements to solving more immediate challenges.

Despite challenges in the US during the year, large parts of the underlying business continued to perform well. A particularly favourable trend was noted in the more long-term rental operations in which Arjo won several major contracts during the year.

Canada, which is Arjo's fourth largest market, continued its strong trend with yet another year of healthy growth.

Focus and priorities for 2023

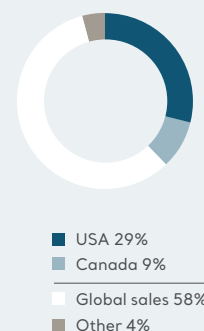
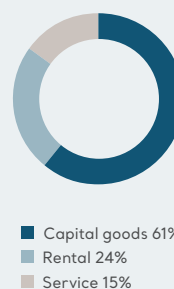
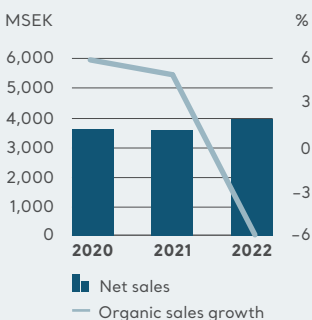
In 2023, major focus will be directed to continuing to roll out the outcome-based programs and solutions. A comprehensive restructuring of the US sales and service organization took place in early 2023 to better meet customer needs and enable more effective implementation of the strategy. A key component of these efforts is to further strengthen the organization's clinical capacity.

"Canada delivered yet another year of strong, profitable growth in 2022. Despite challenges in the US, a portion of the underlying business continues to perform well, specifically the long term rental segment."



ANNE SIGOUIN,
PRESIDENT
SALES & SERVICE
NORTH AMERICA

NORTH AMERICA 2022



Global Sales

Arjo's Global Sales segment comprises all markets outside North America and includes Europe, Asia, South America, Africa and Pacific.

Market development in 2022

Sales growth was favorable in most major markets in Global Sales in 2022. Rental and service performed particularly well in Europe, where the service business benefitted from access to hospitals and long-term care facilities reopening after the pandemic, whereas the rental operations continued to perform positively due to long-term strategic efforts.

The shortage of healthcare professionals was a challenge for healthcare providers in many Western European markets during the year, which meant that the capacity for hospitals to make more long-term decisions declined. For Arjo this meant that conversations with customers focused more on supporting continuity in operations, while some discussions on long-term improvements were postponed.

The situation was better for markets in the Rest of the World, such as the Middle East, Japan, China, Australia and Latin America, which resulted in improved sales and an increased footprint in these markets for Arjo.

Focus and priorities for 2023

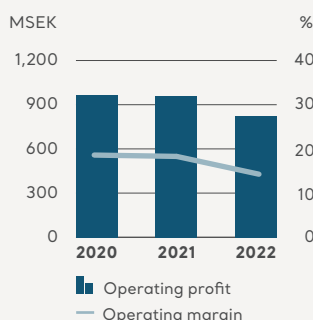
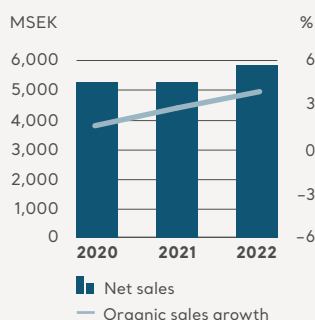
In 2023, major focus will be directed to continuing to implement the strategy. Work is in progress in the UK and Germany, and preparations are being made in more markets in Global Sales. A key part of this work is the continuing roll-out of Arjo's outcome-based programs for pressure injury prevention, which centers on the Provizio® SEM Scanner, and for preventing work-related injuries among caregivers.

"Global Sales performed well in 2022 and grew organically by 4% despite external challenges. We have captured market shares in key markets in Europe and increased our footprint in the rest of the world."



CHRISTIAN STENTOFT,
PRESIDENT GLOBAL
SALES & SERVICE

GLOBAL SALES 2022



■ Capital goods 54%
■ Rental 26%
■ Service 20%



■ United Kingdom 11% ■ Remaining Global Sales 24%
■ France 10% ■ North America 38%
■ Germany 7% ■ Australia 5%
■ Other 4%

Prioritizing customer deliveries in a turbulent year

Despite 2022 being dominated by various challenges, such as shortage of electronic components, rising prices for materials, transportation and fuel, and the geopolitical uncertainty caused by the war in Ukraine, Arjo succeeded in maintaining a high level of delivery reliability during the year, making more than 1,000 deliveries to customers every day.

With direct materials purchases in about 50 countries, production at five sites over three continents and customers in more than 100 countries, Arjo's value chain is complex. Every day, more than 1,000 deliveries of the Group's products and solutions are on their way to hospitals and care facilities around the world. Given the many challenges in the supply chain during the year, extraordinary efforts were required from both Arjo's employees and the Group's many suppliers and partners.

Consistently high delivery reliability

Arjo ensured access to materials and components by working closely with its suppliers, and in parallel optimized the Group's manufacturing capacity to maintain production continuity. Arjo succeeded in ensuring very high reliability in its deliveries to customers by enhancing the efficiency of transport flows and implementing new solutions to secure high quality in deliveries to customers.

"The global challenges that dominated 2022 required intense efforts throughout the supply chain to ensure that we provide the best possible support to our customers in healthcare. The organization performed fantastically during the year, which meant that we could maintain very high delivery reliability to customers. These efforts also provided valuable insights that we will apply to further improvements going forward."



JONAS CEDERHAGE,
EVP SUPPLY CHAIN
& OPERATIONS

"All parts of the organization have done their part to enable close collaboration and constant dialogue, resulting in the right assessments and priorities being made. There is an incredible commitment to do our utmost in meeting the needs of our customers in the best possible way."

KRISTINA AXELSSON, DIRECTOR, PMO AND PLANNING

*dedication
team work
results*

Key events 2022



JANUARY

Arjo launches a new mattress system for pressure injury prevention

AtmosAir Velaris® is a new pressure mattress system for preventing and treating pressure injuries. The solution combines patient comfort with the option of changing therapies, without needing to move the patient to a different mattress. The changing needs of patients can be met quickly, easily and safely, thus resulting in better clinical outcomes and fewer work-related injuries for caregivers.

MARCH

Arjo donates medical beds to Polish field hospitals close to the Ukrainian border

To support the humanitarian crisis caused by Russia's invasion of Ukraine, Arjo donated 100 medical beds and mattresses as well as monitors and other equipment to field hospitals close to the Polish-Ukrainian border.



MAY

Renewable electricity at Arjo's production facilities

Three more Arjo production facilities have started using renewable electricity, meaning that all of the Group's production facilities now use renewable electricity in their production.

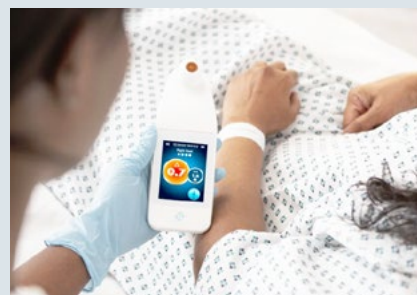
JUNE

Sustainability link added to existing credit facility

Arjo added a sustainability link to an existing EUR 600 M revolving credit facility linked to the Arjo Sustainability Framework 2030. The interest rate margins are connected to KPIs for reducing emissions, balanced gender representation in senior positions, and continuing to raise the share of total direct purchases from suppliers that have signed Arjo's customized Code of Conduct.

Rental contract position with US HealthTrust

As one of four suppliers Arjo was awarded a rental contract with HealthTrust, one of the leading group purchasing organizations (GPOs) in the US. The contract covers medical beds, surfaces, and equipment rental. The total value of the contract is approximately SEK 600 M per year.



SEM technology¹⁾ included in national healthcare guidelines in Poland

SEM scanning was recommended in standard care protocols under Poland's new national guidelines for pressure injury prevention. The Provizio® SEM Scanner was also included in one of the most prominent academic textbooks on internal medicine in Poland.

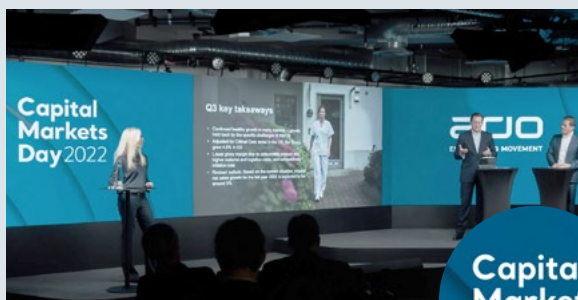


1. Sub-epidermal moisture technology = measuring moisture levels under the skin for early identification of the risk of pressure injuries.

AUGUST

Prestigious framework agreement for Provizio® SEM Scanner in the UK

Arjo signed a framework agreement under the "Drug Tariff," the NHS reimbursement scheme in the UK. The agreement is valid in England, Wales and Scotland and sets strict requirements for clinical and financial evidence. The SEM Scanner's Single-Use-Sensor is the first - and to date only - product in the category of preventive diagnostics that is included in the framework agreement.



OCTOBER

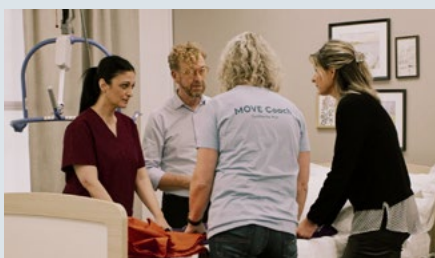
Capital Markets Day with updated financial targets

Arjo held a Capital Markets Day in connection with the publication of the interim report for the third quarter and presented an update on the Group's strategy and updated financial targets for 2023-2025.

SEPTEMBER

Insurance company in Germany partly finances Arjo MOVE®

German health insurance company AOK PLUS decided to part-finance the Arjo MOVE Coach training program at six care facilities to promote health in the workplace. The deciding factor was the program's holistic approach, involving analysis and evaluation, planning and implementation, and ongoing support to maintain a culture of improvement.



Arjo's pressure injury prevention solution exhibited at EPUAP

Arjo generated widespread attention for the Group's pressure injury prevention solutions at the European Pressure Ulcer Advisory Panel (EPUAP) in Prague, Czech Republic, with three posters displayed and SEM technology¹⁾ highlighted numerous times by official speakers.

A mobility outcome partner to healthcare

Over the years, Arjo has built up extensive expertise and developed market-leading solutions that contribute to increased safety and quality of life for patients, improved work environment for healthcare staff and better resource efficiency for healthcare providers. With the healthcare sector facing significant challenges, Arjo is well-positioned to contribute to long-term sustainable care.



Growing care needs

Higher value creation

Improved mobility

Sharp increase in care needs

With a growing and aging population and more people living with lifestyle-related illnesses, the world is facing rising care needs. At the same time, resources remain pressured, meaning that healthcare must find ways to become more efficient.

READ MORE ON PAGE 18

Improved mobility for healthier outcomes

Hospital-acquired conditions are often caused by insufficient patient mobility, and thus can be prevented. This creates room for giving higher quality care to more people with better resource efficiency.

READ MORE ON PAGE 20

A strategy for increased value creation in healthcare

Arjo offers extensive knowledge and market-leading solutions to improve patient mobility in healthcare, and is well-positioned to help solve some of healthcare's biggest challenges.

READ MORE ON PAGE 26

Growing care
needs

The world is facing rapidly growing care needs

A number of global megatrends are driving increasing care needs. Demographic changes such as a growing and aging population, more lifestyle-related complications and a higher number of people living with a combination of different health conditions are some of these trends.

Global trends impacting Arjo

10mn

The World Health Organization (WHO) estimates a projected shortfall of ten million health workers by 2030.



A growing and aging population

By 2030, one in six people in the world will be 60 years old or older, and the number of people over the age of 80 is expected to triple between 2020 and 2050. The world is facing major challenges in ensuring that the health and medical care services can handle this demographic shift.

Source: WHO



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 home care.



Shortage of healthcare professionals

Healthcare systems are experiencing rising staff shortages, mainly due to an aging workforce and the profession's decreasing attractiveness.



More patients with multiple illnesses

As more people live longer, they are more often affected with a combination of illnesses and health problems at the same time, requiring increasingly more care resources.



More digital solutions

Healthcare is making greater use of digital tools and platforms, leading to changing prerequisites and behaviors.



Higher rate of obesity

Obesity is a growing problem worldwide, often leading to complications. This also requires care givers to be able to provide safe and dignified care for these patients.



Greater focus on sustainability

Higher expectations are being placed on healthcare, suppliers and partners to actively contribute to sustainable development so that the world can meet established sustainability targets.

Improved
mobility

Improved mobility in healthcare – a benefit to the entire society

Arjo's solutions create opportunities for improved patient mobility throughout the care process, which helps to prevent complications, shorten the 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.

Important effects of patient mobility

- Stimulates blood circulation, the function of 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
- Improves quality of life and well-being

Early mobilization of patients receiving hospital care **shortens length of stay by an average of three days.**¹⁾

1. Schaller et al., 2016

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 costs for healthcare providers. These complications are 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 combined²⁾

2. Cohen AT et al., 2007

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%

50–60% of all global healthcare professionals are affected by muscular skeletal disorders⁴⁾

4. American Nurses Association. Health and Safety Survey, 2011

Improving resource efficiency and reducing 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.



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

Aiding the return to mobility

Reduced mobility due to illness or injury accelerates muscular dystrophy, which can lead to a strenuous and prolonged recovery. Arjo's 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 immobility³⁾

3. 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

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-centered care that improves clinical outcomes and reduces the risk of complications.

>60%

Dementia is a condition affecting more than 60% of long-term care residents⁵⁾

5. Alzheimer's Disease International, 2015



Improved
mobility



determination
persistence
faith

"After experiencing a period of immobility, I greatly appreciate the power of being able to move."

During a shift, flight nurse Teresa Switzer fell out of the helicopter as she was loading a patient. She was taken to the emergency room with broken ribs, spinal fractures and nerve damage in one of her legs. The doctors said she would never work again, but that was not an option for Teresa.

"Suddenly being an immobile patient was difficult. I had to spend most of my time in bed to begin with, which resulted in a pressure injury. I truly realized how important it is to get help to move your body as early and as much as possible so that you do not develop unnecessary complications that delay your recovery."

Deeply motivated to regain full mobility, Teresa asked her physiotherapist to constantly push her that little bit further. After months of tough rehabilitation she was up in the air again. Today, Teresa is part of Arjo's clinical team that develops programs for pressure injury prevention.

"It is said that movement is life, and I know just how true that is. When I understood how Arjo's solutions help people in my situation – both patients and caregivers – it felt like Arjo was the perfect place for me."



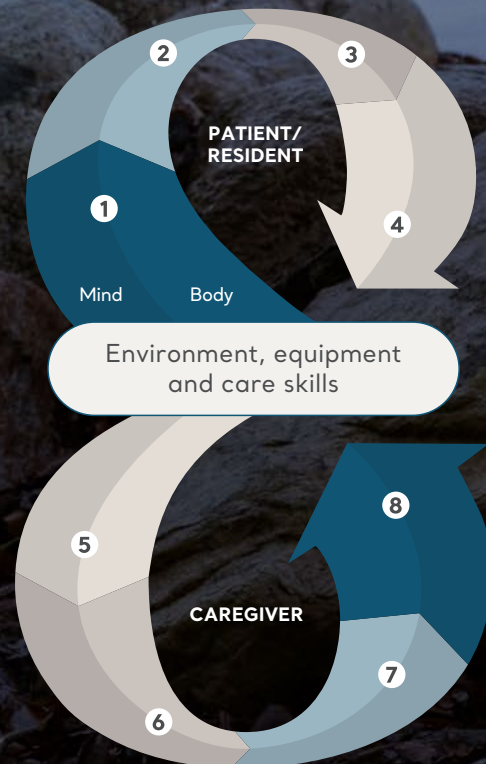
TERESA SWITZER,
SENIOR CLINICAL
CONSULTANT, ARJO

Higher value creation

Arjo Positive Eight® – our philosophy in practice

Arjo’s fundamental philosophy is about leveraging and amplifying the positive effects that the right care setting, equipment and work methods can have throughout the care process. It all starts by stimulating or retaining patients' mobility.

- 1 Improved mobility
- 2 Improved vital functions
- 3 Reduced consequences of immobility
- 4 Improved 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



THE ARJO VISION

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

Increased safety and mobility for patients

Reduced mobility accelerates muscular dystrophy and prolongs recovery. 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. Arjo's solutions and products are designed to help promote early and safe mobility.

Improved clinical outcomes

Clinical outcomes such as pressure injuries, blood clots, falls, functional incontinence and urinary tract infections are all closely associated with immobility. They cause great suffering among patients and increase care needs. These complications are often entirely avoidable with preventive solutions.

Improved 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 a negative financial impact on the organization. With the right expertise, processes and equipment, they can reduce cost and increase efficiency.

More efficient working processes

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 and work methods for maintaining and promoting patient mobility increase efficiency and reduce the burden of care.

Higher staff safety and well-being

Each year, a large number of healthcare employees are affected by work-related injuries. By using the right equipment and work methods for safe patient transfers, many of these work-related injuries and consequent sick leave can be avoided.

Higher value creation



Arjo's strategy of becoming a mobility outcome partner to healthcare

Arjo's strategy has been designed to offer solutions that help healthcare tackle its main overall challenge - offering more people high-quality care with fewer resources. As a long-term partner, Arjo helps healthcare meet existing needs while taking the lead in developing new, outcome-based ways of working.

50%

The ambition is that outcome-based programs and solutions will account for about 50% of Arjo's sales in 2030

Business model focusing on higher value creation

Arjo's core business today is the sale and rental of equipment with related consumables and services. In 2022, capital goods accounted for about 41 percent of the Group's sales. The remainder was recurring revenue such as rental, consumables and service, and the Group's aim is to continue to increase the share of recurring sales.

The company's strategy has been designed to gradually advance toward acting more as a partner that offers value-adding, complete outcome-based solutions for the specific needs of customers. In doing so, Arjo can address a significantly larger and more rapidly growing market than the one served by the Group today.



Higher sales of rental, service and consumables



Higher sales of outcome-based programs and solutions

In the coming years, Arjo is focusing on:

Increase efficiency in operations

- Ensuring an agile and strong organization where decisions are made close to the customer
- Optimizing the Group's resources in terms of efficiency and sustainability, such as marketing, transportation, logistics and purchasing
- Capturing additional market shares in established markets and increasing footprint in markets with high growth potential
- Optimizing the product portfolio and strengthening the offering through product development, acquisitions and partnerships

Establish a unique position as a mobility outcome partner to healthcare

- Investing in new technologies that support an outcome-based business model
- Offering new outcome-based programs for healthcare's major challenges
- Ensuring an intense customer-focus when actively implementing the strategy
- Ensuring the right expertise, focusing on both clinical and digital competences, among the Group's employees to drive more outcome-based business

"We took important steps during the year to effectively implement the strategy in the markets that are ready to take the next step toward more outcome-based business. The US will be first out, and we are now strengthening our clinical capacity to better meet our customers' needs in this important market."



JOACIM LINDOFF
PRESIDENT & CEO

Higher value
creation

Effective prevention of pressure injuries

Pressure injuries are one of the most common and devastating complications that risk being caused by immobility. Such wounds often result in increased care needs and length of stay, with higher costs for treatment and care. With Arjo's solutions, pressure injuries can be prevented effectively to avoid suffering for patients and to lower healthcare costs.

Arjo has extensive knowledge in pressure injury prevention and offers healthcare complete solutions and outcome-based programs to ensure that procedures, work methods and equipment are in line with clinical expertise and current standards.

To enable healthcare facilities to prevent pressure injuries, Arjo offers solutions for identifying patients at a higher risk of developing pressure injuries, and therapeutic mattresses and equipment for transferring, repositioning and early mobility among bedridden patients.

Early identification prevents pressure injuries

Pressure injuries are usually detected when a reddening of the skin becomes visible. This may be difficult to determine with certainty by a visual skin assessment, particularly on darker skin. Healthcare staff can use digital solutions to easily measure sub-epidermal moisture levels (SEM), making it possible for staff to identify risks of pressure injuries five¹ days before they become visible to the eye and to then take the right interventions at the right time.

Provizio® SEM Scanner technology gaining ground in healthcare guidelines

In recent years, SEM technology has been added to an increasing number of national and international guidelines on pressure injury prevention, including:

- International Clinical Practice Guidelines issued by EPUAP/NPIAP/PPPIA
- Medical Innovation Briefings from the National Institute for Health and Care Excellence (NICE) in the UK
- New Zealand PIP Spinal Cord Injury consensus statement
- Polish Wound Care Association local guidelines
- AORN Guideline for Prevention of Perioperative Pressure Injury in the US

1. Okonkwo H, Bryant R, Milne J et al. A blinded clinical study using subepidermal moisture biocapacitance measurement device for early detection of pressure injuries. *Wound Repair & Reg* 2020;1-11. <https://doi.org/10.1111/wrr.12790>



Pressure injuries cost healthcare more than SEK 500 billion per year globally²⁾



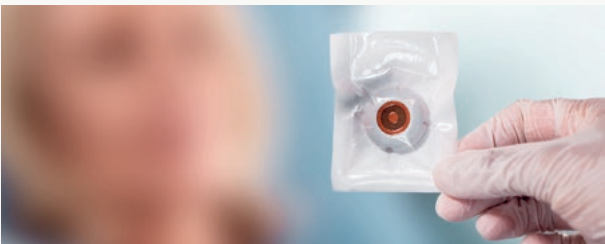
New mattress makes effective pressure injury prevention easier

AtmosAir Velaris® is a therapeutic mattress system that alternates pressure according to the patient’s needs. The solution combines patient comfort with the option of changing therapies as needed without transferring the patient to a different mattress. This allows staff to efficiently and safely provide a number of therapies that suit many different patients.

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

Prestigious framework agreement for first product in its category

The Provizio SEM Scanner’s Single-Use-Sensors are now available under the “Drug Tariff”, the National Health Service’s (NHS) reimbursement scheme, in England, Wales and Scotland. The agreement sets high requirements for both clinical and financial evidence, and the Single-Use-Sensor is the first - and to date only - product in the category of preventive diagnostics that is included in the framework agreement.



Higher value
creation

Reducing work-related injuries among healthcare professionals

Work-related injuries are a widespread problem that affecting 80 percent of all caregivers at some point in their professional lives¹⁾. For care providers, this leads to higher sick leave, resulting in increased costs and staffing problems. Arjo's solution helps to prevent work-related injuries through customized products and programs to ensure a safe work environment.

Arjo has offered solutions for safe patient handling, hygiene procedures and customized medical beds for many years. The company now also has well-established outcome-based programs in place that have proven to reduce the number of injuries among care staff - in some cases by as much as 90 percent. This by ensuring the right equipment is used in the right way.

Arjo's outcome-based MOVE[®] program, which is based on Arjo's Mobility Gallery[®] and international guidelines, begins with a detailed assessment of the care facility's equipment needs, followed by process analysis and design. As a care facility partner, Arjo arranges training and implements new work processes to drive a culture of change and to measure and evaluate results against agreed and guaranteed targets.



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

Arjo MOVE® partly financed by health insurance company

A rising number of health insurance companies are realizing the value of preventing work-related injuries among care staff. An example is the German health insurance company AOK PLUS, which has decided to part-finance the Arjo MOVE program at six care facilities in Kirchberg.

The deciding factor in AOK PLUS's approval of the part-financing was the program's holistic approach, involving analysis and evaluation, planning and implementation and ongoing support to ensure a change in work processes. The plan is to jointly monitor sick leave and evaluate the results.

Clinical evidence demonstrating that the right equipment leads to fewer work-related injuries

- 59 percent of work-related injuries among care staff are caused by patient related activities such as transferring, repositioning and preventing patient falls.²⁾
- Using the right equipment improves safety for care staff and reduces injury-related costs for the care facility.³⁾

2. Totzkay, DL. Multifactorial Strategies for Sustaining Safe Patient Handling and Mobility. Crit Care Nurs Q, 2018. 41(3): p. 340–344
3. Matz M, 2019. Patient Handling and Mobility Assessments: A White Paper Second Edition

Work-related injuries among care-givers cost the health-care sector more than SEK 75 billion in the US alone⁴⁾

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

Higher value
creation

Developing solutions for additional challenges in healthcare

In addition to pressure injuries and work-related injuries among caregivers, reduced mobility can lead to a wide range of other complications. Arjo already offers an innovative solution for treating venous leg ulcers and is in the process of developing new outcome-based solutions, for example for patient falls and incontinence.

Better results from treating venous leg ulcers

Venous leg ulcers are a growing problem, usually caused by insufficient blood circulation as a result of underlying illnesses, such as diabetes or cardiovascular diseases. Patients commonly experience pain and limited mobility, in some cases leading to depression, anxiety and social isolation, which either combined or individually ultimately result in reduced quality of life. Traditional treatment whereby the wound is dressed and bandages regularly replaced 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 prevent and manage lower leg wounds, with excellent results for improved healing. An alternating pressure garment is 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 launched in the UK, France, Austria, Ireland, Sweden, Norway, Denmark and the US after receiving 510(k) clearance from the US Food and Drug Administration (FDA). Preparations are currently being made to launch the product in Germany.

A randomized controlled study of WoundExpress is now being carried out in six countries to further evaluate the effects of treating venous leg ulcers and other types of hard-to-heal wounds.

Improved mobility solves many complications

Immobile patients run a higher risk of developing various complications, such as fall injuries or incontinence. Falls can result in injuries that take a long time to heal, which increases the risk of complications while recovering in bed, while incontinence leads to skin and hygiene problems and reduced quality of life. These complications can be prevented using solutions that maintain and improve patient mobility.



Venous leg ulcers cost healthcare more than SEK 300 billion per year globally, of which the US represents almost 50%¹⁾

Rapidly improving quality of life

After having suffered from several venous leg ulcers for 15 years, Jean-Louis Huc had given up any hope of healing. When he was offered treatment using WoundExpress in early summer 2022, he quickly noticed improved blood circulation, and today Jean-Louis can walk and do errands without any pain. He also does not need to constantly go to the hospital to have the wounds redressed and currently he only sees his doctor once a month for a check-up.

"If I forget to use the sleeve for a day or two then I start missing it. WoundExpress® has changed my life for the better!"



JEAN-LOUIS HUC,
LACAUNE, FRANCE

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

Higher value
creation

Innovation focusing on quality, safety and sustainability

Arjo's development activities are based on an in-depth understanding of healthcare's challenges and needs. Customer-oriented research and development processes result in products and solutions that make healthcare more efficient and help customers overcome their challenges – with a constant focus on user-friendliness and safety.

