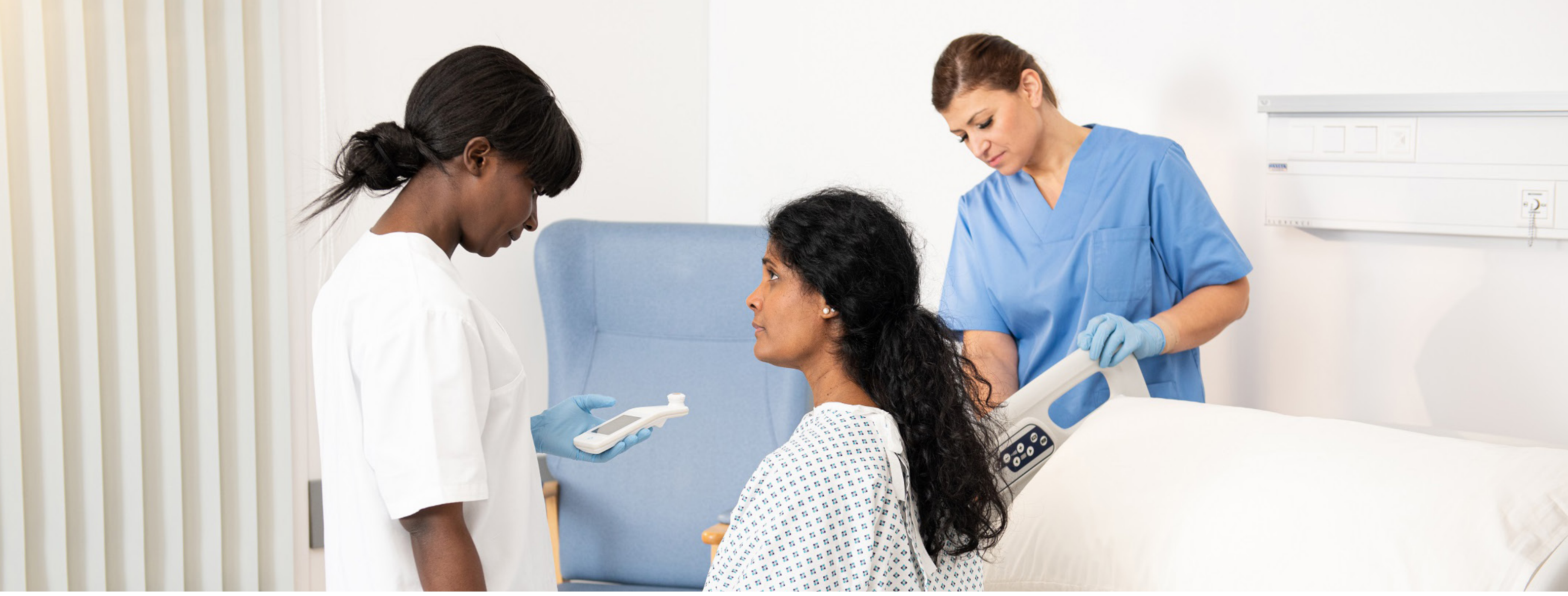


Year-end report January – December 2020

October-December 2020 in brief

- Net sales amounted to SEK 2,398 M (2,477). Net sales grew organically by 4.1%.
- Adjusted EBITDA increased by 3.4% to SEK 530 M (513).
- Adjusted operating profit increased by 8.2% to SEK 288 M (266). In comparable currencies, profit was SEK 328 M, corresponding to an improvement of approximately 23%.
- Profit after financial items increased to SEK 234 M (217).
- Earnings per share rose to SEK 0.64 (0.59).
- Cash flow from operations increased to SEK 843 M (438).
- Cash conversion increased to 166.3% (88.4).
- As previously announced, Arjo acquired AirPal and an equity stake in Bruin Biometrics (BBI) during the quarter.

January-December 2020 in brief

- Net sales amounted to SEK 9,078 M (8,976). Net sales grew organically by 3.9%.
- Adjusted EBITDA increased 10.7% to SEK 1,913 M (1,728).
- Adjusted operating profit increased by 30.2% to SEK 943 M (724).
- Profit after financial items increased to SEK 702 M (542).
- Earnings per share rose to SEK 1.93 (1.48).
- Cash flow from operations increased to SEK 2,267 M (1,252).
- Cash conversion increased to 123.3% (74.7).
- A dividend per share of SEK 0.85 (0.65) is proposed, corresponding to approximately SEK 232 M, a 30.8% increase on the preceding year.

Financial summary

SEK M	Quarter 4 2020	Quarter 4 2019	Full-year 2020	Full-year 2019
Net sales[2)]	2,398	2,477	9,078	8,976
Gross profit[2)]	1,087	1,106	4,126	3,937
Gross margin, %[2)]	45.3%	44.6%	45.5%	43.9%
Adjusted EBITA[1)]	360	338	1,224	1,016
Adjusted EBITA margin, %[1)]	15.0%	13.7%	13.5%	11.3%
Adjusted EBITDA[1)]	530	513	1,913	1,728
Adjusted EBITDA margin, %[1)]	22.1%	20.7%	21.1%	19.2%
Operating profit (EBIT)	265	249	866	671
Adjusted operating profit (EBIT) [1)]	288	266	943	724
Profit after financial items	234	217	702	542
Net profit for the period	175	159	526	403
Number of shares, thousands	272,370	272,370	272,370	272