Quality and safety always on top of the agenda

Safe, high-quality products are Arjo's hallmark. Extensive efforts are undertaken to ensure this and it permeates all development activities. Following regulations for companies in the medical device industry, Arjo has implemented a quality management system (QMS) including clearly defined policies, processes and procedures for the day-to-day operations.

To meet the increasingly strict governmental and regulatory requirements, Arjo's focus lies on continuously evaluating and improving products and processes, and complying with local and regional rules in the markets where the company is present.

Arjo's quality management system and related directives and processes meet statutory requirements and regulations, such as:

- 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

"Safety and quality have a clear connection to both customer value and business performance, and are constantly high on our agenda. With the new EU MDR regulation comes increasing demands on actors in our industry. We were early in starting the work to comply with the requirements and all our products and related processes will be certified well within the given time frame."



KATARZYNA BOBROW,
EVP QUALITY & REGULATORY
COMPLIANCE

innovation
progress
usability

Engaging caregivers in the validation process helps to identify details that make a difference

Inviting caregivers to test new products in the development phase is essential for meeting user-friendliness standards. However, Arjo's validation processes extend far beyond simply following the rules.

"In addition to verifying that a new product is safe and does its job, we look at every little detail to find a design that makes caring for patients as easy, time-efficient and dignified as possible. We want everyone who uses our products to feel that we have covered every little detail that will make a difference for them."

URBAN ORRELL,
DESIGN & USABILITY DIRECTOR

Higher value
creation



SEK 224M

During the year, Arjo's research and development costs amounted to SEK 224 M (220), corresponding to 2.4 percent (2.4) of net sales. Of this amount SEK 115 M (100) was expensed during the year.

48 hours in the emergency room provided insights for Arjo's development activities

There are many aspects to consider when developing new or updated products. Since user-friendliness and functionality are central to Arjo, a great deal of emphasis is placed on feedback from healthcare staff and patients and on regular studies in real-life settings in order to observe how the products are used in everyday operations. Jörgen Jönsson from Arjo spent two days observing in the emergency room while working on a new generation of medical beds.

"It was both interesting and informative to see for myself how staff worked with medical beds. Over the course of 48 hours, I saw different caregivers perform the same task but in completely different ways. This provided valuable insights and ideas that we will put to use, and that will benefit patients and staff in the future."



JÖRGEN JÖNSSON,
PRODUCT ARCHITECT

Higher value
creation

A platform for development and success

With the right skills, digital solutions and a robust sustainability agenda, Arjo is building a solid platform for a future in which the Group contributes to better and more sustainable outcomes for healthcare.

People and organization

The shift of Arjo's business model toward outcome-based sales is placing new demands on the organization. As a result, attracting and retaining the right skills is a crucial factor for the success of the company. Following an extensive competence mapping in 2021, Arjo continued to increase its expertise in 2022 in areas that are critical to the implementation of the strategy. This mainly involves further strengthening clinical competence and ensuring the relevant expertise related to health economics and digitalization. Additional training and targeted recruitment are regularly carried out to strengthen the organization's skills in these areas.

"Arjo's clinical team has extensive experience and expertise, which is highly valued by our customers. In order to progress in line with the company's strategy, it is important to continue to recruit and train talented employees who can relate to both strategic and operational healthcare challenges."

SARA THOMAS,
CLINICAL DIRECTOR ARJO MOVE

Digitalization

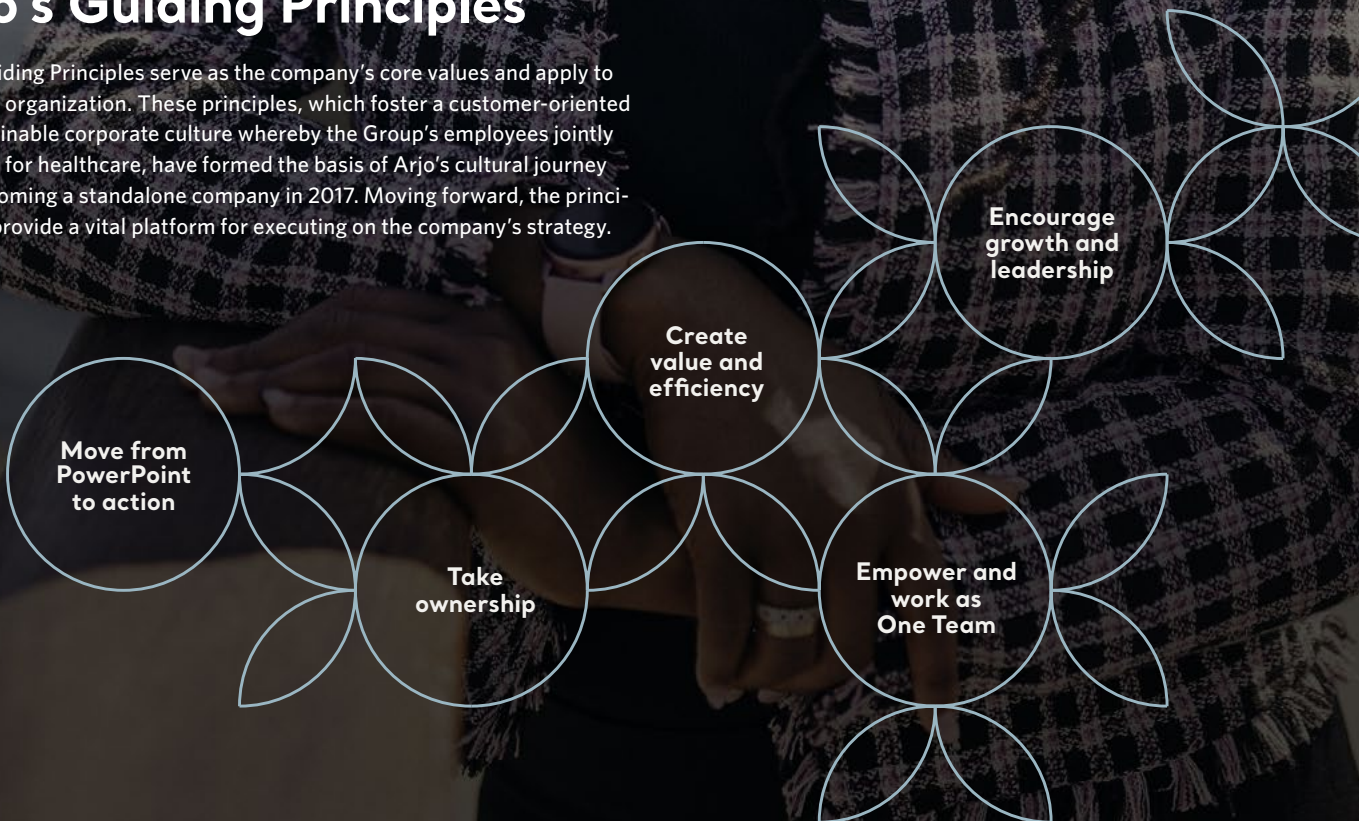
Digital tools and platforms are increasingly gaining ground in healthcare. For Arjo, these are key components to both optimize internal operations and to support customers in their day-to-day operations to a greater extent. Primarily, these enable the Group to further establish systems for collecting, analyzing and sharing data and insights, and to add value for customers with solutions based on clinical evidence and health economics input. Arjo currently offers a range of digital tools to support healthcare staff and care providers in their daily work, such as training courses, instructional films, and remote service and support. The Group also offers a growing series of online services that are readily available for customers in the company's major markets.

Sustainability

Helping customers to free up resources creates room for delivering more high-quality care to more people. Arjo thereby contributes every day to a sustainable healthcare system that can meet the growing needs of tomorrow. In addition, the Group endeavors to reduce both its own and its customers' environmental impact, increase its contributions to a circular economy, ensure responsible business and be an employer that attracts and retains key skills.

Arjo's Guiding Principles

Arjo's Guiding Principles serve as the company's core values and apply to the entire organization. These principles, which foster a customer-oriented and sustainable corporate culture whereby the Group's employees jointly add value for healthcare, have formed the basis of Arjo's cultural journey since becoming a standalone company in 2017. Moving forward, the principles will provide a vital platform for executing on the company's strategy.






More high-quality care to more people



Sustainable healthcare is the core of Arjo's business model. With solutions for improved mobility, Arjo makes more high-quality care available to more people. Given the increasing pressure on healthcare's limited resources, this is a valuable contribution to a sustainable healthcare system that can meet the growing needs of tomorrow.

For more than 65 years, Arjo has developed innovative product and solutions to offer safe and dignified care for people with reduced mobility and safe working conditions for healthcare professionals.

By supporting the prevention of hospital-acquired conditions, improving the work environment for the staff and more effective use of resources, Arjo helps healthcare providers to face some of today's greatest challenges.



Arjo's solutions contribute to better and more sustainable healthcare on multiple levels:

- Helping patients become more mobile reduces unnecessary physical and mental suffering, while improving clinical outcomes.
- Arjo makes it possible for healthcare staff to care for people with reduced mobility in a safe way, and thereby reduce the risk of work-related injuries.
- Through complete solutions based on the right equipment, expertise and work methods, Arjo contributes to developing resource-efficient processes within healthcare, benefiting healthcare and society at large.
- Energy and resource-efficient operations have a limited environmental impact, and Arjo strives to continuously reduce both the company's and its customers' environmental footprint.
- Arjo helps to increase circularity through product development based on resource-efficient use of materials with optimum recycling quality and a focus on maximizing each product's lifecycle.

Dedicated sustainability efforts throughout the value chain

In addition to the overall objective of contributing to sustainable healthcare, Arjo continuously works to assess and improve the company's sustainability impact in every step of the value chain.



Research and development

Arjo develops new solutions based on an in-depth understanding of healthcare's challenges and needs as well as a long-standing and close collaboration with care providers. Through customer-oriented research and development processes, Arjo creates products and solutions that contribute to better, more efficient healthcare - with constant dedication to safety and user-friendliness. Arjo's development activities adhere to the principles of eco-design to ensure sustainable products with long life cycles and limited environmental impact during the product's entire life cycle.

Purchasing

The medical device industry has rigorous requirements in terms of factors such as quality, safety and hygiene which provides the framework for purchasing materials and components. Arjo considers sustainability aspects in its purchasing decisions and collaborates with suppliers concerning work environment conditions and measures to reduce environmental impact, with clear requirements and controls. Arjo's separate Code of Conduct for suppliers and other business partners is a standard part of purchasing agreements. Carbon emissions in the supply chain - which account for the largest share of the Group's total carbon emissions - are, for example, also being reviewed in dialog with the company's global supplier base.

Production

Arjo strives to have an efficient and flexible production that can meet customers' fluctuating needs. Arjo's five production facilities (see page 3) have advanced expertise in both product areas and sustainable production. All facilities fulfill the relevant criteria for the manufacturing of medical devices and are ISO 14001 and ISO 13485 certified. Arjo works continuously to streamline production, reduce environmental impact and safeguard its employees' health, safety and skills development.

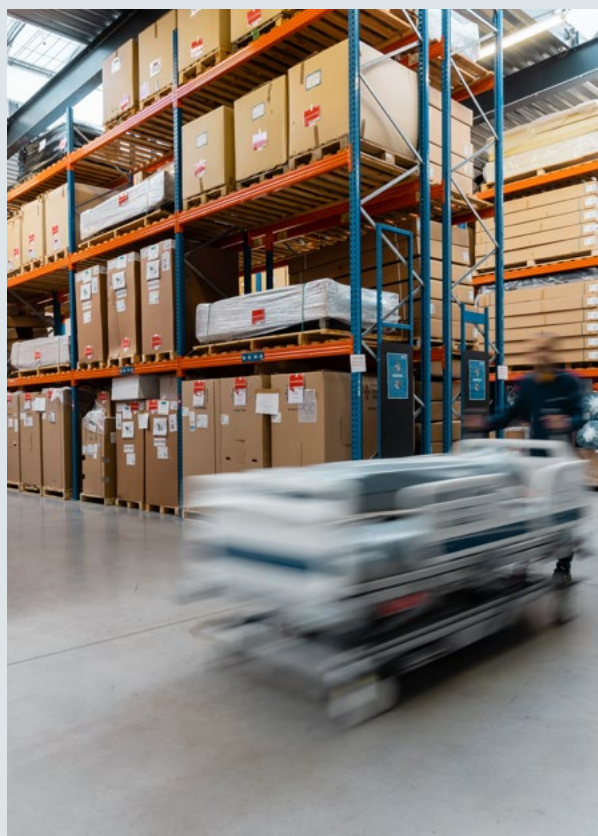
[READ MORE ON PAGE 129](#)



Sales

Arjo is a global company with well-established routines to secure transparency and control throughout the entire sales process. Sound business ethics and well-defined principles for compliance are at the core of Arjo's long-term business relations. The company's ambition is to contribute to the development of a fair global market. Arjo markets its products and solutions in accordance with high ethical and regulatory standards as well as applicable legal requirements.

READ MORE ON PAGE 128



Distribution

Every day, Arjo has more than 1,000 deliveries in transit to customers across the globe, and transportation accounts for a significant part of the company's environmental impact. Efficiency improvements in the logistics chain and gradual transitions to fossil-free fuel reduce the environmental impact while enabling the company to offer fast, reliable and sustainable deliveries.



Use

Arjo endeavors to supply products that are easy and safe for care professionals to use. At the same time, the solutions support the prevention of hospital-acquired conditions among patients. Overall, this contributes to a sustainable healthcare system. Central aspects in the company's product development involve ensuring a long life cycle and reducing the products' environmental impact in the use phase through, for example, efficient water and energy consumption and the option of easy cleaning. Arjo's global network of service technicians maintain the products so that they function as they should throughout their life span.

Final disposal

Arjo's products have a long life cycle which favorably affects the sustainability aspect. By weighing in principles for eco-design in product development – for example, in selecting materials that have good recycling attributes and design, and enabling upgrades and facilitating disassembly – Arjo minimizes the environmental impact of its products throughout their entire life cycle.



Materiality analysis forming a base for priorities

In 2022, Arjo carried out the Group's third materiality analysis, this time based on the requirements in the Global Reporting Initiatives (GRI) standard from 2021.

Through interviews with internal and external stakeholders such as customers and suppliers, Arjo has identified and analyzed the relevance of different sustainability factors for the company.

These interviews provided valuable insights concerning external parties' views of Arjo's sustainability agenda and priorities, and reinforced

the Group's existing understanding of priority areas.

In all, changes in the outcome were small compared with Arjo's previous materiality analyses. The prioritized areas already identified by the company are therefore intact, but with the addition of two development areas.

Prioritized areas since before:

- Product quality and safety
- Compliance, ethics and anti-corruption
- Occupational health and safety
- Employment and fair treatment
- Carbon emissions/energy-efficiency enhancement

Areas that have become more important – and that Arjo will develop further:

- Sustainable product development – through product development in accordance with eco-design principles
- Purchasing – through the start-up of additional sustainability projects within purchasing

"The overall ambition of our sustainability efforts is to reduce our climate footprint – an aim increasingly shared with our customers. Accordingly, all the progress we make also results in increased customer value. To ensure the right priorities, we work closely with all our stakeholders who provide us with valuable insights along the way."

motivation
customer value
insights





Arjo Sustainability Framework 2030

Through Arjo's sustainability framework, the company works in a structured manner on constant improvements throughout the value chain. Contributing to sustainable healthcare and creating customer value through more resource-efficient solutions for the healthcare sector are the overarching goals of our work. Efforts are driven forward by both our own ambitions and by greater demands from customers worldwide, and are based on regular materiality analyses combined with acknowledged international principles and global initiatives.

Arjo's Sustainability Framework and Code of Conduct are based on international principles and acknowledged global initiatives such as UN Global Compact, the Paris Climate Agreement, OECD Guidelines, ILO's Guidelines and the UN Sustainability Development Goals.

READ MORE ON PAGE 122

SUSTAINABLE HEALTHCARE

Arjo creates sustainable value for patients, caregivers and care providers, and society at large. Contributing to sustainable healthcare is the overall goal for our sustainability work.



A sustainable offering

Arjo's objective is to reduce its carbon emissions by 50 percent by 2030, aligning to the Paris Climate Agreement. In parallel, the company will strive towards greater circularity by reducing resource consumption and improving performance and customer value.

READ MORE ON PAGES 48–51

A responsible company

Arjo strives for high business ethics on all levels and to ensure that compliance is part of our daily work. Arjo's separate Code of Conduct for suppliers and other business partners regulates how an Arjo partner is expected to act and contribute to set targets.

READ MORE ON PAGES 52–53

An attractive employer

Arjo promotes a culture based on diversity, equity, inclusion and continuous learning. The Group puts a premium on good health and safety for employees and partners, and has a strong community engagement.

READ MORE ON PAGES 54–57

Clear governance ensures results

Arjo's sustainability efforts are based on directives, policies and clear governance involving all levels in the company – a systematic work process that enables the implementation of decided initiatives. **READ MORE ON PAGE 123**



Focus on lower emissions and greater circularity

In 2022, three more Arjo production facilities started using renewable electricity, meaning that **all of the Group's production facilities now use renewable electricity** in their operations.

[READ MORE ON PAGE 125](#)

Arjo strives for a sustainable use of energy and resources, and regularly conducts controls and improvements to reduce the company's climate footprint. Arjo also endeavors to expand its contribution to a circular economy – in order to actively participate in long-term sustainable development.

To better understand the key drivers of Arjo's environmental impact, the company worked throughout 2022 to put internal processes and critical infrastructures in place via, among other things, a new sustainability reporting system called Position Green. The objective is to upgrade Arjo's plan to reduce carbon emissions by assigning targets in a structured and standardized manner, and to improve the reporting quality. This means that the basis for calculations will be partly changed, which will affect the sustainability reporting process as of 2023.

[READ MORE ABOUT ACTIVITIES, TARGETS AND RESULTS ON PAGES 124–127](#)



↓ 50%

Arjo's goal is to reduce the Group's carbon emissions by 50 percent by 2030, with 2019 as the base year.

Expanded collaboration towards clear targets

Given the ambition to shoulder responsibility for the Group's environmental impact throughout the value chain, Arjo is gearing up its efforts to involve suppliers in sustainability-related improvements. Closer partnerships with suppliers will ultimately present more opportunities to enhance the sustainability profile of Arjo's products and solutions, which in turn will also help Arjo's customers to achieve their sustainability targets.

As of 2022, 10 percent of the Management Team's variable remuneration has been based on two identified sustainability targets – to reduce the Group's carbon emissions and to facilitate for the organization to set science-based targets in line with the Paris Climate Agreement.

CARBON EMISSION REDUCTION

18%

Since the base year 2019, Arjo has reduced the Group's carbon emissions by 18 percent.

"We analyze every aspect of Arjo's products from a sustainability perspective so that we can give our purchasers the documentation they need to find materials and components with the least environmental impact. We can then closely collaborate with our suppliers to assess various alternatives in order find the solutions that provide the greatest possible sustainability value without compromising product quality and safety."

JOHAN ÖSTBLAD

HEAD OF SUSTAINABILITY



Important steps towards Science Based Targets

In 2022, Arjo mapped the organization's total carbon emissions in order to be able to set targets for Scope 1 and 2. 2023 will involve mapping and setting targets for Scope 3 with the aim of securing reduction targets approval from Science Based Targets.

Eco-design for sustainable products and greater circularity

To enable Arjo's contribution to increased circularity, all product development adheres to the principles for eco-design. The method takes into consideration the environmental impact throughout a product's life cycle by ensuring resource-efficient use of materials of optimum recycling quality. In addition, eco-design makes it easy to maintain and update products in order to maximize the life cycle, and it helps customers reduce their consumption of energy, water and other resources. To assess the products' environmental impact and identify improvement potential, Arjo also conducts life cycle analyses of already existing products.

Eco-design principles address aspects such as:

- Do we use material that has recycled content and is of optimum recycling quality?
- Can we make our production processes and products more energy efficient?
- How do we ensure that our customers can use eco-friendly cleaning products?
- Are our products easy to disassemble and recycle at the end of their life cycle?



"A detailed life cycle analysis is a valuable compass in the pursuit of better environmental performance for future products."

MAGNUS KARLBERG

VP RESEARCH & DEVELOPMENT

Initiatives to save electricity and recycle textile waste

When it became necessary to expand warehouse capacity at Arjo’s production facility in Suzhou, China, the air conditioning system was also inspected. Rebuilding and optimizing the system made it possible to reduce the warehouse’s electricity consumption by 25 percent. This was done without any adverse impact on the work environment which was a prerequisite for the project.

The production team also initiated a project that involved reusing the textile waste that had to date been unavoidable or that could not be recycled or reused. By collaborating with an external partner, 80 percent of the facility’s textile waste is now reused as raw material for other purposes.

REDUCED ELECTRICITY CONSUMPTION

25%

OF TEXTILE WASTE IS REUSED

80%



Elimination of PVC waste in production

As of 2012, employees at Arjo’s largest production facility in Poznan, Poland, have implemented a number of measures to minimize the use of PVC in the production of garments for the prevention of blood clots. Following further investments in production in 2022, the facility has now successfully eliminated PVC waste completely. So far, the measures have resulted in accumulated saving of 935 tons of PVC.

“All PVC we buy is now used in the products. We’ve even managed to reduce the amount of PVC in every product by about 6%. Given that the volumes are so high, every saved centimeter becomes several kilometers of material that we do not have to buy.”

KAMIL RACHOWSKI, PRODUCTION DIRECTOR

Arjo ReNu: Eco-friendly method for reusing consumables

It is becoming increasingly more common to reuse single-use devices in the healthcare sector. During the pandemic in particular, this became a way of dealing with material shortages due to disruptions in the supply chain. Many established methods for reuse involve chemicals or other hazardous substances, which limits the sustainability value. Through a seven-step, water-based process that takes the environment into consideration every step of the way, Arjo ReNu is helping healthcare providers in the US to reuse more than 200,000 single-use medical devices every month. In 2022, a prestudy was launched to assess the potential for conducting a life cycle analysis in order to define in concrete terms the sustainability value of reusing consumables.



1,000 days without any injuries

As a result of consistent rigorous safety efforts, the staff at Arjo's US-based distribution centers in Roselle, Miami and Oakland could celebrate 1,000 days without any incidents involving someone being injured at any of these three facilities. Safety is high on the agenda. For example, every morning meeting includes a review of a relevant safety issue - typically including a visit to the warehouse for a demonstration on how to work safely. Arjo works proactively to share best practices between the facilities with the aim of establishing a safety culture across the entire organization.





Active collaboration for responsible business

Arjo is a global company building long-term relationships with both customers and suppliers based on sound business ethics and clear principles for compliance.

Arjo has a broad network of suppliers and other business partners, and place the same high demands on them as on the own operations, with zero tolerance for all forms of corruption, fraud and bribery. Arjo's Business Compliance Committee leads and coordinates efforts within business ethics and compliance in the Group. To meet local regulatory requirements in North America, two support committees have been established in the US and Canada. Moreover, 15 specially trained ambassadors provide further support in other regions.



Focus on anti-corruption and compliance

In 2022, Arjo's anti-corruption directive and guidelines were updated to make them more relevant and easier to use. Meanwhile, risk assessments were conducted to identify and manage corruption risks within the entire organization.

One area that the Group has particularly focused on during the year is purchasing. To provide Arjo's purchasing organization with more knowledge and better tools to further integrate sustainability aspects related to purchasing, a targeted training in business ethics and compliance was carried out in 2022. The training included all active purchasing organization employees, and offered space for joint discussions and reflections about dilemmas related to real-life business situations.

READ MORE ABOUT ACTIVITIES, TARGETS AND RESULTS ON PAGES 128-130

100%

All active employees within Arjo's purchasing organization have completed a dilemma-based training in sustainable procurement from a business-ethical perspective.

"After having established Arjo's Code of Conduct within our own organization, we are now enhancing internal efforts while advancing collaborations with our suppliers and other business partners. Our ambition is to work together to beat corruption and contribute to the development of a fair global market."

INGRID CARLSSON,
EVP, GROUP LEGAL & BUSINESS COMPLIANCE



Local initiatives in response to intensified demands in North America

In response to intensified demands in the US and Canada, related to both regulatory demands and those from customers involved in procurement processes, Arjo introduced local policies for compliance and anti-corruption in North America during the year. These were implemented through targeted employee training sessions. To further facilitate the reporting of suspected violations in the region, a secure telephone hot-line was added to Arjo's global whistleblowing service.

"For the North American organization, 2022 was an active year with a number of initiatives towards further implementing ethics and compliance in our business practice. An open internal dialogue has improved knowledge and awareness concerning these issues, and we look forward to continuing this vital work in 2023."

GRETCHEN STEWART
BUSINESS COMPLIANCE DIRECTOR IN NORTH AMERICA

Expanded collaboration with suppliers and business partners

Arjo is taking an increasingly more active approach to sustainability issues concerning its supplier base. To make more progress in the area, the Group has drafted a new strategic framework, expanded the dedicated team and initiated implementation of new improved processes.

Arjo's separate Code of Conduct for suppliers and other business partners is part of the commercial contracts signed with these parties and efforts to cultivate acceptance for this are ongoing. For instance, a training was arranged with select business partners in identified regions in 2022. Arjo also maps sustainability risks among its suppliers and other business partners and, when needed, supports improvement efforts.

During the year, the Group's process for reviewing and auditing distributors and intermediaries from a business ethical perspective was further developed. One business unit that has a large number of distributors was tested and evaluated during the year. The purpose was to monitor target realization and further improve the process.

READ MORE ON PAGE 129

Extensive cyber safety efforts

Arjo works actively with risk assessments of its IT infrastructure and data security in order to protect systems and data as well as to comply with rules and laws. Arjo has an extensive control environment with a framework for cyber security as well as operative measures and procedures to monitor, control and manage disruptions, unauthorized access and cyber attacks. In 2022, Arjo validated its cyber security activities in accordance with the recognized auditing standard International Standard on Assurance Engagements (ISAE 3402). **READ MORE ON PAGE 61**





A global workplace that offers potential for growth

Arjo comprises of knowledgeable and committed employees who come from all over the world and who work closely towards common goals. By focusing on openness and continuous learning, Arjo builds a culture that nurtures every employee's talent, potential and contribution to the business.

Using Arjo Guiding Principles and Leadership Behaviors as the starting point, the company strives to create sound work conditions that offer all employees opportunities for incentive working and growth. Arjo builds a culture based on diversity, equity and inclusion, and puts a premium on a high level of occupational health and safety for employees and partners.

Arjo's annual global People Survey reveals, among other things, a constantly high level of engagement in day-to-day activities and a solid understanding of Arjo's strategy and goals. The results are applied actively to draft action plans for continuous improvement aimed at attracting and retaining talent and expertise.

8/10

In Arjo's global 2022 People Survey, the average engagement score increased from 7.9 (2021) to 8.0 out of 10, thereby surpassing the industry average.

Focus on attracting and developing the right competences

Based on the company's business needs, Arjo identifies the right competencies in a structured process with the help of various assessment tools. There are numerous established initiatives within Arjo that are designed to make the most of the employees' experience and drive, to foster development and to improve skills within key areas. For example, the company cultivates the best requisites to help and motivate the employees to develop and grow together with the company through talent programs, mentorship programs and development plans at both individual and team levels. Arjo's global concept for a flexible work arrangement gives every employee the opportunity to work with their manager to find the best solution for more flexibility.

READ MORE ABOUT ACTIVITIES, TARGETS AND RESULTS ON PAGE 131

WHAT MOVES YOU?

confidence

"The encouraging work environment creates a willingness to take on new challenges. I am glad to have had the opportunity to grow within the organization – because I feel strongly about Arjo and our contribution to healthcare and the society."

MATILDA LEVIN,
INTERNAL COMMUNICATION AND PROJECTS

WHAT MOVES YOU?

creativity

"The opportunity to work with so many specialists with different skills gives me a greater understanding of the entirety. This enables us as a team to continue to develop within new areas. I really do appreciate the wealth of opportunities here at Arjo."

PIOTR GÓRNY,
PRODUCT ENGINEERING MANAGER



Arjo supports Ukrainian refugees

After Russia's invasion of Ukraine, many millions of people fled over the border into the neighboring country of Poland. Arjo's employees in Poznan band together to help as many refugees as possible in an emergency situation. With economic backing from the company and internal fundraising, employees welcomed Ukrainian families into their homes to provide the children with a safe place and give them the best possible start in Poland. Arjo also made it possible for a number of Ukrainian refugees to gain employment at the company's production facility in Poznan. Additionally, Arjo donated 100 medical beds to field hospitals near the Ukrainian border. The Group's relief efforts will continue in 2023.



Arjo proud partner of the Swedish national handball team

In 2022, Arjo signed a three-year partner agreement with the Swedish national handball team. In addition to both the men's and the women's national teams, the partnership focuses particularly on wheelchair handball. The Swedish Handball Federation is also carrying out an integration project in disadvantaged areas, based on values related to an active lifestyle and communication, specifically highlighting inclusion, community, equality and fair play. Arjo is working together with the Swedish Handball Federation to promote mobility for all and help bring about a positive change in society. Handball is one of Sweden's most popular team sports and its inclusive nature and strong team spirit are well aligned with Arjo's own culture.

Photo: Christoffer Borg Mattisson

Community engagement and partnership

Arjo's contribution to the community is primarily to be part of and work towards sustainable healthcare – in accordance with the UN Sustainability Development Goal 3, Good health and well-being.

Arjo is engaged in the local communities where the company operates, and there is a strong interest and ownership from the employees to actively take part in social projects that improve the community. For example, within the framework of the Swedish Industry for Quality Education, Arjo has been cooperating since 2017 with the non-profit organization Pratham, which works to improve the education system in India.

Examples of the types of community engagements in which Arjo's employees are active:

- Volunteer work
- Collection and distribution of food
- Cleaning for sustainability in public spaces
- Various charity programs related to health and care services including dementia and cancer
- Support under-represented and vulnerable groups toward greater diversity
- Activities to promote movement and improve well-being

"After working for two years on Arjo's development projects, I felt a desire to get closer to the day-to-day business and meet customers. I was appointed Managing Director of Arjo's Nordic sales company, even though the appointment coincided with parental leave. Having new opportunities to constantly grow and develop within the company, and at the same time balance my work and private life, is extremely stimulating."



**ANKER NYSTAD
WITTENDORFF,**
MANAGING DIRECTOR
NORDICS



Risk management and risk analysis

Arjo sells products and services through its own companies and distributors to customers in more than 100 countries. The Group also has suppliers of direct materials in more than 50 countries and production in five countries. The company is thus exposed to a number of strategic, operational, financial and compliance-related risks, and risk management is a natural element of day-to-day operations.

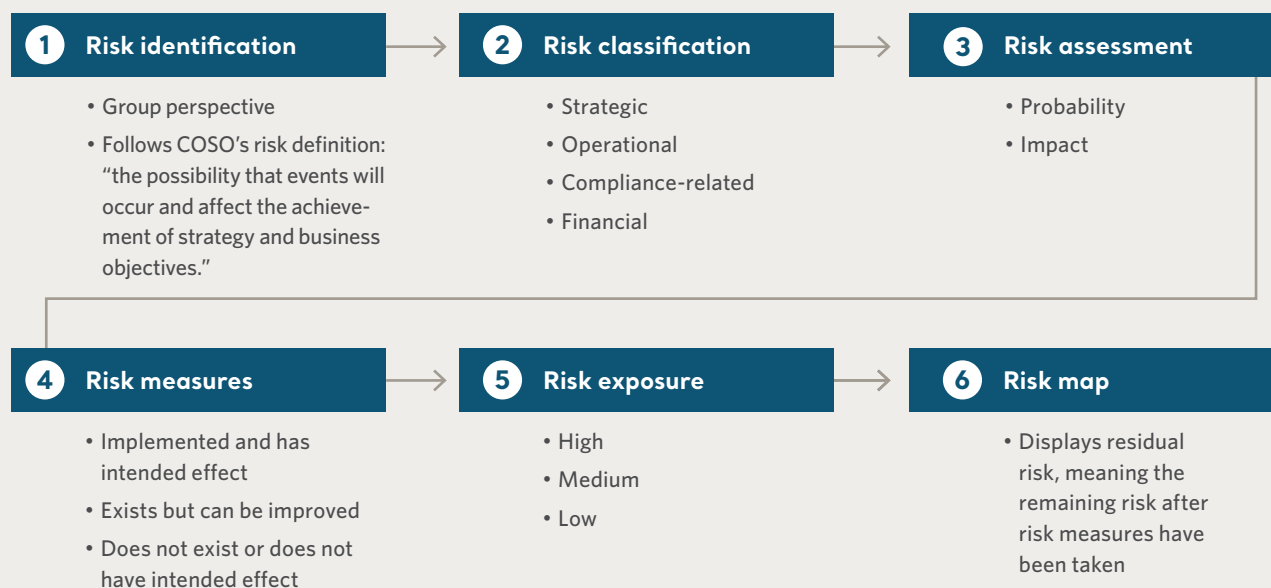
Assessing, managing and mitigating risks are important aspects of Arjo's strategic planning process and internal control process. The major focal point of Arjo's risk activities is the mitigation of risk. This work is led by the internal control function and is governed through Arjo's policy for risk management and internal control. This policy states that the Board has the ultimate responsibility for the Group's risk management and approves the company's risk management policy. The Management Team is responsible for identifying, evaluating and managing risks within their respective areas of responsibility.

Risk assessment process

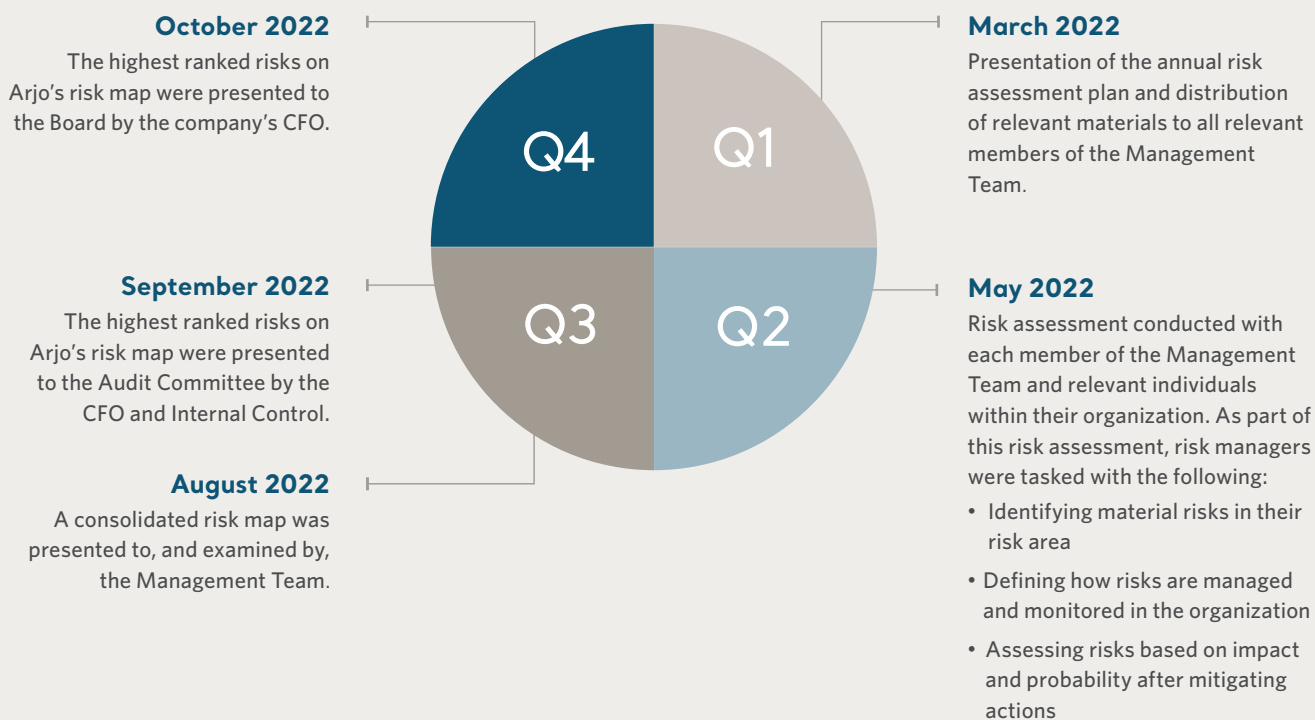
The Management Team conducts a yearly risk assessment that is led by the company's Chief Financial Officer (CFO) and the internal control function, in accordance with the company's directive

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 its objectives and visions. The risk assessment results in a risk register containing descriptions of the company's most critical risks, their impact on the company, how they are managed by the responsible function and an assessment of the probability that listed risks may arise in a specific time period. The main risks are then illustrated in a risk map presented to the Audit Committee by the CFO and Internal Control, and to the Board by the company's CFO. 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. Arjo's risk assessment process is outlined in the illustration on page 59.

Arjo risk assessment process



Risk assessment 2022



Arjo's primary risks and risk management

Risk	Description of risk	Management of risk
Customers and health-care reimbursement systems	<p>Political decisions in countries where Arjo conducts business could, as a result, limit or discontinue public funding of private healthcare. This could affect the establishment of new hospitals and other healthcare facilities and their purchase of healthcare products.</p> <p>Sales of the Group's products are, in some markets, dependent on the healthcare reimbursement system where 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. Sales of Arjo's products in these markets are dependent on Arjo's products having been approved for reimbursement under the abovementioned reimbursement systems.</p>	<p>Since Arjo conducts business in many different countries and markets, this risk is limited for the Group as a whole. As part of Arjo's strategy, the Group is increasingly investing in demonstrating the clinical and financial benefits of the Group's products and solutions, something that further limits these risks.</p>
Research and development	<p>Arjo's growth is dependent on the continued expansion of new product segments and new product types in existing product segments, which is in turn 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 previous generations of products. Nor is there any certainty that Arjo will succeed in predicting or identifying trends in customer preferences and needs. There is also the risk that Arjo is not as quick in identifying trends as its competitors.</p>	<p>To maximize the return on R&D initiatives and to ensure the correct priorities are made when making decisions about potential projects, the Group follows a structured selection and planning process. This process includes careful market analysis, technological progress, circularity, the product's life cycle, choice of production method and choice of subsuppliers. Arjo focuses on outcome-based products and solutions that result in more patients receiving high-quality care while simultaneously improving resource efficiency. This is expected to drive demand from end customers and thus increase growth.</p>
Protecting and managing the infringement of intellectual property rights	<p>Arjo invests significant financial amounts in research and development, and is continuously developing new products. To secure revenue from these investments, new products and technologies must be protected from unlawful use by competitors.</p>	<p>Arjo protects its intellectual property rights by registering patents, design and trademarks if possible and appropriate. The Group is also dependent upon know-how and trade secrets that cannot be protected under intellectual property law. Clear instructions are in place within the Group for how to prevent, investigate and manage potential infringements. In addition, procedures are in place to ensure efficient maintenance of the existing rights portfolio.</p>
Changes related to general economic and political conditions	<p>Arjo operates in many parts of the world and is, like other companies, 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 and solutions, which in turn 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.</p>	<p>Since Arjo operates in a large number of geographical markets, this risk is limited for the Group as a whole. Since March 2, 2022, Arjo has stopped all deliveries and production of equipment to Russia until further notice due to Russia's invasion of Ukraine. In 2021, Russia accounted for 0.2 percent of Arjo's total sales. According to the company's forecasts, equipment corresponding to about SEK 50 M would have been delivered to Russia in 2022, primarily during the first half of the year. Given the turbulent economic situation that has arisen since the invasion of Ukraine began, Arjo is monitoring market developments closely. Arjo is also closely monitoring the global inflation trend.</p>

Arjo's primary risks and risk management

Risk	Description of risk	Management of risk
Product liability and damage claims	As a medical device supplier, Arjo, like other companies in the medical device industry, 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 also in place to cover any liability risks (including product liability) to which the Group is exposed.
Risks in the value chain	Unpredictable and sudden events could lead to disruptions in production or supply chain, which could lead to both increased costs and delayed or non-deliveries to Arjo's customers. In turn, this could negatively impact the Group's financial results. Partly as a result of the Covid-19 pandemic, and just like many other companies, Arjo has been impacted by a lower availability of critical components, such as electronic components.	To combat this risk and ensure supply and delivery reliability for Arjo's customers, a number of measures were implemented in 2022 and the area is being managed as a top priority.
Authorities and supervisory bodies	The healthcare market is highly regulated in all of the countries where Arjo operates. Arjo's product range is subject to legislation, including EU Directives and implementing acts regarding medical devices, and the US Food and Drug Administration's (FDA) regulations and related quality systems requirements, which also encompass comprehensive evaluation, quality assurance and product documentation.	Arjo devotes significant efforts and resources to implementing and applying guidelines to ensure regulatory compliance. Annual audits are performed by designated accreditation bodies to ensure compliance for continued CE marking of Arjo's products and international legal requirements, including the FDA, MDSAP and EU MDR. All of the Group's production facilities have also been verified by BSI Netherlands according to ISO 13485 (Medical devices – quality management systems) and ISO 9001 (Quality management systems).
Financial risk management	Through its operations, Arjo is exposed to a number of financial risks. These risks mainly comprise currency risk, interest-rate risk, credit and counterparty risk and tax risk. Of these, currency risk is the most material.	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.
Risk of cyber attacks	Arjo is dependent on IT and its surrounding infrastructure and thus is exposed to the risk of cyber attacks and other forms of intrusion and data security.	To combat potential risks in this area, a defined governing process is in place. Risk assessments of the IT infrastructure and sensitive data are actively conducted and include testing within both areas. This also includes defined mitigating processes and controls, known as IT General Control (ITGC), to protect the company. The internal control environment is evaluated annually by the company's CISO and in 2022 by external auditors in accordance with ISAE 3402. Sensitivity analyses and penetration and restoration tests are performed regularly during the year to ensure sufficient security levels for systems, processes and data. All employees receive IT security training. This training course is also mandatory for new employees.
Sustainability risks	Arjo works to systematically identify, analyze and manage sustainability related risks and their impact of the Group's operations or earnings. This is partly because laws and regulations set requirements for risk analyses and partly because investors, customers and other stakeholders are increasingly focusing on the company's management of corporate reputational risks. These sustainability related risks are now not only associated with reputational risks but also financial and operational risks in the entire value chain. It is essential to be aware of sustainability-related risks in the supply chain, in the Group's own operations, and in the distribution and user stages to be able to manage and apply controls to address these risks.	Arjo carries out regular material analyses to identify and map sustainability risks in the value chain. Targets and commitments are also continually monitored by evaluating different units in the company and suppliers, and by implementing activities, processes and measures to manage identified sustainability risks. The Group has an established governance structure that involves both the Management Team and the Board, and efforts to continually improve the company's sustainability work and minimize related risks take place continuously.

Investing in Arjo

Arjo contributes to a sustainable future – for healthcare, society and the environment

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

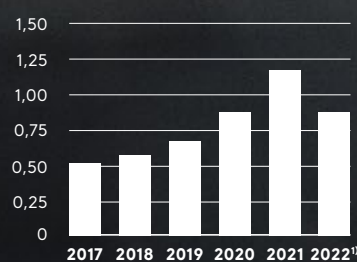
A market with attractive, long-term growth potential

The growing and aging global population is leading to a continuously increasing need for healthcare. Arjo's current market is growing an average of 3 percent per year. With an increased focus towards offering outcome-based solutions, the Group will successively gain traction in a market that is predicted to be ten times larger and grow at double the current rate.

Long-term growth and profitability improvements create room for future acquisitions

Since the listing in 2017, Arjo has had average annual organic sales growth of 2.8 percent and reported annual EBITDA growth of an average of 7.1 percent. The Group has a solid financial position that creates room for future investments and acquisitions in line with Arjo's strategic direction.

Dividend history



1. Proposed dividend



Global presence with leading market positions

Arjo's products and services are sold in more than 100 countries and the Group has leading market positions in both acute and long-term care. With more than 65 years of experience and a global team of approximately 6,800 employees, Arjo remains a market leader in its field.

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

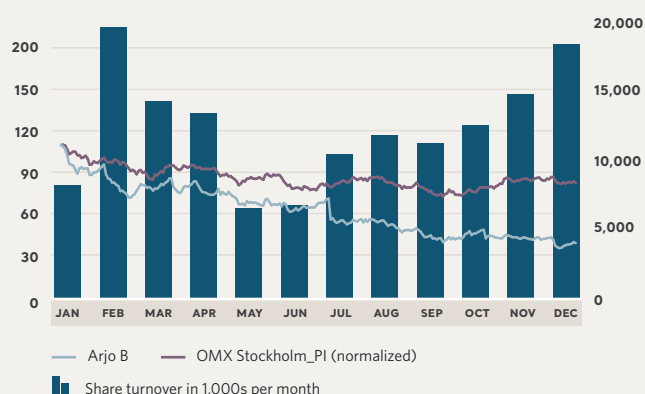
Arjo's operations feature a long history of clinical competence and an in-depth understanding of customer needs. As the new strategy is gradually being implemented, the Group will move away from primarily selling products to increasingly offer outcome-based solutions. This while investing in geographic expansion, new technologies and business models, and continuing to improve operational efficiency.

50%

Outcome-based solutions will account for 50 percent of net sales by 2030.

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 number of shareholders on December 31, 2022 was 41,438, corresponding to an increase of 6.3 percent.



- Share listing: Nasdaq Stockholm, Large Cap
- Total number of shares: 272,369,573
- Market capitalization on December 31, 2022 SEK 10.6 billion
- Price paid on December 31, 2022: SEK 38.94
- Tickers: Reuters: ARJOb.ST; Bloomberg: ARJOB SS

Share trend

At year-end, the Arjo share was listed at SEK 38.94. The highest price paid for the Arjo share in 2022 was SEK 111.70 on January 3 and the lowest was SEK 34.80 on December 20. At year-end, market capitalization amounted to SEK 10.6 billion, compared with SEK 30.2 billion at the end of 2021. The turnover of shares on Nasdaq for the year totaled 146.7 million.

Share capital and ownership structure

At year-end 2022, 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 percent of the capital and 53.2 percent of the votes at year-end 2022.

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 percent 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 department. 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

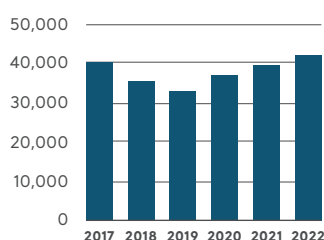
ABG Sundal Collier, Carnegie, DNB, Handelsbanken, Nordea, Pareto Securities and SEB Enskilda.

Arjo's Investor Relations department

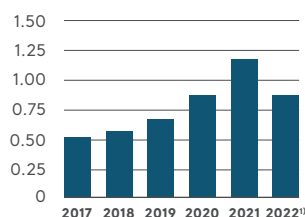
Arjo's IR department is responsible for regularly providing updates about the company's performance to investors, shareholders, financial analysts and the media. Information about Arjo's earnings and financial position is primarily disclosed during the publication of interim reports and associated conference calls, in which analysts, investors and the media are given the opportunity to ask questions about the company. In conjunction with the publication of these reports, or on other occasions, investor seminars and roadshows are also organized, offering additional analysts and potential investors the opportunity to gain a deeper insight into, and understanding of, the company.

Some of the topics that investors and analysts focused on in 2022 included the impact on Arjo due to global challenges in the supply chain, the war in Ukraine and Covid-19 related lockdowns in China. In addition, interest for the Group's pressure injury solutions and the company's initiatives related to sustainability and ESG matters was high.

Number of shareholders 2017–2022

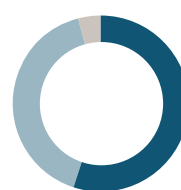


Dividend history



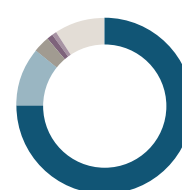
1. Proposed dividend

Shareholders, by gender



Men 55%
Women 41%
Unknown 4%

Ownership distribution per country, December 31, 2022



Sweden 75%
USA 11%
Norway 3%
Other 9%
Germany 1%
Finland 1%

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%

Ownership by category

	Capital, %
Swedish owners	74.55%
Private individuals	13.50%
Institutions	17.23%
Mutual funds	15.75%
Other	28.07%
Foreign owners	19.94%
Private individuals	0.31%
Institutions	3.71%
Mutual funds	15.78%
Other	0.14%
Unknown ownership type	5.51%

Share data

	2022	2021
Earnings per share after tax	1.64	2.72
Market price, December 31	38.94	110.80
Cash flow from operations/share	3.36	6.37
Dividend	0.85 ¹⁾	1.15
Dividend yield, %	2.2	1.0
Price/earnings ratio	23.7	40.7
Equity per share	28.0	25.3
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, 2022

	Arjo A	Arjo B	Capital	Votes
Carl Bennet	18,217,200	49,902,430	25.0%	53.2%
Fourth Swedish National Pension Fund		24,575,905	9.0%	5.6%
Swedbank Robur Funds		17,546,977	6.4%	4.0%
First Swedish National Pension Fund		8,756,714	3.2%	2.0%
Vanguard		8,458,837	3.1%	1.9%
Handelsbanken Fonder		8,298,756	3.0%	1.9%
Norges Bank		5,371,198	2.0%	1.2%
Dimensional Fund Advisors		4,464,992	1.6%	1.0%
AMF Pension & Fonder		4,199,729	1.5%	1.0%
BlackRock		4,080,371	1.5%	0.9%

Ownership structure 2022

Shares	Capital	Votes	Number of known shareholders	Ownership
1–1000	2.94%	1.83%	34,673	83.67%
1,001–5,000	4.28%	2.67%	5,475	13.21%
5,001–20,000	3.39%	2.12%	965	2.33%
20,001–100,000	3.46%	2.16%	208	0.50%
100,001–500,000	6.26%	3.91%	71	0.17%
500,001–5,000,000	22.36%	13.95%	39	0.09%
5,000,001–20,000,000	17.78%	11.10%	5	0.01%
20,000,001–	34.03%	58.82%	2	0.00%
Anonymous ownership	5.51%	3.44%	N/A	N/A
Total	100%	100%	41,438	100%

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Corporate governance at 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 2022 Corporate Governance Report is presented here.

INTRODUCTION

Arjo is a global supplier of medical devices and solutions that improve clinical and financial outcomes for healthcare by enabling 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 2022. 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 two 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 who 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 64-65 and www.arjo.com.

2022 ANNUAL GENERAL MEETING

The AGM was held on April 22, 2022. The AGM resolved to adopt the income statement and balance sheet presented and to approve the Board's proposed appropriation of profits.



Arjo's 2022 Annual General Meeting

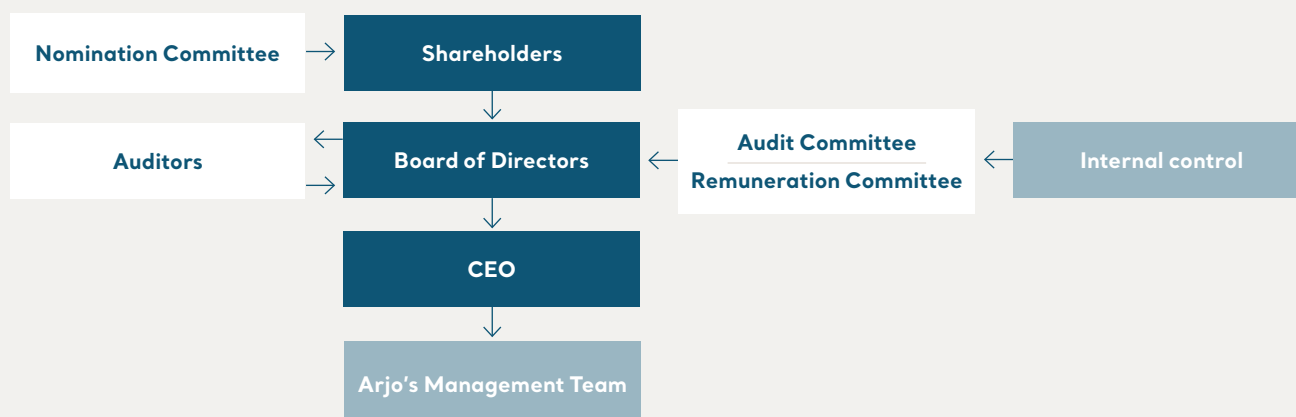
2023 ANNUAL GENERAL MEETING

Arjo's Annual General Meeting will be held on April 20, 2023 in Malmö, Sweden, with the option of postal voting. For further information, visit 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 reli-

ARJO'S CORPORATE GOVERNANCE



able 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 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 2023 Annual General Meeting

Ahead of the 2023 Annual General Meeting, Arjo's Nomination Committee comprised Chairman Carl Bennet (Carl Bennet AB), Jannis Kitsakis (Fourth Swedish National Pension Fund), Marianne Nilsson (Swedbank Robur), as well as Board Chairman Johan Malmquist. 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 2023 AGM, the Nomination Committee made an assessment as to whether the current Board of

Nomination Committee ahead of 2023 Annual General Meeting

Carl Bennet, Chairman of Nomination Committee and Vice Chairman of the Board (Carl Bennet AB)

Jannis Kitsakis, (Fourth Swedish National Pension Fund)

Marianne Nilsson, (Swedbank Robur)

Johan Malmquist, (Board Chairman)

Auditors Öhrlings PricewaterhouseCoopers

Cecilia Andrén Dorselius,
Authorized Public Accountant, Auditor in Charge

Vicky Johansson,
Authorized Public Accountant

Board of Directors and Committees in 2022

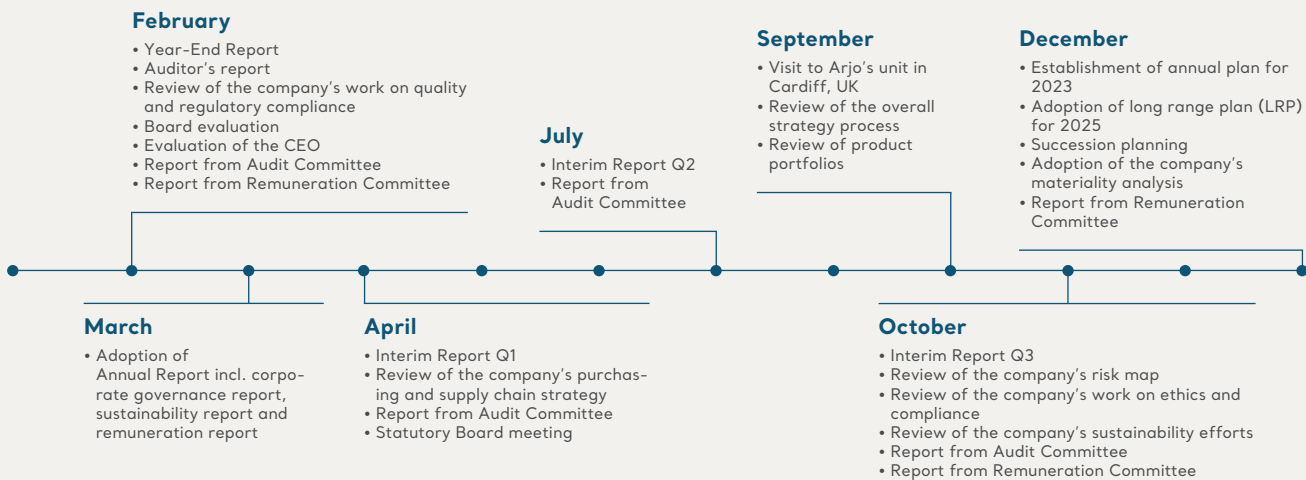
	Year elected	Independent	Committees		Attendance at meetings		
			Audit Committee	Remuneration Committee	Board meetings	Audit Committee	Remuneration Committee
Johan Malmquist, Chairman of the Board	2017	Yes		Chairman	8/8		3/3
Carl Bennet	2017	No ¹⁾		Member	8/8		3/3
Carola Lemne	2017	Yes	Member		7/8	5/5	
Ulf Grunander	2017	Yes	Chairman		8/8	5/5	
Eva Elmstedt	2017	Yes	Member		8/8	5/5	
Joacim Lindoff	2017	No ²⁾			8/8		
Dan Frohm	2019	No ¹⁾	Member	Member	8/8	5/5	2/3 ³⁾
Board members appointed by employees							
Eva Sandling Gralén	2021				8/8		
Kajsa Haraldsson	2020				7/8		
Sten Börjesson (deputy)	2021				7/8		
Jimmy Linde (deputy)	2020				8/8		

1. Not independent in relation to the company's major shareholders

2. Not independent in relation to the company and executive management

3. Dan Frohm was elected member of the Remuneration Committee at the statutory Board meeting in April 2022.

WORK OF THE BOARD OF DIRECTORS IN 2022



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

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 2023 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 AGM held on April 22, 2022, 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 Legal Counsel 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 found in the presentation of Board members on pages 72-74.

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

Gender distribution of Board, including employee representatives (regular and deputies)



MEN 64%
WOMEN 36%

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, quality monitoring, adoption of the interim report, strategic review, future outlook and economic and financial reporting. The Board held its statutory meeting on April 22, 2022 and convened eight times in 2022, with an average attendance rate of 97 percent 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 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 2022, 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 2022, the Committee held five minuted meetings, including informal contact when necessary. The attendance of members at the Committee meetings is presented in the table below. 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.

Audit Committee	
Member	Attendance at meetings
Ulf Grunander (Chairman)	5/5
Eva Elmstedt	5/5
Dan Frohm	5/5
Carola Lemne	5/5

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), Carl Bennet and Dan Frohm. In 2022, 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 68.

Remuneration Committee	
Member	Attendance at meetings
Johan Malmquist (Chairman)	3/3
Carl Bennet	3/3
Dan Frohm	2/3 ¹⁾

1. Dan Frohm was elected member of the Remuneration Committee at the statutory Board meeting in April 2022.

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 4,775,000, of which SEK 1,525,000 to the Chairman and SEK 650,000 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 270,000 to the Chairman and SEK 135,000 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 145,000 to the Chairman and SEK 103,000 to each of the other members. For complete information regarding remuneration of senior executives, see Note 3.

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 2022 comprised the CFO, EVP Legal & Business Compliance, EVP Human Resources & Sustainability, EVP Quality & Regulatory Compliance, EVP Chief Strategy Officer, EVP Supply Chain and Product Development & Operations, EVP Communication & Public Relations, EVP Global Marketing, President Global Sales & Services and President Sales & Service North America. These persons are presented on pages 72–76. For information regarding remuneration, any share-related incentive programs and terms of employment for the CEO and other senior executives, see Note 3 starting on page 88.

Gender distribution of Management Team



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 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, authorities, 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. In addition, the Board monitors quality related matters. 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 2022

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" regarding compliance with internal policies and directives. The self-assessments are supplemented with Internal Control auditing and monitoring of 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. Since 2021, the audit and follow-up have been 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. Selected parts of the operations were also monitored during the year together with the Legal and Business Compliance department. This year's self-assessments and monitoring concluded that the Group has a well-functioning control environment for covering material risks related to the financial reporting.

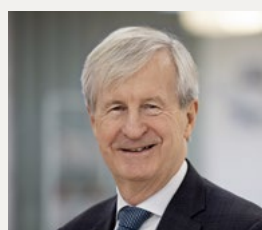
Continuing work

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



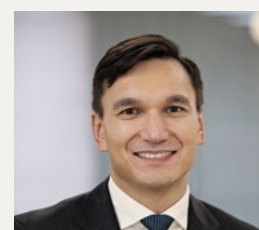
Johan Malmquist



Carl Bennet



Eva Elmstedt

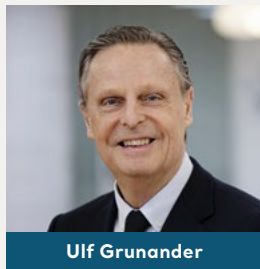


Dan Frohm

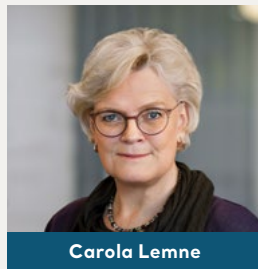
Position and year of birth	Chairman of the Board and Chairman of the Remuneration Committee. Born 1961.	Vice Chairman of the Board and member of the Remuneration Committee. Born 1951.	Board member and member of the Audit Committee. Born 1960.	Board member and member of the Audit Committee and Remuneration Committee. Born 1981.
Education	B.Sc. in Economics, Stockholm School of Economics.	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.	Bachelor degree in Economics and Computer Science, Indiana University of Pennsylvania, USA.	M.Sc. in Industrial Engineering and Management, Linköping University.
Year elected	2017	2017 (Vice Chairman of the Board since 2018)	2017	2019
Board assignments	Chairman of Getinge AB (publ). Board member of Trelleborg AB (publ), Elekta AB (publ), Dunkerintressena, Mölnlycke AB, Stena Adactum AB and Chalmers University of Technology Foundation.	CEO and Chairman of Carl Bennet AB, Chairman of Lifco AB (publ), Vice Chairman of Getinge AB (publ) and Elanders AB (publ) and Board member of Holmen AB (publ) and L E Lundbergföretagen AB (publ).	Chairman of Omegapoint, Seriline AB, Arelion AB and Board member of AddLife AB (publ), Elanders AB (publ) and Smart Eye AB (publ).	Chairman of Elanders AB (publ) and Board member of Getinge AB (publ), Carl Bennet AB, Lifco AB (publ) and the Swedish-American Chamber of Commerce, Inc.
Professional experience and previous assignments/positions	President & CEO 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.	Previous experience as President & CEO of Getinge 1989–1997 and Board Chairman of Getinge 1997–2019.	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, telecom operator 3, and Semcon.	CEO of DF Advisory LLC. Former management consultant at Applied Value LLC in New York.
Attendance at Board meetings	8/8	8/8	8/8	8/8
Attendance at Remuneration Committee meetings	3/3	3/3	—	2/3 ¹⁾
Attendance at Audit Committee meetings	—	—	5/5	5/5
Independent in relation to Arjo and its management	Yes	Yes	Yes	Yes
Independent in relation to major shareholders	Yes	No	Yes	No
Total remuneration 2022, SEK 000s	1,670, of which 145 refers to fee for Remuneration Committee.	753, of which 103 refers to fee for Remuneration Committee.	785, of which 135 refers to fee for Audit Committee.	888, of which 135 refers to fee for Audit Committee and 103 for Remuneration Committee.
Shareholding in Arjo AB (own and related parties²⁾)	300,000 series B shares.	18,217,200 series A shares and 49,902,430 series B shares via Carl Bennet AB.	40,000 series B shares.	214,989 series B shares.

1. Dan Frohm was elected member of the Remuneration Committee at the statutory Board meeting in April 2022.

2. Shareholdings as per March 13, 2023.



Ulf Grunander



Carola Lemne



Joacim Lindoff

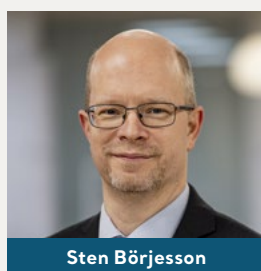
Position and year of birth	Board member and Chairman of the Audit Committee. Born 1954.	Board member and member of the Audit Committee. Born 1958.	Board member and President & CEO. Born 1973.
Education	B.Sc. in Economics, Stockholm University.	Licensed physician, M.D. and associate professor, Karolinska Institute.	B.Sc. in Economics, Lund University.
Year elected	2017	2017	2017
Board assignments	Chairman of Nyströms Gastronomi & Catering AB, Djurgården Merchandise Handelsbolag and Djurgårdens IF Skolidrottsförening. Board member of Lifco AB (publ), Episurf Medical AB (publ), Djurgården Hockey AB, AMF Pensionsförsäkring AB and AMF Fonder AB.	Chairman of Ung Företagsamhet, Deputy Chairman of IRLAB AB (publ) ⁴ , Board member of Hjärt-Lungfonden and Tervestaylo OY. CEO of Calgo Enterprise AB.	—
Professional experience and previous assignments/positions	Previous experience as an authorized public accountant, Board assignments in a number of companies in Getinge Group, as well as CFO of Getinge Group 1993–2016.	Previous experience as Medical Director of Pharmacia Sweden, Clinical Research Manager of Pharmacia Corp., CEO of Danderyd Hospital, Svenskt Näringsliv and President of Praktikertjänst AB. Former Chairman of ArtClinic AB and Internationella Engelska Skolan AB ³ , vice chairman of Alecta AB and board member of Svenskt Näringsliv, Institutet för Näringslivsforskning, ICC, Getinge AB (publ), Investor AB (publ).	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 and senior position in NIBE's Heating business area. Also served as the Chairman of the Swedish Medtech industry organization.
Attendance at Board meetings	8/8	7/8	8/8
Attendance at Remuneration Committee meetings	—	—	—
Attendance at Audit Committee meetings	5/5	5/5	—
Independent in relation to Arjo and its management	Yes	Yes	No
Independent in relation to major shareholders	Yes	Yes	Yes
Total remuneration 2022, SEK 000s	920, of which 270 refers to fee for Audit Committee.	785, of which 135 refers to fee for Audit Committee.	—
Shareholding in Arjo AB (own and related parties³)	96,622 series B shares.	13,000 series B shares.	300,002 series B shares.

3. Shareholdings as per March 13, 2023.

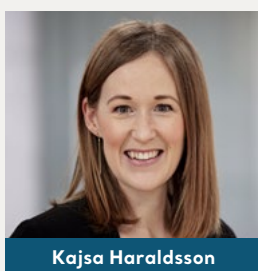
4. Elected as Chairman of IRLAB AB in February 2023.

5. Resigned as Chairman of Internationella Engelska Skolan at the end of 2022.

BOARD OF DIRECTORS, CONT.



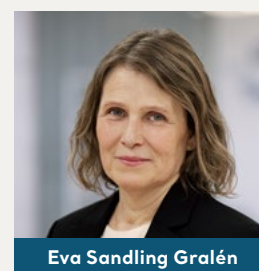
Sten Börjesson



Kajsa Haraldsson



Jimmy Linde











Eva Sandling Gralén

Position and year of birth	Employee representative, deputy since 2021. Born 1967.	Employee representative, member since 2020. Born 1982.	Employee representative, deputy since 2020. Born 1967.	Employee representative, member since 2021. Born 1964.
Education	Upper-secondary education in economics and technology.	M.Sc. in Industrial Design Engineering, Chalmers University of Technology.	M.Sc. in Engineering, Chemical Engineering, Faculty of Engineering, Lund University.	Textile Engineering – Textile Technology, University of Borås. Bachelor of Environmental Science at Malmö University.
Board assignments	Owner of Höörs Antenn & Elektronikservice.	—	—	Deputy Board member of Davidshall Progressio Management AB.
Professional experience and previous assignments/positions	Employee representative, Board member of Arjo AB 2017–2020. Board member (employee representative) of Getinge AB 2007–2015. Employed in Arjo's subsidiary, ArjoHuntleigh AB.	Employee representative, deputy Board member Arjo AB 2017–2020. Employed in Arjo's subsidiary, ArjoHuntleigh AB.	Previous experience at Astra-Zeneca 1996–2017. Employed in Arjo's subsidiary, ArjoHuntleigh AB.	Employee representative, deputy Board member Arjo AB 2018–2020. Employed in Arjo's subsidiary, ArjoHuntleigh AB.
Attendance at Board meetings	7/8	7/8	8/8	8/8
Attendance at Remuneration Committee meetings	—	—	—	—
Attendance at Audit Committee meetings	—	—	—	—
Independent in relation to Arjo and its management	—	—	—	—
Independent in relation to major shareholders	—	—	—	—
Total remuneration 2022, SEK 000s	—	—	—	—
Shareholding in Arjo AB (own and related parties¹⁾)	—	224 series B shares.	1,500 series B shares.	3,000 series B shares

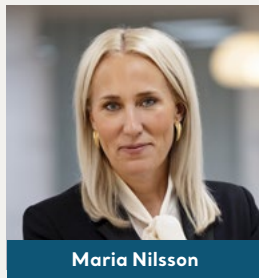
1. Shareholdings as per March 13, 2023.

ARJO MANAGEMENT TEAM

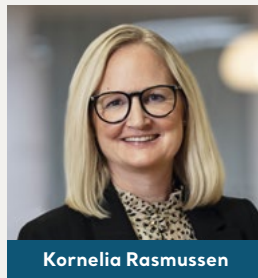
				
	Joacim Lindoff	Katarzyna Bobrow	Ingrid Carlsson	Jonas Cederhage
Position and year of birth	President & CEO. Born 1973.	Executive Vice President Quality & Regulatory Compliance. Born 1980.	Executive Vice President Legal & Business Compliance and Board secretary. Born 1976.	Executive Vice President, Supply Chain and Product Development & Operations. Born 1971. <i>Took office in November 2022.</i>
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.	M.Sc. in Banking and finance, specialized in finance and monetary policy, Poznan University of Economics and Business. 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.	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.	B.Sc. in Industrial Mgmt. & Supply Chain, University of Gävle, Naveen Jindal School of Management, UT Dallas. Previous experience from various positions at Ericsson, including Vice President Supply Chain, Region Middle East & Northern Africa, from Nilfisk as Senior Vice President, Global Supply Chain, and from various positions at Permobil, including Executive Vice President Supply Chain & Head of Sustainability.
Shareholding in Arjo AB (own and related parties)	300,002 series B shares.	15,700 series B shares.	2,000 series B shares.	3,000 series B shares
				
	Daniel Fäldt	Marion Gullstrand	Tobias Kramer	Paul Lyon
Position and year of birth	CFO. Born 1976.	Executive Vice President, Human Resources & Sustainability. Born 1957.	Executive Vice President Global Marketing. Born 1984. <i>Took office in October 2022.</i>	President Global Sales. Born 1962. <i>Retired at the end of 2022.</i>
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), Finance Director Region Americas and Region South Europe / MEA at Bombardier Transportation, Finance Director Propulsion & Controls, Bombardier Transportation AB, Finance Director Gunnebo Entrance Control UK, and various positions within the Gunnebo Group.	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.	M.Sc. in Finance and Accounting, Copenhagen Business School. Previously VP Portfolio and VP Business Development at Arjo. Prior experience from Boston Consulting Group focused on strategic engagements across healthcare including corporate and growth strategy, digital strategy, innovation and R&D optimization as well as commercial excellence and pricing.	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 in Arjo AB (own and related parties¹⁾)	22,000 series B shares.	29,900 series B shares.	15,000 series B shares.	5,000 series B shares.

1. Shareholdings as per March 13, 2023.

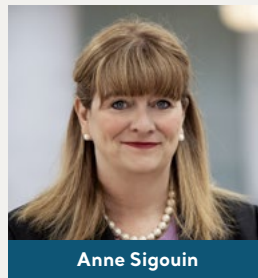
ARJO MANAGEMENT TEAM, CONT.



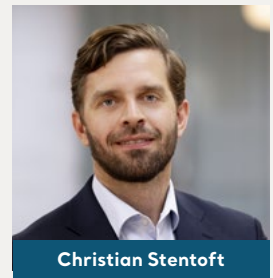
Maria Nilsson



Kornelia Rasmussen



Anne Sigouin



Christian Stentoft

Position and year of birth

Interim Executive Vice President, Communication & Public Relations. Born 1982.
Interim 2022.

Executive Vice President, Communication & Public Relations. Born 1977.
Parental leave 2022.

President Sales & Service North America. Born 1969.

President, Global Sales & Service Born 1984.
Took office in January 2023.

Education and professional experience

B.Sc. in Economics, Lund University. Most recently served as Vice President Investor Relations & Corporate Communications at Arjo. Previous experience from various positions in Corporate Communications at Getinge Group.

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.

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 in Canada.

M.Sc. in Design and Innovation, Technical University of Denmark. Previous experience as Executive Vice President, Chief Strategy Officer at Arjo and 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 management consultant at Oletto Associates and Catalyst Consulting.

Shareholding in Arjo AB (own and related parties¹⁾)

3,500 series B shares.

33,900 series B shares.

3,125 series B shares.

74,620 series B shares.

1. Shareholdings as per March 13, 2023.

Annual remuneration report 2022

Introduction

This report describes how the principles of remuneration for senior executives at Arjo, adopted by the Annual General Meeting 2022, were implemented in 2022. 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 3 (Personnel) on pages 88–90 in the 2022 Annual Report. Information on the work of the Remuneration Committee in 2022 is set out in the Corporate Governance Report available on pages 69–70 in the annual report 2022.

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 3 on page 88–90 in the Annual Report 2022. This information can also be found as an appendix to this report.

Key developments 2022

The CEO summarizes Arjo's overall performance in his statement on pages 6–8 of the 2022 Annual Report.

Arjo's principles for remuneration of senior executives: 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 2022 received the following remuneration components; base salary, short term incentive (based on EBITDA, working capital and sustainability), long term incentive (based on EPS), benefits and pension contributions.

The principles of remuneration of senior executives are found on pages 88–90 in the annual report 2022.

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

During 2022, 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.

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 2022 have been taken into account.

Arjo long-term incentive program (LTIP)

The Arjo Board decided to introduce three-year long-term incentive programs in 2020, 2021 and 2022. 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 2020 will be paid in 2023 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 2022, 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/variable remuneration
		Basic pay	Other benefits	One-year variable	Multi-year variable				
Joacim Lindoff CEO	2022	9,103,500	151,954	446,250	0 ²⁾	0	2,677,500	12,379,204	96/4
	2021	8,618,999	1,171,304 ¹⁾	6,800,000	2,925,795	0	2,550,000	22,066,098	56/44
	2020	8,130,000	1,082,492 ¹⁾	6,426,000	2,258,678	0	2,409,750	20,306,920	57/43
	2019	7,803,000	239,709 ¹⁾	650,000	0	0	2,295,000	10,987,709	94/6
	2018	7,472,499	655,204 ¹⁾	3,465,890	420,517	0	2,241,750	14,255,860	73/27

1. Including variable vacation pay, but excluded from 2022.

2. Vested amount for 2022 from Arjo LTI programs 3–5, of which SEK 0 to be paid during 2023.

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
			b) Actual award/remuneration outcome
Joacim Lindoff CEO	Adjusted earnings before interest, tax depreciation and amortization (EBITDA) ¹⁾	65%	a) SEK 1,744 M b) SEK 0
	Working Capital (R12)	25%	a) 137 days b) SEK 0
	Sustainability CO ₂ reduction	5%	a) 3,029 tons CO ₂ b) SEK 223,125
	Sustainability SBT implementation	5%	a) Implementation step completed b) SEK 223,125

1. 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
			b) Actual award/remuneration outcome
Joacim Lindoff CEO	Earnings per share (adjusted EPS) 2022 ²⁾ ; Target 2.42 (Program 3 2020–2022)	33.3%	a) SEK 1.80 b) SEK 0 (earned)
	Earnings per share (adjusted EPS) 2022 ²⁾ ; Target: 2.8 (average) (Program 4 2021–2023)	33.3%	a) SEK 1.86 b) SEK 0 (estimated)
	Earnings per share (adjusted EPS) 2022 ²⁾ ; Target 3.39 (average) (Program 5 2022–2024)	33.3%	a) SEK 1.80 b) SEK 0 (estimated)

2. 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 five reported fiscal years (RFY)

Annual change	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	2022
Joacim Lindoff, CEO	SEK -3,268,151	SEK +9,319,211	SEK +1,759,178	SEK -9,686,894	SEK 12,379,204
Arjo's performance					
Group operating profit	SEK +178 M	SEK +195 M	SEK +211 M	SEK -386 M	SEK 691 M
Group net sales	SEK +708 M	SEK +102 M	SEK -8 M	SEK +909 M	SEK 9,979 M
Average remuneration on a full-time equivalent basis of employees					
Arjo employees ³⁾	SEK +50,811	SEK +72,653	SEK +112,311	SEK -62,205	Average total remuneration is SEK 924,394 for 2022
Arjo employees ⁴⁾					
Actual number	173 vs 150	179 vs 173	192 vs 179	206 vs 192	206 employees

3. 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.

4. 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	3,824,281,498
Net profit for the year	12,855,068
Total	3,837,136,566

The Board and Chief Executive Officer propose that a dividend shall be distributed to shareholders in the following amount:

SEK 0.85 per share	231,514,137
to be carried forward	3,605,622,429
Total	3,837,136,566

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 22, 2023

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 22, 2023
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	2022	2021
Net sales	2	9,979	9,070
Cost of goods sold	4	-5,768	-4,861
Gross profit		4,211	4,209
Selling expenses	4	-1,969	-1,753
Administrative expenses	4	-1,329	-1,222
Research and development costs	4, 6	-115	-100
Exceptional items	4, 5	-74	-39
Other operating income	8	31	17
Other operating expenses	8	-55	-27
Income from participations in associated companies	15	-10	-9
Operating profit (EBIT)	2, 3, 4, 5, 6, 7, 14	691	1,077
Financial income	9	42	11
Financial expenses	9	-135	-98
Profit after financial items	8	597	989
Taxes	10	-149	-247
Net profit for the year		447	742
<i>Attributable to:</i>			
Parent Company shareholders		447	742
Earnings per share, SEK ¹⁾	11	1.64	2.72
- weighted average number of shares for calculation of earnings per share (thousand)	11	272,370	272,370

1. Before and after dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Note	2022	2021
Net profit for the year		447	742
Other comprehensive income			
Items that cannot be restated in profit			
Actuarial gains/losses pertaining to defined-benefit pension plans		-34	205
Tax attributable to items that cannot be restated in profit	10	10	-54
Items that can later be restated in profit			
Translation differences	19	756	636
Hedges of net investments	19	-112	-22
Tax attributable to items that can be restated in profit	10	-15	-21
Other comprehensive income for the period, net after tax		605	745
Total comprehensive income for the year		1,053	1,486
<i>Comprehensive income attributable to:</i>			
Parent Company shareholders		1,053	1,486

CONSOLIDATED BALANCE SHEET

SEK M	Note	2022	2021
ASSETS			
Non-current assets			
Intangible assets	2, 4, 12	7,391	7,099
Tangible assets	2, 4, 13	1,802	1,454
Right-of-use assets	2, 4, 14	1,107	1,101
Non-current financial receivables, interest-bearing	20	27	-
Non-current lease receivables	14, 20	38	51
Non-current receivables for pensions, interest-bearing	20, 22	205	238
Other financial assets	28	119	117
Participations in associated companies	15	132	123
Deferred tax assets	10	316	255
Total non-current assets		11,137	10,437
Current assets			
Inventories	16	1,674	1,369
Accounts receivable	17, 28	1,708	1,542
Current tax assets		87	18
Current financial receivables, interest-bearing	20	-	2
Current lease receivables	14, 20	21	24
Derivatives, current	27, 28	45	26
Other current receivables		283	209
Prepaid expenses and accrued income	18	263	228
Cash and cash equivalents	20, 28	949	757
Total current assets		5,030	4,175
TOTAL ASSETS		16,167	14,612
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	19	91	91
Other reserves	19	1,395	766
Retained earnings		6,138	6,028
Equity attributable to the Parent Company shareholders		7,624	6,885
Non-current liabilities			
Non-current financial liabilities	20, 27, 28	2,823	118
Non-current lease liabilities	14, 20, 27	809	830
Provisions for pensions, interest-bearing	20, 22	29	32
Deferred tax liabilities	10	193	187
Other provisions, non-current	21	69	71
Total non-current liabilities		3,922	1,238
Current liabilities			
Other provisions, current	21	67	57
Current financial liabilities	20, 27, 28	2,322	4,177
Current lease liabilities	14, 20, 27	359	328
Accounts payable	27, 28	587	614
Current tax liabilities		106	61
Derivatives, current	27, 28	26	16
Other liabilities		212	216
Accrued expenses and deferred income	23	942	1,021
Total current liabilities		4,621	6,490
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		16,167	14,612

For information about pledged assets and contingent liabilities, see Note 24.

CHANGES IN SHAREHOLDERS' EQUITY FOR THE GROUP

SEK M	Share capital	Reserves ¹⁾	Retained earnings	Total
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
Opening balance at January 1, 2022	91	766	6,028	6,885
Net profit for the year	-	-	447	447
Other comprehensive income for the year	-	629	-24	605
Dividend	-	-	-313	-313
Closing balance at December 31, 2022	91	1,395	6,138	7,624

1. For reserves, see also Note 19.

CONSOLIDATED CASH-FLOW STATEMENT

SEK M	Note	2022	2021
Operating activities			
Operating profit (EBIT)		691	1,077
Add-back of amortization, depreciation and write-down		1,077	956
Other non-cash items	29	-7	-2
Expensed exceptional items ¹⁾		72	38
Paid exceptional items		-78	-38
Interest paid		-116	-89
Interest received		16	4
Other financial items		6	-4
Taxes paid		-233	-132
Cash flow before changes to working capital		1,426	1,810
Changes in working capital			
Inventories		-165	-232
Current receivables		-76	135
Current liabilities		-270	21
Cash flow from operations		915	1,734
Investing activities			
Acquired operations	25	-	-19
Acquired financial assets		-21	-
Investments in intangible and tangible assets		-900	-760
Divestment of intangible / tangible assets and right-of-use assets		20	85
Cash flow from investing activities		-902	-695
Financing activities			
Raising of loans	20	24,328	9,942
Repayment of financial liabilities	20	-23,747	-10,808
Repayment of lease liabilities		-377	-330
Change in pension assets/liabilities		1	3
Change in interest-bearing receivables		4	27
Dividend		-313	-232
Realized derivatives attributable to financing activities		241	121
Cash flow from financing activities		136	-1,277
Cash flow for the year	20	150	-237
Cash and cash equivalents at the beginning of the period		757	972
Cash flow for the year		150	-237
Translation differences		42	22
Cash and cash equivalents at year-end	29	949	757

1. Excluding write-downs on non-current assets.

Notes for the Group

1 Accounting policies

GENERAL INFORMATION

Arjo AB (publ) (559092-8064), which is the Parent Company of the Arjo Group, is a limited liability company registered in Sweden with its registered offices in Malmö. A description of the company's operations is included in the Directors' Report on page 2-5. Most operations are located outside Sweden. The consolidated financial statements for the fiscal year ending December 31, 2022 were approved by the Board on March 22, 2023 and will be presented to the Annual General Meeting (AGM) for adoption on April 20, 2023.

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 fair value 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 2021, 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 be 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 145-147.

New accounting policies applied by Arjo in 2022

No standards, amendments or interpretations effective from the fiscal year beginning on January 1, 2022 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, 2023 had a material impact on Arjo's financial statements.

2 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.

Other – comprises the diagnostics business.

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 can either be when the produce leaves Arjo's warehouse or when it arrives at the customer. The products are often sold at volume discounts based the volume of the specific order. Only a small number of contracts are 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 21 Other 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 23 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 14 Leases.

Arjo has significant central Group functions in the areas of Supply Chain (product supply, inventories and distribution), IT, Finance, Quality, and Research and Development. Supply Chain's gross profit is allocated to each segment, while Supply Chain's operating expenses are recognized together with the costs for the Group functions. The Group has no single customer that accounts for 10% or more of the Group's sales.

2022

SEK M	Global Sales	North America	Other	Group functions	Eliminations	Arjo Group
Product sales	3,095	2,364	357	-	-10	5,806
Service including spare parts	1,149	587	15	-	-	1,751
Rental	1,510	913	-	-	-	2,423
Total net sales, external	5,753	3,864	372	-	-10	9,979
Operating profit	811	926	85	-1,131	-	691
Financial income						42
Financial expenses						-135
Profit after financial items						597
Taxes						-149
Net profit for the year						447

2021						
SEK M	Global Sales	North America	Other	Group functions	Eliminations	Arjo Group
Product sales	2,807	2,069	344	-	-10	5,209
Service including spare parts	1,029	459	16	-	-	1,504
Rental	1,375	982	-	-	-	2,357
Total net sales, external	5,211	3,510	360	-	-10	9,070
Operating profit	941	1,149	98	-1,111	-	1,077
Financial income						11
Financial expenses						-98
Profit after financial items						989
Taxes						-247
Net profit for the year						742

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	2022	2021
SEK M		
USA	2,250	1,901
UK	1,344	1,275
Sweden	3,964	3,782
Other	2,742	2,696
Total	10,300	9,654

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

Country	2022			2021		
	SEK M	%	#	SEK M	%	#
USA	2,996	30	1	2,830	31	1
UK	1,228	12	2	1,130	13	2
France	1,050	11	3	947	10	3
Canada	949	10	4	759	8	4
Germany	725	7	5	665	7	5
Australia	544	5	6	451	5	6
Netherlands	359	4	7	334	4	7
Austria	234	2	8	215	3	9
Italy	220	2	9	237	2	8
Ireland	177	2	10	160	2	10
Belgium	172	2	11	158	2	11
Switzerland	147	1	12	124	1	12
India	134	1	13	112	1	13
South Africa	129	1	14	107	1	14
Hong Kong	94	1	15	86	1	15
Sweden	73	1	16	71	1	17
Singapore	72	1	17	65	1	18
Japan	69	1	18	49	1	20
New Zealand	68	1	19	62	1	19
Spain	65	1	20	72	1	16
Other	474	5		436	5	
Total net sales	9,979	100		9,070	100	

3 Personnel

Group, SEK M	2022			2021		
	Board and CEO ¹⁾	Other	Total	Board and CEO ¹⁾	Other	Total
Salaries and remuneration	133	3,024	3,157	125	2,661	2,786
Social security expenses	25	519	544	27	473	500
Pension expenses	11	168	179	11	132	143
Total	169	3,711	3,880	163	3,266	3,429

1. Pertains to remuneration of the Board and CEO in all companies in the Group.

Average number of employees

Number	2022			2021		
	Men	Women	Total	Men	Women	Total
Australia	139	71	210	139	66	205
Belgium	53	21	74	51	22	73
Brazil	11	9	20	11	7	18
Denmark	10	5	15	11	6	17
Dominican Republic	283	697	980	264	539	803
France	377	134	511	371	126	497
United Arab Emirates	10	-	10	10	-	10
Hong Kong	14	9	23	14	10	24
India	139	31	170	136	28	164
Ireland	26	4	30	24	4	28
Italy	77	40	117	79	38	117
Japan	14	6	20	13	6	19
Canada	263	162	425	265	149	414
China	71	115	186	74	118	192
Mexico	4	5	9	3	5	8
Netherlands	109	59	168	106	60	166
Norway	5	8	13	8	7	15
New Zealand	23	9	32	24	7	31
Poland	322	561	883	291	476	767
Switzerland	41	13	54	40	14	54
Singapore	35	8	43	34	9	43
Spain	26	17	43	25	18	43
UK	675	289	964	669	292	961
Sweden	111	104	215	101	97	198
South Africa	77	46	123	35	65	100
South Korea	3	-	3	2	-	2
Czech Republic	9	11	20	8	9	17
Germany	313	99	412	315	99	414
USA	640	220	860	609	222	831
Austria	97	21	118	98	21	119
Total	3,977	2,774	6,751	3,830	2,520	6,350

DISTRIBUTION OF SENIOR EXECUTIVES AT THE CLOSING DATE, %

Gender distribution in all companies in the Group

	2022	2021
Women:		
Board members of the Parent Company	29%	29%
Board members in all Group companies	10%	8%
Other members of the company's management, incl. CEO	27%	26%
Men:		
Board members of the Parent Company	71%	71%
Board members in all Group companies	90%	92%
Other members of the company's management, incl. CEO	73%	74%

Remuneration and other benefits for senior executives in 2022, 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	1,670						1,670
Carl Bennet, Board member	753						753
Eva Elmstedt, Board member	785						785
Ulf Grunander, Board member	920						920
Carola Lemne, Board member	785						785
Dan Frohm, Board member	888						888
CEO		9,104	446	–	152	2,678	12,380
Other senior executives, employed in Arjo AB		12,892	429	–	851	3,382	17,554
Other senior executives, employed in other Group companies		11,808	1,107	–	1,079	1,815	15,809
Total	5,801	33,804	1,982	–	2,082	7,875	51,544

1. Also includes fees for work on Board Committees and corresponds to what was resolved at the preceding AGM.

Comments on the table

- Short-term variable remuneration refers to the 2022 fiscal year's expensed bonus, which was paid in 2023.
- Other benefits refer to company car and healthcare insurance.
- Other senior executives pertains to remuneration to members of the Arjo Management Team, other than the CEO (12 individuals, of whom 1 left the company, 1 is interim and 2 are new).

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.

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 2022 AGM established guidelines for remuneration of senior executives, which 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 2022 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 2022 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 of 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 2022 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 2022, 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.

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.

4 Costs by cost category

SEK M	2022	2021
Costs by cost category		
Salaries and remuneration	-3,157	-2,786
Social security expenses	-544	-500
Pension expenses	-179	-143
Amortization and impairment of intangible assets	-280	-274
Depreciation and impairment of tangible assets and right-of-use assets	-796	-682
Goods and services	-4,299	-3,591
Total	-9,255	-7,975

SEK M	2022	2021
Amortization, depreciation and write-downs		
Cost of goods sold	-690	-597
Selling expenses	-150	-145
Administrative expenses	-228	-208
Research and development costs	-7	-6
Exceptional items	-1	-
Total	1,077	956

5 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 21.

SEK M	2022	2021
Acquisition expenses	-1	-1
Damage claims and disputes	-28	-
Restructuring costs	-16	-38
Other	-30	-
Total	-74	-39

Damage claims and disputes comprise legal costs for one resolved and one ongoing dispute in the US. Restructuring costs are related to a few small-scale efficiency programs in both Europe and the US. The item “Other” refers to impairment of inventories of SEK 25 M in the rental operations in France due to a decision to discontinue a product range and support for Ukrainian refugees in Poland.

SEK M	2022	2021
Exceptional items by function		
Cost of goods sold	-30	-17
Selling expenses	-3	-8
Administrative expenses	-35	-14
Other operating expenses	-6	-
Total	-74	-39

The table above presents the functions that the items would have been recognized under had they not been classified as exceptional items.

6 Research and development costs

Accounting policies

For the accounting policies on intangible assets, see Note 12 Intangible assets.

SEK M	2022	2021
Research and development costs, gross	-244	-220
Capitalized development costs	129	120
Research and development costs, net	-115	-100

7 Fees to auditors

SEK M	2022	2021
Fee to PwC		
Fee and expense reimbursement:		
Auditing assignments ¹⁾	-11	-10
Tax consultancy services	0	0
Other services ²⁾	-3	-1
Total	-14	-11

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

2. Of which SEK 3 M (1) 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.

SEK M	2022	2021
Fees to other auditors		
Fee and expense reimbursement:		
Auditing assignments	-1	-1
Tax consultancy services	-	-
Other services	-	-
Total	-1	-1

8 Exchange-rate gains and losses, net

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

SEK M	2022	2021
Other operating income and expenses	-50	-16
Financial items	25	7
Total	-25	-9

9 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	2022	2021
Interest income	16	4
Currency gains	25	7
Total	42	11

Financial expenses

SEK M	2022	2021
Interest expenses, financial liabilities	-85	-57
Interest expenses, leases	-30	-30
Other	-20	-11
Total	-135	-98

10 Taxes

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	2022	2021
Current tax expense	-207	-224
Deferred tax	58	-23
Total	-149	-247
Relationship between tax expenses for the year and recognized profit after financial items, SEK M		
Recognized profit after financial items	597	989
Tax according to current tax rate in Sweden 20.6% (20.6)	-123	-204
Adjustment for tax rates in foreign subsidiaries	-9	-4
Adjustment of tax expenses from earlier years	3	0
Tax effect of non-deductible costs	-27	-32
Tax effect of non-taxable income	14	16
Adjustment for changed tax rates	2	2
Changed value of temporary differences	6	-3
Other	-15	-22
Recognized tax expense	-149	-247

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	2022	2021
Deferred tax: actuarial gains/losses pertaining to defined-benefit pension plans	10	-54
Deferred tax: hedges of net investments and expanded net investments	-15	-21

SEK M	2022	2021
Deferred tax assets relate to the following temporary differences and loss carryforwards		
<i>Deferred tax assets relating to:</i>		
Non-current assets	226	180
Current assets	68	60
Provisions	30	35
Loss carryforwards	216	203
Other	82	74
Offset	-307	-296
Deferred tax assets	316	255
Deferred tax liabilities relate to the following temporary differences		
<i>Deferred tax liabilities relating to:</i>		
Non-current assets	-425	-413
Financial receivables and derivatives	-4	0
Current assets	-9	-2
Provisions	-51	-60
Other	-10	-8
Offset	307	296
Deferred tax liabilities	-193	-187
Maturity structure for loss carryforwards		
Due within 5 years	43	38
Due in more than 5 years	87	153
No due date	670	589
Total	800	780

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

11 Earnings per share

Earnings per share before and after dilution amounted to SEK 1.64 (2.72). The calculation of earnings per share relating to the Parent Company shareholders is based on the following information:

SEK M	2022	2021
Earnings (numerator)		
Earnings relating to the Parent Company shareholders, which form the basis for calculation of earnings per share	447	742
Number of shares (denominator)		
Weighted average number of ordinary shares for calculation of earnings per share	272,369,573	272,369,573

12 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 relationships	Intangible assets, other	Total
INTANGIBLE ASSETS						
Cost, Jan 1, 2022	5,578	736	1,088	902	2,193	10,498
Investments	-	-	131	-	123	254
Reclassifications	-	-	-22	-	14	-8
Translation differences	299	4	13	76	59	451
Accumulated cost, Dec 31, 2022	5,877	740	1,210	978	2,389	11,195
Amortization and impairment, Jan 1, 2022	-173	-530	-620	-678	-1,396	-3,398
Amortization for the year	-	-31	-34	-37	-177	-279
Impairment	-	-	-	-	-1	-1
Sales/disposals	-	-	-	-	0	0
Reclassifications	-	-	-	-	-1	-1
Translation differences	-31	0	-7	-51	-37	-125
Accumulated amortization and impairment, Dec 31, 2022	-204	-561	-662	-766	-1,611	-3,804
Closing carrying amount, Dec 31, 2022	5,673	179	549	212	778	7,391

SEK M	Goodwill	Brands	Capitalized development costs	Customer relationships	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						
Amortization for the year	–	–31	–42	–35	–165	–274
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

Impairment testing

SEK M	2022	2021
GOODWILL AND INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE		
Global Sales	2,222	2,120
North America	2,914	2,775
Other	588	557
Group, total	5,724	5,452

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 9.3% (8.5) 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 10.3% (9.5).

Intangible assets

There are a limited number of intangible assets, in the form of trademarks with a carrying amount of SEK 51 M (47), 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.

13 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 impairments of goodwill are 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, 2022	420	246	961	4,233	91	5,950
Investments	4	5	38	520	78	645
Sales/disposals	-7	-2	-27	-244	-1	-280
Reclassifications	6	24	57	-9	-70	8
Translation differences	32	21	83	445	6	586
Accumulated cost, Dec 31, 2022	455	294	1,111	4,944	104	6,909
Depreciation and impairment, Jan 1, 2022						
Depreciation for the year	-17	-17	-67	-324	-	-425
Impairment	-	0	0	-	-	0
Sales/disposals	2	2	27	218	-	249
Reclassifications	-	-2	-2	5	-	1
Translation differences	-16	-16	-67	-335	-	-435
Accumulated depreciation and impairment, Dec 31, 2022	-238	-231	-884	-3,754	-	-5,107
Closing carrying amount, Dec 31, 2022	217	63	227	1,190	104	1,802

1. Of which, land amounted to SEK 12 M in 2022.

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, 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						
Depreciation for the year	-15	-14	-56	-270	-	-355
Sales/disposals	0	1	47	294	-	342
Reclassifications	0	-	-4	4	-	-
Translation differences	-18	-12	-42	-202	-	-275
Accumulated depreciation 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.

14 Leases

Arjo as a lessee

Accounting policies

Leases in which Arjo is the lessee primarily comprise buildings and cars. Leases are normally depreciated at 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	2022	2021
Right-of-use assets		
Buildings and land	761	750
Cars and other vehicles	328	334
Other	17	18
Total	1,107	1,101
Lease liabilities		
Current	350	315
Non-current	808	827
Total	1,158	1,142

Additional right-of-use assets in 2022 amounted to SEK 170 M (264). The cash outflow amounted to SEK 367 M (318). For a maturity analysis of the lease liabilities with undiscounted payments, see Note 27 Financial risk management.

Amounts recognized in profit or loss

SEK M	2022	2021
Depreciation of right-of-use assets		
Buildings and land	-187	-161
Cars and other vehicles	-177	-160
Other	-7	-6
Total	-371	-327
Interest expenses attributable to leases	-30	-30
Expenses attributable to short-term leases (included in cost of goods sold, selling expenses, administrative expenses, research and development costs)	-9	-6
Expenses attributable to low-value leases that are not short-term leases (included in cost of goods sold, selling expenses and administrative expenses)	-6	-6

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 Segment reporting, 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 13 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	2022	2021
Due within 1 year	388	309
Due within 1 to 2 years	287	219
Due within 2 to 3 years	255	179
Due within 3 to 4 years	199	132
Due within 4 to 5 years	200	123
Due in more than 5 years	85	-
Total	1,415	961

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	2022	2021
Current	21	24
Non-current	38	51
Total	59	74

No new contracts were signed in 2022. 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

2022, SEK M	Undiscounted payments	Interest effect	Discounted payments
Due within 1 year	23	-2	21
Due within 1 to 2 years	11	-1	11
Due within 2 to 3 years	10	-1	10
Due within 3 to 4 years	10	-1	9
Due within 4 to 5 years	5	-1	5
Due in more than 5 years	4	0	4
Total	64	-5	59

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

Interest income amounted to SEK 2 M (1).

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

SEK M	2022	2021
Current	9	12
Non-current	1	3
Total	10	16

Interest expenses amounted to SEK 1 M (1) and cash outflow to SEK 10 M (12).

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

SEK M	2022	2021
Current	12	11
Non-current	36	45
Total	48	57

15 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 20-50 percent of the votes, but could also apply to cases in which consideration is given to operational and legal agreements under which Arjo believes that it has a significant influence despite holding less than 20 percent 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 percent 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 percent 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 12 Intangible assets.

Change in recognized amounts in associated companies:

SEK M	2022	2021
Opening cost, associated companies	123	120
Share of associated companies' profit for the year	-10	-9
Other comprehensive income	19	12
Carrying amount at year-end	132	123

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	2022	2021
Condensed income statement		
Net sales	18	10
Operating loss	-97	-92
Net loss for the period	-99	-92
Other comprehensive income	0	0
Comprehensive income for the period	-99	-92
Condensed balance sheet		
Non-current assets	5	4
Current assets	48	36
Total assets	53	40
Shareholders' equity	-77	13
Current liabilities	130	27
Total shareholders' equity and liabilities	53	40

16 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	2022	2021
Raw materials	613	495
Work in progress	65	38
Finished products	996	836
Total	1,674	1,369

Of the Group's inventories, SEK 1,666 (1,350) is measured at cost and SEK 8 M (19) at net realizable value. At December 31, 2022, the Group's provisions for obsolescence totaled SEK 108 M (110).

17 Accounts receivable

Accounting policies

For accounting policies, see Note 28 Financial instruments.

SEK M	2022	2021
Accounts receivable before provisions	1,789	1,618
Provisions for doubtful receivables	-81	-76
Total	1,708	1,542

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	2022	2021
Not fallen due	1,181	1,134
Fallen due 1-5 days	113	79
Fallen due 6-30 days	137	98
Fallen due 31-60 days	117	135
Fallen due 61-90 days	70	58
Fallen due, more than 90 days	171	114
Total	1,789	1,618

At December 31, 2022, the Group's provisions for doubtful receivables totaled SEK -81 M (-76). A maturity analysis of these accounts receivable is presented below:

SEK M	2022	2021
Not fallen due	-6	-2
Fallen due 1-5 days	-1	0
Fallen due 6-30 days	-1	-1
Fallen due 31-60 days	-1	0
Fallen due 61-90 days	-1	-1
Fallen due, more than 90 days	-71	-71
Total	-81	-76

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

SEK M	2022	2021
EUR	563	514
USD	508	503
GBP	297	231
CAD	181	135
SEK	2	10
Other currencies	238	225
Total	1,789	1,618

Changes in provisions for doubtful receivables are as follows:

SEK M	2022	2021
At beginning of the year	-76	-72
Provision for expected losses	-19	-17
Confirmed losses	11	8
Payment made for reserved receivable	10	10
Translation differences	-7	-4
Amount at year-end	-81	-76

18 Prepaid expenses and accrued income

SEK M	2022	2021
Accrued income	57	58
Prepaid leasing expenses	12	6
Prepaid insurance expenses	21	19
Prepaid bank fees	24	28
Prepaid IT expenses	77	57
Other	72	59
Total	263	228

19 Shareholders' equity

Specification of other reserves

SEK M	Translation reserve		Hedges of net investments		Total	
	2022	2021	2022	2021	2022	2021
Opening balance	815	204	-49	-31	766	172
Change for the year	-	-	-112	-22	-112	-22
Tax attributable to items that can be restated in profit	-38	-26	23	5	-15	-21
Translation difference for the year	756	636	-	-	756	636
Closing balance	1,533	815	-138	-49	1,395	766

Class of shares	A	B	Total
Quotient value per share	0.33	0.33	
December 31, 2021	18,217,200	254,152,373	272,369,573
December 31, 2022	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, 2022, distributed over 272,369,573 shares with a quotient value of SEK 0.33 per share for both classes of shares.

A dividend of SEK 313,225,009 (SEK 1.15 per share) was paid in 2022. The proposed dividend for 2023 amounts to SEK 231,514,137 (SEK 0.85 per share).

20 Consolidated interest-bearing net debt

The Group's interest-bearing net debt is presented in the table below. Contracted, unutilized overdraft facilities totaled SEK 3,891 M (6,136) on December 31, 2022 (of which, SEK 2,267 M (4,169) comprised back-up for the commercial paper program). There are also granted, unutilized overdraft facilities of SEK 216 M (206).

SEK M	Jan 1, 2022	Cash flows	Non-cash items		Dec 31, 2022
			Other non-cash items	Exchange-rate differences	
Non-current and current financial liabilities	4,295	581	22	247	5,145
Less non-interest-bearing financial liabilities	-73	40	-14	-10	-57
Non-current and current lease liabilities	1,158	-377	282	105	1,168
Provisions for pensions, interest-bearing	32	-1	-3	1	29
Total interest-bearing liabilities	5,412	243	287	342	6,285
Non-current and current financial assets	-76	-3	-4	-4	-87
Pension assets	-238	2	37	-6	-205
Cash and cash equivalents	-757	-150	-	-42	-949
Total interest-bearing assets	-1,071	-151	33	-52	-1,241
Net interest-bearing liabilities	4,341	92	320	291	5,044

SEK M	Jan 1, 2021	Cash flows	Non-cash items		Dec 31, 2021
			Other non-cash items	Exchange-rate differences	
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

21 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 5 Exceptional items.

SEK M	Restructuring	Guarantees	Personnel	Other	Total
Value according to opening balance 2022	13	23	13	79	128
Provisions	2	25	2	43	72
Used amount	-8	-22	-2	-40	-72
Unutilized funds restored	-	-2	-	0	-2
Reclassifications	-	-3	-	0	-3
Translation differences	3	4	0	6	13
Value according to closing balance 2022	10	25	13	88	136
<i>Of which:</i>					
Current					67
Non-current					69
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
<i>Of which:</i>					
Current					57
Non-current					71

Expected timing of outflow:

SEK M	2022	2021
Within 1 year	67	57
Within 3 years	14	9
Within 5 years	22	23
> 5 years	33	39
Total	136	128

22 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:

2022, SEK M	Funded pension plans	Unfunded pension plans	Total	2021, SEK M	Funded pension plans	Unfunded pension plans	Total
Present value of commitments	-1,619	-29	-1,649	Present value of commitments	-2,483	-32	-2,515
Fair value of plan assets	1,825	-	1,825	Fair value of plan assets	2,721	-	2,721
Net asset/liability in the balance sheet	205	-29	176	Net asset/liability in the balance sheet	238	-32	206

SEK M	2022	2021
Pension commitments		
Opening balance	-2,515	-2,425
Costs for service in the current year	-2	-2
Interest expenses	-44	-31
Paid benefits	67	68
Exchange-rate differences	-75	-226
Gain/(loss) attributable to changed demographic assumptions	177	3
Gain/(loss) attributable to changed financial assumptions	944	106
Experience-based gains/(losses)	-201	-8
Closing balance	-1,649	-2,515

SEK M	2022	2021
Plan assets		
Opening balance	2,721	2,421
Interest income	46	28
Administrative costs pertaining to plan assets	0	0
Fees paid by employer	3	3
Paid benefits	-69	-67
Exchange-rate differences	79	234
Return on plan assets	-928	102
Restriction in plan surpluses with regard to asset ceilings	-27	0
Closing balance	1,825	2,721

The defined-benefit pension commitment and composition of plan assets

2022, SEK M	Present value of commitments	Fair value of plan assets	Net provision/net receivable pensions
Sweden	-39	39 ¹⁾	0
Germany	-7	-	-7
UK	-1,581	1,786	205
Italy	-22	-	-22
Total	-1,649	1,825	176

1. Of which restriction of surplus in the plan due to an asset ceiling of SEK -27 M.

2021, SEK M	Present value of commitments	Fair value of plan assets	Net provision/net receivable pensions
Sweden	-51	63 ¹⁾	12
Germany	-9	-	-9
UK	-2,432	2,658	226
Italy	-23	-	-23
Total	-2,515	2,721	206

1. Of which restriction of surplus in the plan due to an asset ceiling of SEK 0 M.

UK	2022	2021
Significant actuarial assumptions, %		
Discount rate	4.7	1.8
Expected salary increase rate ¹⁾	-	-
Expected inflation	2.6	2.7

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

2022, SEK M	Expected value of pension commitments	Change compared with used calculation assumptions
Pension commitments according to original valuation	-1,581	
Discount rate +1 percentage point	-1,342	239
Inflation +1 percentage point	-1,757	-176

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	2022	2021
Securities	1,802	2,700
Properties	6	6
Cash and cash equivalents and similar assets	10	9
Other	7	6
Total	1,825	2,721

The weighted average term of the pension commitments is 16 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 2022 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 4 M (5). Alecta's surplus can be distributed to the insurers and/or the insured. At year-end 2022, Alecta's surplus in the form of the collective consolidation level was approximately 172 percent (172). 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.

23 Accrued expenses and deferred income

SEK M	2022	2021
Salaries	367	424
Social security expenses	88	92
Commission and bonuses to customers	60	58
Consultancy fees	42	18
Freight costs	18	23
IT expenses	13	21
Deferred income	118	109
Other	237	277
Total	942	1,021

Deferred income, specification of changes for the year

SEK M	2022	2021
Opening balance	109	109
Provision for the year	183	229
Utilized amount for the year	-185	-239
Translation differences	12	10
Closing balance	118	109

24 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	2022	2021
Guarantees	30	23
Total	30	23

Pledged assets

The Group has no pledged assets.

25 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 12 Intangible assets, accounting policies).

Acquired operations in 2022

Arjo did not make any acquisitions in 2022.

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 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.

26 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.

For remuneration and benefits to senior executives and on the Board of Directors, see Note 3.

SEK M	2022	2021
Sales	30	31
Purchases of goods	-10	-4
Accounts receivable	3	4
Accounts payable	1	0

27 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 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	2022	2021
Amount recognized, loans	1,792	1,241
Amounts recognized in MEUR	161	121
Hedge ratio	1:1	1:1
Change in the carrying amount of the loan due to changes in exchange rates since January 1	112	22
Change in value of the hedged item to determine effectiveness	112	22

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 mainly arise through intra-Group product flows. The most important currencies against the SEK are presented in the table on the right. The Group discontinued hedging of intra-Group accounts receivable and accounts payable during the fiscal year. However, intra-Group cash pool balances are hedged. 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 ± 10 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. Since the "Balance" column is the net of assets and liabilities and not all items are hedged, the forward contracts sometimes therefore exceed the nominal value of the amount of the exposure balance on the closing date.

Sensitivity analysis, transaction exposure – 2022

Currency	Derivatives fair value	Derivatives nominal amount	Balance	Effect on net profit for the year & shareholders' equity, +/-10% (SEK M)
AUD	0	5	17	2
CAD	1	-76	2	-6
CNY	-	-	-27	-2
EUR	32	1,742	-1,671	6
GBP	2	340	-191	12
PLN	-8	-61	43	-1
USD	-9	-332	214	-9
Other	1	63	-63	0
Total, SEK M	19	1,681	-1,676	2
Of which, current assets	45			
Of which, current liabilities	-26			

Sensitivity analysis, transaction exposure – 2021

Currency	Derivatives fair value	Derivatives nominal amount	Balance	Effect on net profit for the year & shareholders' equity, +/-10% (SEK M)
AUD	1	-3	2	0
CAD	0	8	82	7
CNY	1	74	-39	3
EUR	-2	1,121	-1,084	3
GBP	12	1,239	-1,267	-2
PLN	1	207	-140	5
USD	-3	-130	109	-2
Other	0	53	-32	2
Total, SEK M	10	2,569	-2,369	16
Of which, current assets	26			
Of which, current liabilities	-16			

Financing risk

Credit facilities and loans

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. The weighted average remaining maturity of the Group's contracted credit facilities may not be shorter than 24 months and more than 30 percent of Arjo's outstanding financing may not fall due within the next 12 months. 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 met these covenants during the fiscal year.

Arjo has a commercial paper program with a framework amount of SEK 5,000 M. At year-end 2022, SEK 2,267 M (4,169) had been issued. The carrying amount was SEK 2,253 M (4,165). 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 below presents Arjo's credit facilities and loans as per December 31, 2022 and 2021.

Credit facilities 2022

Type	Currency	Amount, MLC	Utilized	Due
Revolving credit facility, 5+1+1 years	EUR	300	125	2027
Revolving credit facility, 3+1+1 years	EUR	300	125	2025
Commercial paper	EUR	189	69	2023
Commercial paper	SEK	2,900	1,497	2023

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

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, 2022, SEK M	Less than 6 months	7-12 months	1-2 years	2-5 years	> 5 years	Total
Bank loans	-45	-45	-90	-2,964	-	-3,144
Commercial paper	-2,156	-111	-	-	-	-2,267
Leases	-187	-186	-280	-431	-199	-1,283
Other financial liabilities	-64	-6	-12	-26	-3	-111
Derivative instruments, outflows	-1,643	-77	-	-	-	-1,720
Derivative instruments, inflows	3,462	-	-	-	-	3,462
Accounts payable	-587	-	-	-	-	-587
Total	-1,220	-425	-382	-3,421	-202	-5,650

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

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. Interest-rate risk is assessed and monitored continuously by the Board during the year.

Loans under the commercial paper program have a fixed interest rate for each maturity, between 1–12 months, based on the market rate on the issue date. Interest-rate risk arises in connection with each maturity when the loans are to be renewed. On each issue date, Arjo can choose 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, 2022, 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 ± 51 M (43) on an annual basis, which would impact net profit and equity in the amount of SEK ± 38 M (32).

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, 2022, the total counterparty exposure in derivative instruments was SEK 19 M (10). 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. 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 17 Accounts receivable.

28 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 17 Accounts receivable and Note 27 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. 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. Accounts receivable are recognized at a nominal amount less any impairment. 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. The terms of accounts payable are short, which is why amounts are recognized at nominal values without discounting.

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, they are classified at level 3 of the fair value hierarchy.

FAIR VALUE DISCLOSURES PERTAINING TO INTEREST-BEARING LOANS AND OTHER FINANCIAL INSTRUMENTS

Over time, Arjo has loans with both floating and fixed interest rates. Arjo's long-term loans have floating interest rates and current loans, which comprise the commercial paper program, have fixed interest. The fair value is deemed to correspond to the carrying amount since the long-term loans have floating interest and due to the short term for loans with fixed interest. 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 at year-end related to the acquisition of AirPal in the US, which is at level 3 of the fair value hierarchy. The change in liability for the year is presented in the table at the bottom of the page. A final payment of SEK 40 M related to the acquisition of ReNu was made during the year. 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. A decline in value of SEK 17 M (23) 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

Financial assets, SEK M	2022			2021		
	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	-	45	45	-	26	26
Other financial assets	-	119	119	-	117	117
Accounts receivables and other financial receivables	1,742	-	1,742	1,573	-	1,573
Cash and cash equivalents	949	-	949	757	-	757
Total	2,691	164	2,855	2,330	143	2,473

Financial instruments by category

Financial liabilities, SEK M	2022			2021		
	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
Borrowing	5,088	-	5,088	4,222	-	4,222
Derivative instruments	-	26	26	-	16	16
Accounts payable and other financial liabilities	587	-	587	614	-	614
Additional purchase consideration	-	57	57	-	73	73
Total	5,675	83	5,758	4,836	89	4,925

Liability for additional purchase consideration

	2022	2021
Opening balance	73	82
Additional	14	0
Paid	-40	-17
Translation effects	10	8
Closing balance	57	73

29 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	2022	2021
Cash and bank balances	949	757
Total	949	757

Adjustments for items not included in cash flow

SEK M	2022	2021
Change in reserves ¹⁾	-34	-8
Income from participations in associated companies	10	9
Exchange-rate differences	24	-6
Gain from divestment/disposal of non-current assets	-8	3
Total	-7	-2

1. Primarily refers to provisions, inventories and customer reserves.

30 Events after the end of the fiscal year

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

Parent Company financial statements

PARENT COMPANY INCOME STATEMENT

SEK M	Note	2022	2021
Administrative expenses	2, 3, 4	-195	-175
Other operating income and expenses	5	105	150
Operating profit		-90	-25
Income from participations in Group companies	6	158	88
Financial income	7	27	18
Financial expenses	8	-82	-92
Profit after financial items		13	-11
Taxes	9	0	-1
Net profit/loss for the year¹⁾		13	-13

1. Also comprehensive income for the year.

PARENT COMPANY BALANCE SHEET

SEK M	Note	2022	2021
ASSETS			
Non-current assets			
Intangible assets	10	337	355
Tangible assets	11	1	0
Participations in Group companies	12	5,807	5,832
Non-current financial receivables		27	-
Other financial assets		59	75
Deferred tax assets	9	3	2
Total non-current assets		6,234	6,264
Current assets			
Financial receivables, Group companies		-	2,128
Other receivables from Group companies		86	27
Other receivables		6	2
Prepaid expenses and accrued income		22	15
Cash and cash equivalents		-	-
Total current assets		114	2,172
TOTAL ASSETS		6,348	8,436
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital		91	91
Non-restricted shareholders' equity			
Retained earnings		3,824	4,150
Net profit for the year		13	-13
Total shareholders' equity		3,928	4,228
Provisions			
Other provisions		2	1
Total provisions		2	1
Current liabilities			
Interest-bearing financial loans	13	2,253	4,165
Financial liabilities, Group companies		133	-
Accounts payable		8	4
Other liabilities to Group companies		5	11
Other liabilities		2	0
Accrued expenses and deferred income	14	18	27
Total current liabilities		2,419	4,206
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		6,348	8,436

CHANGES IN SHAREHOLDERS' EQUITY, PARENT COMPANY

SEK M	Share capital	Retained earnings and net profit for the year	Total share-holders' equity
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
Opening balance at January 1, 2022	91	4,138	4,228
Net profit for the year	-	13	13
Dividend to shareholders	-	-313	-313
Closing balance at December 31, 2022	91	3,837	3,928

PARENT COMPANY CASH-FLOW STATEMENT

SEK M	Note	2022	2021
Operating activities			
Operating loss		-90	-25
Add-back of amortization, depreciation and write-down		92	83
Other non-cash items		0	0
Dividend received		101	172
Interest received and similar items		27	18
Interest paid and similar items		-65	-70
Taxes paid		-2	-2
Cash flow before changes to working capital		63	176
Cash flow from changes in working capital			
Current receivables		-7	30
Current liabilities		-10	-81
Cash flow from operations		46	125
Investing activities			
Acquisition of intangible and tangible assets	10, 11	-75	-57
Cash flow from investing activities		-75	-57
Financing activities			
Change in interest-bearing loans		-1,779	1,116
Change in interest-bearing receivables		2,101	-989
Group contributions received		19	37
Dividend		-313	-232
Cash flow from financing activities		28	-68
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

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.

2 Amortization and write-downs

SEK M	2022	2021
Intangible assets	-91	-83
Tangible assets	-1	0
Total	-92	-83
Amortization and write-downs by cost category		
Administrative expenses	-92	-83
Total	-92	-83

3 Fees to auditors

SEK M	2022	2021
Fee and expense reimbursement		
Auditing assignment	-3	-3
Auditing activities other than auditing assignments	-	-
Tax consultancy services	0	0
Other services	-1	0
Total	-4	-3

Pertains to remuneration to Öhrlings PricewaterhouseCoopers AB.

4 Personnel

Average number of employees

Sweden	2022	2021
Men	3	3
Women	3	3
Total	6	6

Gender distribution

%	2022	2021
Women:		
Board members	29	29
Other members of senior management	43	60
Men:		
Board members	71	71
Other members of senior management	57	40

Salaries, other remuneration and social security expenses

2022, SEK 000s	Board and CEO	Other senior executives	Total
Salaries and remuneration	15,503	14,172	29,675
Social security expenses	5,166	5,064	10,230
Pension expenses	2,678	3,382	6,060

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

5 Other operating income and expenses

SEK M	2022	2021
Sale of services to other Group companies	111	144
Currency gains	0	6
Currency losses	-6	0
Total	105	150

6 Income from participations in Group companies

SEK M	2022	2021
Dividend	101	172
Impairment	-25	-103
Group contributions	82	19
Total	158	88

7 Financial income

SEK M	2022	2021
Interest income	1	-
Interest income from Group companies	26	18
Total	27	18

8 Financial expenses

SEK M	2022	2021
Interest expenses	-26	-18
Interest expenses Group companies	-40	-51
Currency losses	0	-1
Impairment of financial assets	-17	-23
Total	-82	-92

9 Taxes

SEK M	2022	2021
Current tax expense	-1	-1
Deferred tax	1	0
Total	0	-1
Relationship between tax expenses for the year and recognized profit after financial items:		
Recognized profit after financial items	13	-11
Tax according to current tax rate 20.6% (20.6%)	-3	2
Tax effect of non-deductible costs	-17	-38
Tax effect of non-taxable income	21	35
Other	-1	-1
Recognized tax expense	0	-1

Deferred tax assets in the balance sheet amounted to SEK 3 M (2) and were attributable to temporary differences.

10 Intangible assets

SEK M	2022	2021
Software		
Opening cost	664	607
Investments	73	57
Closing accumulated cost	737	664
Opening amortization	-309	-226
Amortization for the year	-91	-83
Accumulated amortization and impairment	-400	-309
Closing planned residual value	337	355

11 Tangible assets

SEK M	2022	2021
Equipment		
Opening cost	0	0
Investments	2	0
Closing accumulated cost	2	0
Opening depreciation	0	0
Depreciation for the year	-1	0
Closing accumulated depreciation and impairment	-1	0
Closing planned residual value	1	0

12 Participations in Group companies

Parent Company's holdings	Reg. office/ Country	Corporate Registration Number	No. of participations 2022	No. of partic- ipations 2021	Per- centage holding	Carrying amount, SEK M 2022
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	U85199M- H2002PTC135700	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	10
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						5,807

The table above includes all directly owned subsidiaries.

SEK M	2022	2021
Cost		
Opening cost	5,832	5,862
Shareholders' contributions	-	73
Impairment	-25	-103
Closing accumulated cost	5,807	5,832

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 Spa¹⁾

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) Ltd¹⁾
 ArjoHuntleigh South Africa Pty Ltd¹⁾
 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 GmbH²⁾
 Huntleigh Healthcare GmbH²⁾

USA

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

Austria

Arjo Austria GmbH

1. The Parent Company guarantee was issued for subsidiaries registered in Italy and South Africa and applies to all outstanding liabilities for the subsidiaries on the closing date until the commitments have been met.

2. In accordance with German regulations, it is possible to avoid publishing annual reports of individual subsidiaries in Germany, provided that they are consolidated at a higher level in another EU country. To meet the requirements of these regulations, Arjo AB (publ) has decided to absorb any losses for the German subsidiaries pertaining to the 2022 fiscal year in accordance with the Section 32 of the German Stock Corporation Act. This resolution will be published in the German Federal Gazette according to Section 325 of the Commercial Code. It was also decided that the exemption rules in Section 264, paragraph 3 of the Commercial Code apply as regards the Directors' Report and the publication of the financial statements in the German Federal Gazette for the subsidiaries.

13 Interest-bearing financial loans

SEK M	2022	2021
Commercial paper program	2,253	4,165
Total	2,253	4,165

The Parent Company established a commercial paper program with a framework amount of SEK 5,000 M (5,000). Issues totaling SEK 2,267 M (4,169) were implemented.

14 Accrued expenses and deferred income

SEK M	2022	2021
Salaries	8	11
Social security expenses	6	11
Consultancy fees	2	2
Accrued IT expenses	2	4
Total	18	27

15 Pledged assets and contingent liabilities

Pledged assets

The Parent Company had no pledged assets in 2022 or 2021.

Contingent liabilities, SEK M	2022	2021
Guarantees		
Guarantees for subsidiaries	3,181	102
Other	26	16
Total contingent liabilities	3,207	118

16 Proposed appropriation of profit

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

SEK	
Retained earnings	3,824,281,498
Net profit for the year	12,855,068
Total	3,837,136,566

The Board and Chief Executive Officer propose that a dividend of SEK 0.85 per share shall be distributed to shareholders

	231,514,137
To be carried forward	3,605,622,429
Total	3,837,136,566

Sustainability notes

Work based on international principles and global initiatives

ARJO'S SUSTAINABILITY FRAMEWORK AND CODE OF CONDUCT ARE BASED ON INTERNATIONAL PRINCIPLES AND ACKNOWLEDGED GLOBAL INITIATIVES, SUCH AS:

- UN Global Compact - Arjo supports and follows the ten principles that apply to human rights, labor, the environment and anti-corruption.
- UN Climate Agreement - the Paris Climate Agreement.
- OECD Guidelines for Multinational Enterprises.
- International Labour Organization (ILO) - The UN's labor organization for work and employment issues.
- UN Sustainable Development Goals - on the basis of Arjo's materiality analysis, the company has chosen to present its sustainability activities in relation to the seven most relevant SDGs.



Good health and well-being

Improving general health for patients and residents, as well as work conditions for caregivers, is at the very core of Arjo's business.



Quality education

Access to high quality education for all is one of the primary premises for prosperity, health and equal opportunities. Arjo has a long tradition of targeted advisory and training initiatives for healthcare professionals. Further, the company supports a research project within the Swedish Industry for Quality Education in India that focuses on improving education opportunities for children in grade school.



Gender equality

Arjo values the company's employees and advocates fairness, gender equality and non-discrimination. The company's 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 conditions and economic growth

The correlation between employee health, safety and development is central in the company's operations, and is backed by Arjo's Directive for Occupational Health and Safety. It emphasizes the importance of sound work conditions and a healthy work-life balance.



Responsible consumption and production

Collaborating throughout the value chain to reduce environmental impact is central to global health in the long term. Arjo endeavors to constantly reduce the company's environmental impact and ensure a more effective use of resources.



Climate action

Climate change has already a considerable adverse impact on global health, and efforts to reduce greenhouse gas emissions are paramount to realizing the goal of good health for all. Arjo has set goals to reduce the Group's carbon emission that are in line with the Paris Climate Agreement, and encourages suppliers and other business partners to do the same.



Peaceful and inclusive societies

Arjo assumes 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. The company continues to strive for ultimate business ethics on all levels and to ensure that compliance is part of the daily work.

Clear governance ensures results

To meet the ambitions and goals, Arjo's sustainability agenda follows a clear structure that involves all levels of the company. The governance model is based on relevant directives and policies, and ensures systematic implementation and follow up of approved activities.

The Arjo Sustainability Framework 2030 (see pages 46–57) is an integral part of the business, through both daily decisions and more far-reaching activities. A clear governance process ensures that the work is carried out methodically and with the right priorities to achieve the desired results. Starting 2022, 10 percent of Arjo Management Team's variable remuneration is based on sustainability targets. Two targets have been identified for 2023: reducing the Group's carbon emissions and making it possible for the organization to set Science Based Targets in line with the Paris Climate Agreement.

A governance process that involves all levels

The Arjo Management Team has the ultimate responsibility for sustainability efforts and sustainability issues are followed up at management team meetings. The CEO and Arjo Management Team participate actively in these efforts by taking responsibility for deciding on priorities and targets, evaluating reported results, identifying areas for improvement, as well as implementing plans and activities throughout the organization.

The operational responsibility for Arjo's sustainability efforts is carried by the Group's line organization, often through cross-functional teams in charge of conducting projects. 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's Board of Directors is responsible for determining the required guidelines and policies and monitors sustainability efforts through regular current status reports, target realization and plans for the future. The Board of Directors also conducts an assessment of the sustainability agenda twice a year and is responsible for the sustainability report. Read more about the Board's work on page 69.

Code of Conduct

Conducting business in an ethically responsible manner is a central part of the Group's sustainability agenda. Arjo's Code of Conduct applies to all employees and the company holds regular training at all levels in the organization in an effort to ensure compliance. Read more on page 128.

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

Arjo's sustainability forum regularly brings together members of Arjo Management Team and central executives with the ambition of reinforcing the development, implementation and governance of the sustainability efforts. A standing item on the agenda is the status for improvement activities in progress. The Forum is headed by Arjo's President & CEO and, in addition to the sustainability team, participants also include EVP HR & Sustainability, CFO, President Global Sales & Service, EVP Supply Chain & Operations, EVP Global Marketing and the heads of product development, purchasing, global transportation, and inventory and spare parts.

Sustainability data and reporting

To gather and report information about Arjo's sustainability measures, the company applies principles for balance, clarity, accuracy, reliability, relevance and comparability. Arjo works continuously to improve data quality and modify reporting procedures. Every year the company arranges training for the reporters to help local units to improve the data quality and make correct and reliable reports. In 2022, Arjo has implemented a new sustainability reporting system to better gather data from local units and facilitate consolidation at Group level. The new reporting system gives the company a higher degree of control over data collection, thereby helping local units to compare data over time and facilitate internal and external reviews.

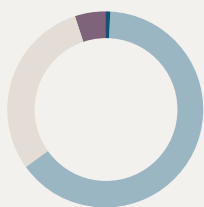
A sustainable offering

CARBON EMISSIONS AND ENERGY

In 2022, the UN Intergovernmental Panel on Climate Change (IPCC) published a new report on climate change that further underscored the need to drastically reduce emissions of greenhouse gases. Subsequently, Arjo is striving to reduce all forms of actual and potential carbon emissions throughout the value chain in order to actively contribute to sustainable development.

Arjo's goal is to reduce the company's carbon emissions by 50 percent by 2030, with 2019 as the base year, by reducing resource consumption while improving performance and customer benefits.

CARBON EMISSIONS, %



● Production, 1% ● Vehicles, 30 %
● Transportation, 64 % ● Business travel, 5 %

Total emissions from Arjo's focus areas (Scope 1, 2 and 3) was 71,383 tons CO₂e in 2022. A large part of the company's climate impact stems from transportation and service vehicles.

Carbon emissions per focus area

Scope 1 (tons CO ₂ e) – direct emissions	2022	2021	2020	2019 (base year)
Natural gas consumption	294	377	302	350
Oil/diesel consumption	20	24	98	50
Vehicle fuel, global	21,100	22,000	20,000	22,000
Total Scope 1	21,414	22,401	20,400	22,362
Scope 2 (tons CO ₂ e) – indirect emissions	2022	2021	2020	2019 (base year)
Electricity consumption (market based ¹⁾)	0,5	1,972	3,100	3,600
District heating consumption	0	0	0	0
Total Scope 2	0,5	1,972	3,100	3,380
Scope 3 (tons CO ₂ e) – indirect emissions	2022	2021	2020	2019 (base year)
Downstream transportation and distribution	45,800	45,200	37,000	41,000
Business travel	3,600	1,200	2,800	20,000
Total Scope 3	49,400	46,400	39,800	61,000

1. In 2022, Arjo changed to market-based reporting and the figures for 2022 and 2021 are based on the new calculation method. This is the reason that figures for 2021 are slightly different to those previously reported. For the market-based calculation, 96.7 percent of carbon emissions are covered by EAC certificates and 3.3 percent by commercial contracts with suppliers. Since the electricity supplier (in the commercial contract) did not have its emission calculations revised by an external party when publishing this report, we have chosen to calculate the emissions on the 2021 data.

Principles for considering the operation's environmental impact are included in both Arjo's Code of Conduct and the company's environmental policy and sustainability agenda. Arjo makes annual calculations of the Group's carbon emissions to better understand where they occur and how they can be limited. In 2022, the 15 categories in Scope 3 were reviewed as part of the work to set Science Based Targets. In addition, targets for Scope 1 and 2 have been identified and the Group will continue its efforts to map and set targets in 2023.

CARBON EMISSION REDUCTION

18%

Since the base year 2019, Arjo has reduced the Group's carbon emissions by 18 percent.

50%

Arjo's goal is to reduce the Group's total carbon emissions by 50 percent by 2030, with 2019 as the base year.

Effectiveness ratio for Scope 1 and 2 related to gross profit and/or number of employees	2022	2021	2020	2019 (base year)
Scope 1 and 2 emissions related to gross profit (tons CO ₂ e/SEK M)	2.2	2.7	2.6	2.9
Scope 1 and 2 emissions related to number of employees (tons CO ₂ e/total number of employees on December 31)	3.1	3.7	3.9	4.3

PRODUCTION

During the year, all of the Group's production facilities reported their energy consumption every quarter to a global function that oversees data collection. The results were presented to the Arjo Management Team, the Board of Directors and other relevant functions for analysis, follow-up and monitoring. At the end of 2022, a new reporting system was implemented that means the measurement quality will be improved in the future and the system will also enable measurements in accordance with the GHG Protocol's guidelines.

To reduce carbon emissions from Arjo's production facilities, the company is working on energy-efficiency enhancements by, for example, optimizing ventilation and cooling systems and transitioning to renewable electricity. In 2022, all five of Arjo's production facilities used renewable electricity, four of them by purchasing energy certificates and the fifth via a commercial contract with its supplier. This led to a reduction in carbon emissions from production. High demand and more production in primarily Poland and the Dominican Republic have contributed to higher consumption of electricity, while at the same time lower use of natural gas resulted in a reduction in total energy consumption.

Total energy consumption in production

Energy (MWh)	2022	2021	2020	2019
Natural gas	1,597	2,046	1,523	1,858
Oil	1.5	73	384	160
Diesel for generators	74	4	-	-
District heating/cooling	0	0	0	0
Electricity	6,419	6,138	5,510	5,414
Total	8,091.5	8,261	7,417	7,432

Carbon emissions from production

Scope 1 (tons CO ₂ e) – direct emissions	2022	2021	2020	2019
Natural gas	294	377	302	350
Oil	1	24	98	50
Diesel	19	1	0	0
Total Scope 1	314	402	400	400

Carbon emissions from production

Scope 2 (tons CO ₂ e) – indirect emissions	2022		2021		2020	2019
	Market-based	Location-based	Market-based	Location-based		
Electricity ¹⁾	0,5	3,522	1,972	3,240	3,100	3,600
District heating/cooling	0	0	0	0	0	0
Total Scope 2	0,5	3,522	1,972	3,240	3,100	3,600

1. In 2022, Arjo change to market-based and location-based reporting and the figures for 2022 and 2021 are based on the new calculation method. This is the reason that figures for 2021 are slightly different to those previously reported. For the market-based calculation, 96.7 percent of carbon emissions are covered by EAC certificates and 3.3 percent by commercial contracts with suppliers.

VEHICLES

Arjo's Global Vehicle Directive includes guidelines and principles concerning the company's fleet of vehicles to ensure that it is cost-efficient, environment friendly and safe. The goal is a 50 percent decrease in total emissions from the cars/fleet by 2030.

In 2022, discussions were held with Arjo's sales and service companies to map local needs and requisites for electrifying fleet vehicles. Legislation, transition costs, charging infrastructure,

vehicle specifications and safety are a few of the areas addressed during the discussions.

Reporting on emissions from company vehicles has improved through quicker access to data from leasing companies. Carbon emissions calculations have been based on a number of assumptions and have improved during the year – work that will continue throughout 2023.

Total carbon emissions – vehicles

Scope 1 (tons CO ₂ e)	2022	2021	2020	2019
Total	21,100	22,000	20,000	22,000

Emissions from vehicles are calculated on the budgeted driving distances and the car manufacturer's emission level.

TRANSPORTATION

Transporting products and components to customers worldwide is a critical part of Arjo's value chain, and also accounts for a large portion of the company's total emissions. Arjo's sustainability agenda goal is to reduce carbon emissions 50 percent by 2030. To lower emissions from transportation, Arjo is introducing a program for internal optimization and efficiency improvements, and intensifying its collaboration with carriers concerning this issue.

The majority of Arjo's products are transported by ground freight or shipping, and only a small portion are sent by air carrier.

During the year, Arjo has worked on a number of initiatives to reduce the environmental impact from transportation. This includes improved filling ratio in packaging, as well as optimizing and consolidating both intercontinental and continental transportation flows. Furthermore, Arjo has started more in-depth discussions with carriers in terms of sustainability during the year. Among other things, an assessment has been made of various carriers' sustainability efforts and the services they can offer. Arjo has also shared the Group's Code of Conduct for business partners and sent out a survey in which the carriers themselves assess their sustainability work. This mapping helps Arjo to make informed decisions regarding the choice of carriers, which by extension is expected to contribute to further shrinking the footprint in this area.

In 2022, an increase in production caused an increase in the amount of transportation from Arjo's production facilities. Total emissions from transportation increased only marginally despite external global challenges, such as logistics, transportation flows and higher production.

Total carbon emissions – downstream transportation and distribution

Scope 3 (tons CO ₂ e)	2022	2021	2020	2019
Total	45,800	45,200	37,000	41,000

An estimate of carbon emissions for transportation was made using the GHG Protocol's calculation tool for Scope 3.

BUSINESS TRAVEL

Before the pandemic, business travel accounted for a considerable proportion of Arjo's carbon emissions. During the pandemic, business travel ceased completely. This means that travel increased in 2022 compared with extremely low levels in 2021. Since the pandemic, however, the organization has increasingly replaced travel with virtual meetings and, to a certain extent, remote work. Arjo's directive for meetings and business travel stipulates maintaining strict limitations concerning many types of travel in order to reduce both the environmental impact and costs.

Total carbon emissions from business travel

Scope 3 (tons CO ₂ e)	2022	2021	2020	2019
Total	3,600	1,200	2,800	20,000

Business travel refers to air travel.

PACKAGING MATERIAL

Arjo's products are well packaged to ensure that the products can be handled and transported safely. Arjo's goal is to reduce the total amount of packaging, increase the share of recyclable packaging and increase the share of reused material in packaging, while also ensuring that the products are always delivered safely to customers worldwide.

Total amount of packaging from production

Weight (tons)	2022	2021
Corrugated cardboard	1,072	813
Plastic	57	34
Wood	1,529	1,227
Total weight	2,658	2,074

Percentage of renewable packaging in relation to total amount of packaging (tons)

Percentage (%)	2022	2021
Total percentage	98	98

CIRCULARITY

A close collaboration with both customers and suppliers is key for sustainable product development. Arjo's product development follows the principles for eco-design at every stage, from concept to finished product. Product development also complies with the Group's environmental policy. The objective is to reduce the environmental impact of the products while simultaneously improving performance and customer value. The product development process complies with all regulatory requirements for medical devices. Arjo recently carried out life cycle analyses on two products and, based on the results, several potential sustainability-related improvements were identified.

Arjo has also set targets to increase collaboration on sustainability issues between all of Arjo's product development units. During the year, several meetings were arranged, focusing on sustainability and generating concrete ideas to improve awareness, and spread the know-how and engagement that already exists within the organization. Armed with lessons learned from internal collaborations and the life cycle analyses carried out, the organization has gained a deeper insight and can make fact-based decisions when developing the next generation of sustainable products.

In 2023, focus will be on further improving products' energy efficiency in response to more advanced customer requirements. One step in this work involves collaborating with suppliers to drive strategies for greater sustainability in various material categories.

Sustainability ranks highly on many of the company suppliers' agendas. Through long-term collaboration and regular follow ups, Arjo can influence suppliers to make sustainable investments in order to together further advance sustainability efforts.

TOTAL WASTE FROM PRODUCTION

Arjo's goal is to reduce environmental impact from waste by 50 percent by 2030. Waste management will improve by applying the waste hierarchy principle – that is based on the strategy to minimize, reuse and recycle material. Due to improved waste reporting, 2021 constitutes the company's baseline.

During the year, the total amount of waste increased largely due to an increase in production, particularly in Poland and the Dominican Republic. Arjo's production is constantly striving to find solutions to reduce the proportion of waste. This includes improving material efficiency and initiating collaborations with other companies to reuse, for example, textile waste. Approved waste management contractors manage all waste.

The proportion of hazardous waste comprises mainly empty chemicals packaging, light sources and oils. The work of reducing

hazardous waste and identifying alternatives for those chemicals considered to be substances of very high concern (SVHC) is constantly in progress. All employees who handle chemicals receive instructions on how to handle these in a safe manner. Arjo's production facilities are ISO 14001 certified and have processes for safe chemicals management and waste management. Textiles that are not recycled are primarily material mixes that are difficult to separate from each other with technology available today.

Plastic sent to landfills or incineration are plastic mixes that are difficult to recycle in the region where the waste has been produced. Handling complies with the local rules and regulations. In 2023, work will continue to identify opportunities to reduce the total amount of waste and increase the share of recycled or reused waste.

Total amount of waste from production per category (tons)

	2022			2021		
	Total amount of waste (tons)	Waste to reuse and recycling	Waste to landfills and incineration	Total amount of waste (tons)	Waste to reuse and recycling	Waste to landfills and incineration
Corrugated cardboard	502	502	0	443	443	0
Textiles	275	13	262	252	9	243
Plastic	300	144	156	229	101	128
Metal	109	109	0	94	94	0
Wood	68	68	0	38	38	0
Other non-hazardous waste	138	20	118	123	31	92
Other hazardous waste*	14	3	11	39	8	31
Total amount of waste (tons)	1,405	858	547	1,218	723	495

Waste from production is based on mapping from every production unit.

*Hazardous waste is classified in accordance with the local rules where they originate.

Efficiency figures for amount of waste in relation to profit

Total waste in relation to profit (tons/SEK M)	2022	2021
Tons waste /SEK M	0.15	0.13

Total amount of reusable and recyclable waste in relation to total waste (hazardous and non-hazardous)

Percentage of recyclable waste (%)	2022	2021
Total percentage	61%	60%

WASTE, %



A responsible company

BUSINESS ETHICS

Sound business ethics, transparency, honesty and well-defined principles for compliance are at the core of Arjo's long-term business relations. This commitment starts with the Board of Directors and is solidified in the organization through the company's Code of Conduct for employees and through a separate Code of Conduct for suppliers and other business partners.

Arjo's Business Compliance Committee leads and coordinates efforts within business ethics and compliance in the Group, and makes decisions pertaining to Arjo's business ethics strategy. The Committee is comprised of the President & CEO (Chairperson), EVP Legal & Business Compliance (Vice Chairperson), CFO, EVP Communication & PR, EVP HR & Sustainability, Director Internal Control and other members who are appointed as needed. VP Business Compliance is responsible for the day-to-day administration of compliance and serves as secretary for the Committee. Documented meetings are to be held regularly, at least four times every year.

In 2021, two support committees were established in Canada and the US. In 2022, these have continued to enhance and improve the organization's compliance efforts in each market.

Arjo is a global player and has a broad network of distributors, suppliers and other business partners, placing the same high demands on them as on its own organization, with zero tolerance for all forms of corruption, fraud and bribery. Arjo's ambition is to influence other stakeholders in contributing to the development of a fair global market

Arjo works actively with risk assessments to identify and manage corruption risks within the entire organization. In addition to the global process, an in-depth risk assessment and an analysis of potential conflicts of interest were carried out in North America. Suitable follow-up measures will be taken based on the outcome of each risk assessment process.

Policies, directives and processes

In 2022, Arjo worked to simplify and update the company's anti-corruption directives and procedures to make them more relevant and user friendly. By including explicit examples in the Anti-corruption Directive and the company's ethical guidelines, particular support is given for interacting with business partners. In addition to updating the global directives, in 2022, Arjo's North American team launched local policies that were communicated through specific training sessions in response to local regulatory requirements.

Training

In cooperation with the sustainability team, the Group's compliance function arranged an information and training activity with the purchasing organization in 2022. The company's current and future regulations were addressed at a number of gatherings.

Sufficient time was given for discussions concerning dilemmas related to real-life business situations. The training sessions were carried out in small groups with all active employees in purchasing organizations in five countries.

Arjo's separate Code of Conduct for suppliers and other business partners covers multiple areas including business ethics and corruption, and is part of standard contracts for distributors and suppliers alike. In 2022, training sessions were conducted for business partners in two regions (Central and Eastern Europe as well as South-East Asia).

Monitoring

In 2022, Arjo continued to monitor the company's process for evaluating and auditing distributors and intermediaries from a business ethical and anti-corruption perspective. One business unit and a large number of distributors were tested and evaluated during the year. The objective was to control target realization and further improve an already well-functioning process.

Incidents and whistleblowing

Arjo encourages employees and other stakeholders to step forward and communicate any observed or suspected misconduct in terms of compliance, either directly to their supervisor, local HR or to the company's compliance function. Misconduct can also be reported anonymously to a whistleblowing service in the form of a safe external website that is always open and also available to external partners.

Arjo acknowledges that it can be difficult to decide to report a suspicion and is therefore committed to ensuring that an employee is protected when making a report in good faith. No employee will be subject to harassment, reprisals or negative consequences in their employment due to filing such a report.

To further facilitate the procedure of processing compliance-related questions in North America, at the end of 2022 a safe phone hotline was introduced that is available alongside the secure online whistleblowing channel.

Misconduct in compliance includes corruption, violation of competition laws, serious risks to the environment, health and safety, violation of laws, treaties or other forms of agreements and all other observed or suspected violations of laws or Arjo's Code of Conduct.

A total of 14 incidents have been reported in 2022, of which one was a potential conflict of interest and one was related to gifts and business entertainment. The two incidents were found to be minor in nature and could be managed through small corrections and extra training. Ten of the remaining incidents were personnel-related matters and were managed by the HR organization. Two incidents are still under investigation. There is no ongoing corruption-related case against Arjo in court.

Arjo Code of Conduct	Goal	2022
Incidents and whistleblowing	N/A	14
New employees who have completed training and accepted Arjo's Code of Conduct	100%	85%

SUPPLIER ASSESSMENT

Arjo's endeavor to improve sustainability is integrated in the entire supply chain and the company has worked intensively in 2022 to convert ambitions into tangible results. Decisive areas in terms of greater sustainability within the purchasing function is to reduce risks, comply with current regulatory requirements and deliver on the company's sustainability agenda.

As a result of coordinated and cross-functional efforts, 91 percent of the company's suppliers of direct material (in relation to total direct purchasing volume) signed Arjo's separate Code of Conduct for suppliers and other business partners. This indicates that a vast number of suppliers share Arjo's values and demonstrates substantial dedication to ethical business methods. During the year, yet another Group entity was included in the calculation of outcome for 2022.

To manage impediments to implementing sustainable procurement, Arjo adopts a proactive collaboration method to further develop supplier relationships.

In working towards sustainable purchasing, Arjo has defined a strategy that, on the one hand, promotes transparency and guarantees compliance in terms of the environment as well as ethical and social aspects among the company's suppliers, and on the other hand, supports sustainable development upstream in the supply chain in order to reduce the environmental impact from goods and services procured by the company. In this respect, Arjo has initiated a project to develop Science Based Targets in line with the Paris Climate Agreement. Targets for Scope 1 and 2 were identified in 2022 and targets for Scope 3 will be identified in 2023 with the ambition to ensure the adoption of all targets.

Arjo's Code of Conduct for business partners	2022	2021	2020
By 2030, 97% of Arjo's total purchases of direct materials are to be made from suppliers who have signed Arjo's Code of Conduct for suppliers and other business partners	91%	95%	82%

PRODUCT QUALITY AND SAFETY

Framework, regulatory requirements and Arjo's risk profile

Quality and safety are prerequisites for Arjo's operations. The company's products aim to improve the conditions for patient mobility and, in this way, contribute to preventing hospital-acquired complications. The products also enable healthcare professionals to safely provide high-quality care, thereby reducing the risk of work-related injuries.

Using a medical device for medical purposes involves risks for patients and users. Due to the products' impact on human lives, medical devices are strongly regulated in all countries where Arjo conducts business. The company's product range is subject to regulatory requirements from the EU and the US Food and Drugs Administration (FDA), medical device regulations and related quality system requirements that include extensive assessments, quality assurance and product documentation. The majority of Arjo's medical devices have a low-risk profile, risk classification 1.

Arjo has six quality system certificates issued by BSI:

- 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

The certificates show that the directives and processes in the company's global quality management system meet the supervisory requirements in regulatory standards and laws. Arjo's production units are certified for environmental quality in accordance with ISO 14001.

Compliance standards and controls

Certificate	Quality and environmental certifications 2022		Global certifications				
	Unit	ArjoHuntleigh AB	Suzhou, China	Poznan, Poland	Magog, Canada	San Cristobal, Dominican Republic	Cardiff, UK
ISO 90001		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

Arjo devotes massive efforts and resources in implementing and applying processes to ensure regulatory compliance. To meet the growing demands and expectations within the medical device industry, the company is directing its focus on continuously evaluating and improving products and processes. Arjo's global pro-

cess for managing customer complaints ensures that inquiries, cause analyses and assessments are carried out with the aim to continuously improve product quality processes and to serve as input to new product development.

Internal audits as well as audits made by appointed authorities and audit organizations are conducted annually to ensure compliance for continued certification and CE marking.

In 2022, Arjo continued its efforts to comply with the EU MDR that came into force in May 2021. In 2021, Arjo's class Im products and class II systems for intermittent pneumatic compression and pressure area management were MDR certified. Activities continued in 2022 to ensure that the remaining product groups will be certified in accordance with the EU MDR in June 2023 when the company's current CE certificates under the MDD expire.

No major deviations were noted during audits of the quality management system or compliance controls in 2022, and there was no incident of non-compliance of regulatory requirements that resulted in fines, penalties or warnings from the authorities.

Incidents of regulatory non-compliance

Arjo has committed to meet or cooperate to remedy negative side-effects that have been identified as caused by or contributed to through the use of Arjo's products. As part of Arjo's global quality management system, processes are established to remedy any possible negative side-effects of products criticized by the market.

Incidents of regulatory non-compliance	2022	2021	2020
Incidents resulting in fines, sanctions or warnings issued by authorities related to customer health and safety, or health and safety aspects of Arjo's products and services, and due to non-compliance with quality management system requirements as defined by the standards, laws and regulations that the global QMS certificate held by ArjoHuntleigh AB is based on	0	0	0
Major deviations during external quality management system inspections or audits	0	0	0

Established process for ethical marketing

Arjo markets the company's products and solutions in accordance with high ethical and regulatory standards as well as applicable legal requirements. The activities are governed by Arjo's Code of Conduct, quality policy and the directive for design and development of customer solutions, that describes the procedure

for the development of sales and marketing material as well as the approval process for all external material containing statements regarding products or performance. Both internal and external audits are carried out regularly to ensure compliance with policies and standards. All relevant staff receive training in Arjo's ethical guidelines for interaction with business partners and healthcare professionals.

An attractive employer

DIVERSITY, EQUITY AND INCLUSION

It is imperative for Arjo to assume responsibility for diversity, equity and inclusion. Not only for its employees but also in the communities where the company operates. The Group's ambition is to be a workplace that cultivates every employee's talents and potential by providing equal opportunities to everyone. Arjo's Code of Conduct and Directive for Diversity, Equity and Inclusion describes the company's dedication and work process for creating a workplace where every employee is treated fairly and in a non-discriminatory manner. Compliance is ensured locally and followed up by Arjo's global team and steering committee that meet once a month to monitor implementation of the directive.

Progress 2022 and future priorities

Percentage of women per	2022	2021	2020
Percentage of women, total	42%	40%	38%
Percentage of female managers in senior positions	34%	38%	37%
Percentage of women in the Management Team	50%	50%	50%
Percentage of women in the Board of Directors	29%	29%	29%

In 2022, implementation continued of Arjo's Directive for Diversity, Equity and Inclusion through, among other things, development of a framework agenda for the implementation of the directive. In addition, an updated recruitment strategy was launched along with related training sessions for all of the company's local HR and management teams. Projects initiated during the year include a review of gender distribution within all functions and markets where Arjo operates, including goals for 2023, as well as a global project to ensure fair wage-setting and safeguarding labor rights.

ATTRACTING AND RETAINING EMPLOYEES

Attracting and retaining employees with the right competence profile is a strategic priority in meeting the organization's competence requirements. By regularly allowing employees to speak about what moves them and their experience of working at Arjo, by sharing their experiences both internally and externally, potential candidates and current employees have the chance to learn more about Arjo and what it means to work within the company.

There is a global recruitment process that includes assessment tools for specialist and management roles to ensure that the company hires the right competence based on business needs and values. All new employees complete a global induction process to learn about the company's vision, strategy, functions and value-creating solutions. New employee training also includes compulsory sessions concerning Arjo's Guiding Principles, the Code of Conduct, policies and directives. Employees in key positions follow plans for additional, function-modified sessions that concern matters such as the company's quality management system, design process and ethical marketing. The training includes education and digital courses on a learning platform.

Arjo has employees in a total of 30 countries, and at December 31, 2022, there were 6,841 (6,554) employees, of whom 217 (201) were employed in Sweden full-time employees.²⁾

Using Arjo's assessment processes and global development programs, the company works actively to give all employees at all levels the chance to grow and develop. Opportunities for variety, further development and work in a global environment are critical to offering an attractive workplace where employees choose to stay, and thereby guarantee that the company has the right competence to deliver on its set goals and strategies. The work is based on systematic succession planning and competence mapping. At an individual level, follow up and planning is done through regular discussions between employees and managers.

Arjo has a global talent program with a nomination process to identify participants who have potential to favorably contribute to the development of the company. Every year the program gathers 20-30 employees who take on an improvement project. The results are then reported to the concerned function and to the Arjo Management Team. Several of the projects have subsequently been implemented in the organization. Internal mentors are also appointed to the program participants through Arjo's global mentorship program.

	Target by 2030	2022	2021	2020	2019
Percentage of women participating in the talent program	50%	45%	45%	41%	44%

In 2022, the number of Group employees increased, primarily at the company's production facilities. The majority of those who left, and those who left after a brief period of employment, also worked within the company's production units. Interviews are held to determine the reasons why employees opt to leave the company, and thereby identify potential measures and improvement initiatives.

	2022	2021	2020
Employees who have chosen to resign	13%	11%	8%

Staff turnover is calculated annually and refers to permanent employees.

2. The calculations refer to full-time employees.

People Survey

Arjo's annual People Survey gives every employee the opportunity to provide feedback about what it is like to work at Arjo. The results show that Arjo's employees feel that they receive good, constructive feedback from their managers, that the work they do is appreciated and that Arjo's strategy and goals are understandable and well communicated. An analysis of the results forms the basis for perpetual work on action plans to foster engagement in both individuals and teams, but also to retain talent and skills within the company.

	2022	2021	2020	2019
Percentage of participants in the annual People Survey	88%	89%	89%	88%

Arjo's People Survey reveals positive results for all three topics concerning diversity and inclusion in comparison with the average for the survey. Those who completed the employee survey included the following results:

- 88% are satisfied with Arjo's diversity and inclusion efforts
- 84% feel that a diverse workforce is a definite priority
- 82% feel that Arjo's recruitment process attracts and selects a diverse workforce (in terms of gender, ethnicity, disabilities, and socioeconomic status)

Number of employees (individuals) per form of employment and gender

As of 31 December	2022		
	Men	Women	Total
Total number of employees	4,024	2,900	6,924
Number of permanent employees	3,836	2,661	6,497
Number of temporary employees	188	239	427
Number of full-time employees	3,933	2,729	6,662
Number of part-time employees	91	171	262

OCCUPATIONAL HEALTH AND SAFETY

After a process involving representatives from all Arjo facilities, the company launched a global Directive for Occupational Health and Safety in 2021. 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.

In 2022, local, dedicated work environment representatives and committees were appointed comprising employees from different functions and levels to foster consensus and enable needs-based decisions at every facility. The committees were tasked with ensuring implementation, follow up and continuity in efforts to integrate health and safety in the work culture. To facilitate communication regarding improvements, challenges and the exchange of knowledge in the entire organization, a global team was formed for the local committees. All participants in the committees have received training on-site or digitally. The work on the Directive for Occupational Health and Safety was followed up during the year to guarantee efficient local implementation. All Arjo facilities are reviewed annually to verify that the company's goals are realized and that occupational environment and safety rules and requirements are met.

Workplace inspections and corrective measures

	Goal	2022	2021
Percentage of planned inspections completed	100%	80%	91%
Percentage of corrective measures completed	100%	89%	81%
Accidents per 100 employees	0	1.6	1.8

The most significant risks identified are biological risks for those who work with product service, installation and cleaning. Thereafter, the risks are related to driving vehicles for service staff followed most commonly by the risk of slipping, tripping and falling. Arjo also follows up on other risks such as potentially physical, ergonomic and mental risks.

Total number of incidents and accidents	2022	2021
Incidents	286	117
Accidents with minor consequences	108	140
Accidents with major consequences	3	12
Fatalities	0	0

Taxonomy

EU TAXONOMY

The taxonomy is an EU regulation established to identify environmentally sustainable economic activities that are in line with the EU's sustainability targets for 2030. The purpose is to help investors and other stakeholders to compare investments based on a classification system. The base is a selection of economic activities that are listed in the taxonomy.

The taxonomy stipulates that an economic activity qualifies as sustainable if it:

1. Makes a substantial contribution to one or more of the following six environmental objectives:
 - a) Climate change mitigation
 - b) Climate change adaptation
 - c) The sustainable use and protection of water and marine resources
 - d) The transition to a circular economy
 - e) Pollution prevention and control
 - f) The protection and restoration of biodiversity and ecosystems
2. Doing no significant harm to any other environmental objective
3. Carried out in compliance with the minimum (social) safeguards as stipulated in Article 18 of the Taxonomy Regulation, and
4. Complying with technical screening criteria stipulated by the Commission through delegated acts. For 2022, technical screening criteria have only been prepared for objectives a. and b. above.

APPROACH

Aimed at identifying taxonomy-eligible activities, Arjo appointed a team of representatives from the Group functions Finance and Sustainability. With support from external experts, the team has analyzed the company's economic activities and investments, and mapped these against the Taxonomy Regulation and its delegated acts.

Data was collected from all Group units via a digital platform that was implemented during the year. The collected data has then been analyzed in detail to examine if the activities are taxonomy-eligible and, if so, whether they are aligned with the regulation.

RESULTS

Turnover

The Group's total operations have been evaluated and when screened, Arjo's products and services (see pages 4–5) were not deemed to be taxonomy-eligible, and the eligible turnover (sales) is thus 0 percent. For total turnover, see Note 2 Segment reporting.

Capital expenditure

According to the analysis conducted, the following CapEx (capital expenditure) fell under the taxonomy:

Activity according to the taxonomy's definition	Examples of CapEx
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Right-of-use assets related to passenger cars
7.3 Installation, maintenance and repair of energy efficiency equipment	Installation of solar energy vehicles
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Investments in charging stations
7.7 Acquisition and ownership of buildings	Right-of-use assets related to offices and plants

In order for CapEx to be classified as taxonomy-aligned, not only are they to substantially contribute to one or more of the established environmental objectives, but they are also to do no significant harm to any other environmental objective and comply with minimum safeguards.

None of the reported activities under the environmental objective "climate change mitigation" causes any significant harm to any of the other environmental objectives.

Arjo's team has worked intensively to analyze the minimum safeguards and has opted for a strict interpretation of the requirement for due diligence in terms of human rights throughout the value chain. Arjo has a Code of Conduct that is structured in accordance with the four focus areas identified in the UN Global Compact (human rights, labor, the environment and anti-corruption) and in which all employees receive training and sign. Arjo has several programs within the framework of the UN Global Compact, and works continuously on development, training and follow up of business ethics, diversity, health and safety and the environment in the value chain. More information about Arjo's sustainability framework, ambitions and activities can be found on pages 46–57.

In addition to the company's Code of Conduct, Arjo has a separate Code of Conduct for suppliers and other business partners, which is a requirement for all of Arjo's direct suppliers and other business partners. The company will start working in 2023 to gain acceptance for the Code of Conduct for suppliers and other business partners also from indirect suppliers. In 2023, Arjo will start an upgrade of the sustainability development program for suppliers in order to further highlight focus areas under the UN Global Compact. More information about the program is available on pages 52–53.

Based on a strict interpretation of the minimum safeguard requirements, Arjo deemed that the company at present does not meet the minimum safeguard requirements and thus cannot report any activities that are taxonomy-aligned in 2022.

An analysis of the data revealed that Arjo had CapEx of SEK 11.8 M related to investments in hybrid and electric vehicles in 2022. CapEx under the taxonomy has been allocated to the environmental objective "climate change mitigation" and not to the environmental objective "climate change adaptation" as the taxonomy does not allow double counting.

Operating expenditure

According to the analysis conducted, the following OpEx (operating expenditure) fell under the taxonomy:

Activity according to the taxonomy's definition	Examples of OpEx
7.3 Installation, maintenance and repair of energy efficiency equipment	Replace windows with more energy-efficient alternatives

Because the company does not meet the social minimum requirements, Arjo is unfortunately unable to report any activities that are taxonomy-aligned during 2022 (see the section Capital expenditure above).

OpEx under the taxonomy have been allocated to the environmental objective "climate change mitigation" and not to the environmental objective "climate change adaptation" as the taxonomy does not allow double counting.

APPLIED REPORTING PRINCIPLES

Definitions

Eligible activity: An economic activity that is specified in the EU taxonomy.

Aligned activity: An economic activity is considered aligned under the EU taxonomy if it:

- makes a substantial contribution to one or more of the environmental objectives in accordance with Articles 9–16 of the Taxonomy Directive
- does no significant harm to the environmental objectives in accordance with Article 17 of the Taxonomy Directive
- is carried out in compliance with the minimum safeguards as stipulated in Article 18 of the Taxonomy Regulation, and
- complies with technical screening criteria stipulated by the Commission in accordance with Article 10.3 or 11.3 of the Taxonomy Regulation.

The proportion of activities that are environmentally sustainable in accordance with the EU taxonomy is to be reported using three key performance indicators. To compute the three key performance indicators, turnover, capital expenditure (CapEx) and OpEx must be identified.

Total turnover: Net sales defined in accordance with IAS 1, item 82 a. Including IFRS 15, IFRS 16 and additional applicable items, although not intra-Group sales or turnover related to grants/support. See row Net sales in the income statement on page 80.

Turnover from sustainable activities: The proportion of net sales that stems from products/services associated with economic activities aligned with the taxonomy requirements.

Total CapEx: Additions to tangible and intangible assets during the year, before depreciation, write-ups and write-downs and excluding fair value changes.

For investments in intangible assets, see the row Investments in the first table of Note 12 on page 94. For investments in tangible assets, see the row Investments in the first table of Note 13 on page 97. For investments in right-of-use assets, see disclosure on additional right-of-use assets in Note 14 on page 98.

CapEx from sustainable activities:

- Refers to the assets or procedures that are associated with economic activities aligned with the taxonomy requirements.
- Part of a plan to expand the economic activities that are taxonomy-aligned or to facilitate for taxonomy-eligible activities to become taxonomy-aligned.
- Refers to purchase of output from economic activities that are aligned with the taxonomy requirements, and separate measures that facilitate for target activities to become low-carbon or lead to reduced GHG emissions.

Total OpEx: Direct non-capitalized costs related to research and development (R&D), building renovation measures, short-term lease, maintenance and repair and direct costs related to ongoing maintenance of assets. In other words, not the total operating expenses, but only costs related to maintenance of the assets.

OpEx from sustainable activities:

- Refers to the assets or procedures that are associated with economic activities aligned with the taxonomy requirements.
- Part of a plan to expand the economic activities that are taxonomy-aligned or to facilitate for taxonomy-eligible activities to become taxonomy-aligned.
- Refers to purchase of output from economic activities that are aligned with the taxonomy requirements, and separate measures that facilitate for target activities to become low-carbon or lead to reduced greenhouse gas emissions.

Turnover

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards (17)	Taxonomy-aligned proportion of turnover in 2022 (18)	Taxonomy-aligned proportion of turnover in 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
	SEK M	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	En-abling	Transi-tional	
A. ELIGIBLE ACTIVITIES																				
A.1 Eligible taxonomy-aligned activities		-	-	-	-					-	-	-	-	-	-	-	-	-	-	
Turnover of eligible taxonomy-aligned activities (A.1)		-	-	-	-					-	-	-	-	-	-	-	-	-	-	
A.2 Eligible not taxonomy-aligned activities		-	-	-	-					-	-	-	-	-	-	-	-	-	-	
Turnover of eligible not taxonomy-aligned activities (A.2)		-	-																	
Total (A.1 + A.2)		-	-																	
B. NON-ELIGIBLE ACTIVITIES																				
Turnover of non-eligible activities (B)		9,979	100%																	
Total (A+B)		9,979	100%																	

CapEx

Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx in 2022 (18)	Taxonomy-aligned proportion of CapEx in 2021 (19)	Category (enabling activities) (20)	Category (transitional activities) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
	SEK M	%	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	En-abling	Transi-tional	
A. ELIGIBLE ACTIVITIES																				
A.1 Eligible taxonomy-aligned activities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CapEx of eligible taxonomy-aligned activities (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Eligible not taxonomy-aligned activities		-	-																	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	0	0%																	
Installation, maintenance and repair of energy efficient equipment	7.3	1	0%																	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	1	0%																	
Acquisition and ownership of buildings	7.7	0	0%																	
CapEx of eligible not taxonomy-aligned activities (A.2)		2	0%																	
Total (A.1 + A.2)		2	0%																	
B. NON-ELIGIBLE ACTIVITIES																				
CapEx of non-eligible activities (B)		1,069	100%																	
Total (A+B)		1,071	100%																	

OpEx

Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx in 2022 (18)	Taxonomy-aligned proportion of OpEx in 2021 (19)	Enabling Category (enabling activities) (20)	Transitional Category (transitional activities) (21)	
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)						
	SEK M		%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	Enabling	Transitional	
A. ELIGIBLE ACTIVITIES																					
A.1 Eligible taxonomy-aligned activities		-	-	-	-					-	-	-	-	-	-	-	-	-	-	-	-
OpEx of eligible taxonomy-aligned activities (A.1)		-	-	-	-					-	-	-	-	-	-	-	-	-	-	-	-
A.2 Eligible not taxonomy-aligned activities		-	-	-	-					-	-	-	-	-	-	-	-	-	-	-	-
Installation, maintenance and repair of energy efficient equipment	7.3	0	0%														-	-	-	-	-
OpEx of eligible not taxonomy-aligned activities (A.2)		0	0%														-	-	-	-	-
Total (A.1 + A.2)		0	0%														-	-	-	-	-
B. NON-ELIGIBLE ACTIVITIES																					
OpEx of non-eligible activities (B)		211	100%														-	-	-	-	-
Total (A+B)		211	100%																		

UNOFFICIAL TRANSLATION

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 2022 except for the corporate governance statement on pages 67-76 and the sustainability report on pages 40-57 and 122-137. The annual accounts and consolidated accounts of the company are included on pages 2-5, 9-15, 27, 34-36, 40-61, 64-76 and 79-137 in this document.

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 2022 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 2022 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 and the sustainability report on pages 67-76, 40-57 and 122-137. 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.

Key audit matters

Goodwill and other intangible assets with indefinite useful life represent a significant part of the balance sheet of Arjo and amount to MSEK 5,724 (MSEK 5,452) as of 31 December 2022. 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 12 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.

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.

How our audit addressed the Key audit matter

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

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 6–8, 16–26, 28–33, 37–57, 62–63, 77–78 and 122–137. 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/revisorsansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The auditor's audit of the administration of the company and the proposed appropriations of the company's profit or loss

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 2022 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 Arjo AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinion

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 the preparation of the Esef report 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 obtain 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 examination 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 and

consolidated 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 examination 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 validation that the Esef report has been prepared in a valid XHTML format 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 consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 67-76 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.

Auditor's report on the statutory sustainability report

It is the board of directors who is responsible for the statutory sustainability report on pages 40-57 and 122-137 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and 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 opinion.

A statutory sustainability report has been prepared.

Öhrlings PricewaterhouseCoopers AB was appointed auditor of Arjo AB (publ) by the general meeting of the shareholders on the 22 April 2022 and has been the company's auditor since the 21 December 2016.

Malmö on the day shown by our electronic signature.
Öhrlings PricewaterhouseCoopers AB

Cecilia Andrén Dorselius
Authorized Public Accountant
Auditor in charge

Vicky Johansson
Authorized Public Accountant

Multi-year overview: Group

CONDENSED CONSOLIDATED INCOME STATEMENT

SEK M	2022	2021	2020	2019	2018
Net sales	9,979	9,070	9,078	8,976	8,217
Cost of goods sold	-5,768	-4,861	-4,952	-5,039	-4,555
Gross profit	4,211	4,209	4,126	3,937	3,662
Selling expenses	-1,969	-1,753	-1,796	-1,849	-1,657
Administrative expenses	-1,329	-1,222	-1,258	-1,223	-1,219
Research and development costs	-115	-100	-114	-139	-141
Exceptional items	-74	-39	-78	-53	-156
Other operating income	31	17	7	8	11
Other operating expenses	-55	-27	-22	-10	-7
Income from participations in associated companies	-10	-9	-	-	-
Operating profit (EBIT)	691	1,077	866	671	493
Interest income and other similar items	42	11	5	8	11
Interest expenses and other similar expenses	-135	-98	-169	-137	-109
Profit after financial items	597	989	702	542	395
Taxes	-149	-247	-175	-139	-99
Net profit for the year	447	742	526	403	296
<i>Attributable to:</i>					
Parent Company shareholders	447	742	526	403	296

CONDENSED CONSOLIDATED BALANCE SHEET

SEK M	2022	2021	2020	2019	2018
Intangible assets	7,391	7,099	6,834	7,072	6,946
Tangible assets	1,802	1,454	1,282	1,292	1,153
Right-of-use assets	1,107	1,101	1,044	1,158	-
Participations in associated companies	132	123	120	-	-
Non-current financial receivables, interest-bearing	270	288	55	46	97
Financial assets	435	372	393	455	351
Total non-current assets	11,137	10,437	9,728	10,023	8,547
Inventories	1,674	1,369	1,039	1,144	1,117
Accounts receivable	1,708	1,542	1,500	2,001	1,802
Current financial receivables	21	25	27	27	10
Other current receivables	678	481	592	565	625
Cash and cash equivalents	949	757	972	662	961
Total current assets	5,030	4,175	4,130	4,399	4,515
Assets held for sale	-	-	-	-	74
TOTAL ASSETS	16,167	14,612	13,858	14,422	13,136
Shareholders' equity	7,624	6,885	5,630	5,914	5,427
Total shareholders' equity	7,624	6,885	5,630	5,914	5,427
Provisions for pensions, interest-bearing	29	32	37	140	27
Non-current financial liabilities	2,823	118	2,018	1,791	2,859
Non-current lease liabilities	809	830	802	885	41
Other provisions	261	258	158	167	225
Total non-current liabilities	3,922	1,238	3,014	2,983	3,152
Accounts payable	587	614	504	543	458
Current financial liabilities	2,322	4,177	3,051	3,575	2,761
Current lease liabilities	359	328	296	313	10
Other non-interest-bearing liabilities	1,353	1,371	1,363	1,095	1,284
Total current liabilities	4,621	6,490	5,214	5,525	4,513
Liabilities held for sale	-	-	-	-	44
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	16,167	14,612	13,858	14,422	13,136

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

SEK M	2022	2021	2020	2019	2018
Operating activities					
Operating profit (EBIT)	691	1,077	866	671	493
Add-back of amortization, depreciation and write-down	1,077	956	973	1,004	687
Other non-cash items	-7	-2	56	-54	-84
Expensed exceptional items ¹⁾	72	38	71	53	130
Paid exceptional items	-78	-38	-64	-73	-81
Financial items	-94	-89	-124	-120	-92
Taxes paid	-233	-132	-132	-193	-171
Cash flow before changes to working capital	1,426	1,810	1,646	1,287	882
Changes in working capital					
Inventories	-165	-232	-30	38	24
Current receivables	-76	135	214	-133	95
Current liabilities	-270	21	438	59	-10
Cash flow from operations	915	1,734	2,267	1,252	991
Investing activities					
Divested/Acquired operations	-	-19	-49	6	-144
Acquisitions of participations in subsidiaries	-	-	-135	-	-
Acquired financial assets	-21	-	-4	-78	-16
Net investments	-880	-675	-784	-729	-557
Cash flow from investing activities	-902	-695	-972	-800	-717
Financing activities					
Change in financial liabilities	204	-1,196	-544	-672	171
Change in non-current receivables	5	30	8	-5	-22
Dividend	-313	-232	-177	-150	-136
Realized derivatives attributable to financing activities	241	121	-250	65	-
Cash flow from financing activities	136	-1,277	-963	-762	13
Cash flow for the year	150	-237	332	-311	287
Cash and cash equivalents at the beginning of the period	757	972	662	961	672
Cash flow for the year	150	-237	332	-311	287
Translation differences	42	22	-22	13	16
Reclassification to assets held for sale	-	-	-	-	-14
Cash and cash equivalents at year-end	949	757	972	662	961

1. Excluding write-downs on non-current assets.

NET SALES PER SEGMENT

SEK M	2022	2021	2020
Global Sales	5,753	5,211	5,180
North America	3,864	3,510	3,558
Other	362	350	340
Group	9,979	9,070	9,078

KEY PERFORMANCE INDICATORS FOR THE GROUP

SEK M	2022	2021	2020	2019	2018
Sales measures					
Net sales	9,979	9,070	9,078	8,976	8,217
Net sales growth, %	10.0	-0.1	1.1	8.6	6.9
Organic growth in sales, %	-0.2	3.5	3.9	3.9	3.0
Expense measures					
Selling expenses as a % of net sales, %	19.7	19.3	19.8	20.6	20.2
Administrative expenses as a % of net sales, %	13.3	13.5	13.9	13.6	14.8
Research and development costs gross as a % of net sales, %	2.4	2.4	2.2	2.4	2.5
Earnings measures					
Operating profit (EBIT)	691	1,077	866	671	493
Adjusted operating profit (EBIT)	765	1,116	943	724	649
EBITA	971	1,351	1,150	963	798
Adjusted EBITA	1,044	1,390	1,224	1,016	930
EBITDA	1,767	2,033	1,838	1,675	1,180
EBITDA growth, %	-13.1	10.6	9.8	42.0	18.4
Adjusted EBITDA	1,841	2,072	1,913	1,728	1,312
Earnings per share, SEK	1.64	2.72	1.93	1.48	1.09
Margin measures					
Gross margin, %	42.2	46.4	45.5	43.9	44.6
Operating margin, %	6.9	11.9	9.5	7.5	6.0
Adjusted operating margin, %	7.7	12.3	10.4	8.1	7.9
EBITA margin, %	9.7	14.9	12.7	10.7	9.7
Adjusted EBITA margin, %	10.5	15.3	13.5	11.3	11.3
EBITDA margin, %	17.7	22.4	20.3	18.7	14.4
Adjusted EBITDA margin, %	18.4	22.8	21.1	19.2	16.0
Cash flow and return measures					
Return on shareholders' equity, %	6.2	11.9	9.1	7.1	5.6
Cash conversion, %	51.8	85.3	123.3	74.7	84.0
Operating capital	12,314	11,236	11,408	11,082	9,946
Return on operating capital, %	6.2	9.9	8.3	6.5	6.5
Capital structure					
Interest-bearing (+) net debt/(-) net receivables	5,044	4,341	5,067	5,903	4,630
Interest-coverage ratio, multiple	6.8	12.8	6.5	5.5	6.2
Net debt/equity ratio, multiple	0.7	0.6	0.9	1.0	0.9
Net debt / adjusted EBITDA, multiple	2.5	2.3	2.9	3.0	3.5
Equity/assets ratio, %	47.2	47.1	40.6	41.0	41.3
Equity per share, SEK	28.0	25.3	20.7	21.7	19.9
Other					
No. of shares	272,369,573	272,369,573	272,369,573	272,369,573	272,369,573
Number of employees, average	6,751	6,350	6,211	6,151	6,123

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 2022, 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	2022	2021	2020	2019	2018
(A) Net sales preceding year	9,070	9,078	8,976	8,217	7,688
Acquired/divested net sales for the period	-	-	-	-11	-3
(B) Organic net sales for the period	-14	315	348	320	231
Effect of changes in exchange rates	924	-323	-246	399	301
Restatement of net sales in the US market	-	-	-	51	-
Net sales	9,979	9,070	9,078	8,976	8,217
(B/A) Organic growth in sales, %	-0.2	3.5	3.9	3.9	3.0

EXPENSE MEASURES

SEK M	2022	2021	2020	2019	2018
(A) Selling expenses	1,969	1,753	1,796	1,849	1,657
(B) Administrative expenses	1,329	1,222	1,258	1,223	1,219
(C) Research and development costs, gross	244	220	202	212	201
(D) Net sales	9,979	9,070	9,078	8,976	8,217
(A/D) Selling expenses as a % of net sales	19.7	19.3	19.8	20.6	20.2
(B/D) Administrative expenses as a % of net sales	13.3	13.5	13.9	13.6	14.8
(C/D) Research and development costs gross as a % of net sales	2.4	2.4	2.2	2.4	2.4

EARNINGS AND MARGIN MEASURES

SEK M	2022	2021	2020	2019	2018
(A) Operating profit (EBIT)	691	1,077	866	671	493
Add-back of amortization and write-down of intangible assets	280	274	284	292	305
(B) EBITA	971	1,351	1,150	963	798
Add-back of depreciation and impairment of tangible assets	796	682	688	712	382
(C) EBITDA	1,767	2,033	1,838	1,675	1,180
Exceptional items	74	39	78	53	156
Add-back of write-down of restructuring and integration costs	-1	-	-3	-	-24
(D) Adjusted operating profit (EBIT)	765	1,116	943	724	649
(E) Adjusted EBITA	1,044	1,390	1,224	1,016	930
(F) Adjusted EBITDA	1,841	2,072	1,913	1,728	1,312
(G) Net sales	9,979	9,070	9,078	8,976	8,217
(A/G) Operating margin, %	6.9	11.9	9.5	7.5	6.0
(B/G) EBITA margin, %	9.7	14.9	12.7	10.7	9.7
(C/G) EBITDA margin, %	17.7	22.4	20.3	18.7	14.4
(D/G) Adjusted operating margin, %	7.7	12.3	10.4	8.1	7.9
(E/G) Adjusted EBITA margin, %	10.5	15.3	13.5	11.3	11.3
(F/G) Adjusted EBITDA margin, %	18.4	22.8	21.1	19.2	16.0

CAPITAL STRUCTURE

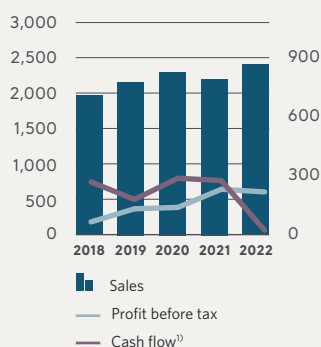
SEK M	2022	2021	2020	2019	2018
Calculation of interest-bearing net debt, net debt/equity ratio and interest-bearing net debt / Adjusted EBITDA					
Financial liabilities	5,144	4,222	4,987	5,300	5,671
Lease liabilities	1,168	1,158	1,098	1,198	0
Provisions for pensions, interest-bearing	29	32	37	140	27
Less financial receivables	-292	-314	-83	-73	-107
Less cash and cash equivalents	-949	-757	-972	-662	-961
(A) Interest-bearing (+) net debt/(-) net receivables	5,044	4,341	5,067	5,903	4,630
(B) Shareholders' equity	7,624	6,885	5,630	5,914	5,427
(C) Adjusted EBITDA	1,841	2,072	1,913	1,728	1,312
(A/B) Net debt/equity ratio, multiple	0.7	0.6	0.9	1.0	0.9
(A/C) Interest-bearing net debt / Adjusted EBITDA, multiple	2.5	2.3	2.9	3.0	3.5
Calculation of interest-coverage ratio					
Profit after financial items	597	989	702	542	395
(A) Addition of interest expenses	115	87	143	133	105
Add-back of exceptional items	74	39	78	53	156
(B) Profit after financial items plus interest expenses and add-back of exceptional items	786	1,115	922	728	656
(B/A) Interest-coverage ratio, multiple	6.8	12.8	6.5	5.5	6.2

CASH FLOW AND RETURN MEASURES

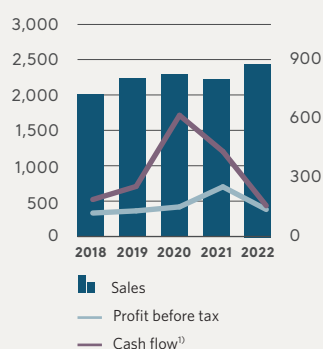
SEK M	2022	2021	2020	2019	2018
Calculation of cash conversion					
(A) Cash flow from operations	915	1,734	2,267	1,252	991
(B) EBITDA	1,767	2,033	1,838	1,675	1,180
(A/B) Cash conversion, %	51.8	85.3	123.3	74.7	84.0
Calculation of return on shareholders' equity					
(A) Net profit for the year	447	742	526	403	296
Shareholders' equity at beginning of the period	6,885	5,630	5,914	5,427	5,074
Shareholders' equity at the end of the period	7,624	6,885	5,630	5,914	5,427
(B) Average total shareholders' equity	7,254	6,257	5,772	5,671	5,251
(A/B) Return on total shareholders' equity, %	6.2	11.9	9.1	7.1	5.6
Calculation of return on operating capital					
Total assets opening balance	14,612	13,858	14,422	13,136	12,210
Total assets closing balance	16,167	14,612	13,858	14,422	13,136
Average total assets	15,390	14,235	14,140	13,779	12,673
Excluding average cash and cash equivalents	-853	-865	-817	-812	-817
Excluding average other provisions	-322	-274	-223	-257	-278
Excluding average other non-interest-bearing liabilities	-1,901	-1,860	-1,692	-1,629	-1,632
(A) Operating capital	12,314	11,236	11,408	11,082	9,946
Operating profit (EBIT)	691	1,077	866	671	493
Add-back of exceptional items	74	39	78	53	156
(B) EBIT after add-back of exceptional items	765	1,116	943	724	649
(B/A) Return on operating capital, %	6.2	9.9	8.3	6.5	6.5

QUARTERLY PERFORMANCE

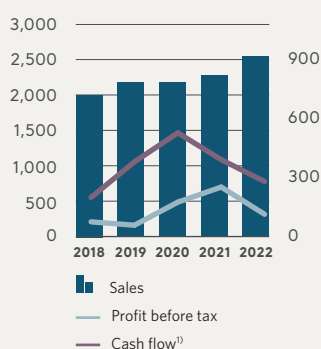
Quarter 1



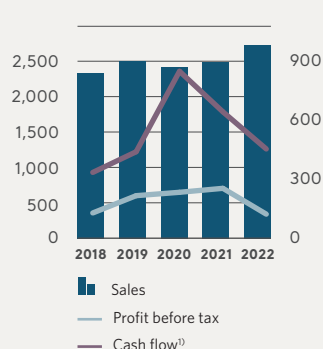
Quarter 2



Quarter 3



Quarter 4



1. From operations.

THE GROUP'S 20 LARGEST MARKETS

Country	2022			2021			2020			2019			2018		
	SEK M	%	#	SEK M	%	#	SEK M	%	#	SEK M	%	#	SEK M	%	#
USA	2,996	30.0	1	2,830	31.2	1	2,931	32.3	1	2,817	31.4	1	2,390	29.2	1
UK	1,228	12.3	2	1,130	12.5	2	1,100	12.1	2	1,101	12.3	2	1,128	12.9	2
France	1,050	10.5	3	947	10.4	3	842	9.3	3	828	9.2	3	748	8.8	3
Canada	949	9.5	4	759	8.4	4	688	7.6	4	708	7.9	4	625	7.5	5
Germany	725	7.3	5	665	7.3	5	655	7.2	5	693	7.7	5	651	7.9	4
Australia	544	5.4	6	451	5.0	6	417	4.6	6	428	4.8	6	399	5.9	6
Netherlands	359	3.6	7	334	3.7	7	329	3.6	7	342	3.8	7	323	3.8	7
Austria	234	2.3	8	215	2.4	9	200	2.2	9	200	2.2	9	197	2.8	9
Italy	220	2.2	9	237	2.6	8	250	2.7	8	258	2.9	8	266	3.2	8
Ireland	177	1.8	10	160	1.8	10	153	1.7	11	153	1.7	11	146	1.9	11
Belgium	172	1.7	11	158	1.7	11	158	1.7	10	183	2.0	10	186	2.4	10
Switzerland	147	1.5	12	124	1.4	12	150	1.6	12	141	1.6	12	123	1.5	12
India	134	1.3	13	112	1.2	13	92	1.0	15	127	1.4	13	113	1.3	13
South Africa	129	1.3	14	107	1.2	14	125	1.4	14	92	1.0	14	98	1.1	14
Hong Kong	94	0.9	15	86	0.9	15	91	1.0	16	82	0.9	16	87	1.1	15
Sweden	73	0.7	16	71	0.8	17	79	0.9	17	85	1.0	15	75	0.9	17
Singapore	72	0.7	17	65	0.7	18	54	0.6	20	55	0.6	19	56	0.7	20
Japan	69	0.7	18	49	0.5	20	62	0.7	18	54	0.6	20	36	0.4	23
New Zealand	68	0.7	19	62	0.7	19	57	0.6	19	59	0.7	18	60	0.7	18
Spain	65	0.6	20	72	0.8	16	128	1.4	13	53	0.6	21	47	0.6	21

QUALITY AND ENVIRONMENTAL CERTIFICATIONS 2022

Quality and environmental certifications 2022	Global certifications	Certification of production units					
		Site	ArjoHuntleigh AB	Suzhou, China	Poznan, Poland	Magog, Canada	San Cristobal, Dominican Republic
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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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 reduced 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

Arjo MOVE (Mobility Outcome Value Engagement)

Arjo's outcome-based program consisting of evaluation and consulting services to support healthcare facilities in improving their clinical results.

PVC - Polyvinyl chloride

Polyvinyl chloride is a type of plastic that when incinerated or leaked has a negative impact on living organisms and the environment.

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 and Sustainability Report is distributed only to shareholders who expressly request a copy. The Annual and Sustainability 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 and Sustainability Report.
- Figures in parentheses pertain to operations in 2021, 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 and Sustainability 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 20, 2023 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 2022 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

Arjo's Board of Directors and CEO propose a dividend for 2022 of SEK 0.85 per share (1.15). The total dividend thus amounts to SEK 232 M (313). The proposed record date is April 24, 2023. Euroclear expects to pay the dividend to shareholders from April 27, 2023.

Financial information

Updated information on, for example, the Arjo share and corporate governance is available on Arjo's website: www.arjo.com. The Annual and Sustainability Report, year-end report and interim reports are published in Swedish and English and are available for download at www.arjo.com. A printed version of the Annual and Sustainability Report can also be ordered from: Arjo AB, Att: Informationsavdelningen, Hans Michelsensgatan 10, SE-211 20 Malmö, Sweden, or via telephone +46 10 335 4500.

The following information will be published for the 2023 fiscal year:


April 20, 2023	Interim report, January–March
April 20, 2023	Annual General Meeting
July 14, 2023	Interim report, January–June
October 19, 2023	Interim report, January–September
January 30, 2024	Year-End Report 2023
March–April 2024	2023 Annual and Sustainability Report





wellbeing
movement
emotion

Arjo is **EMPOWERING MOVEMENT** in healthcare to drive healthier outcomes for people facing mobility challenges.



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 develop 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.

Arjo AB · Corp. Reg. No. 559092 8064 · Hans Michelsensgatan 10 · SE-211 20 Malmö · Sweden

www.arjo.com

arjo

EMPOWERING MOVEMENT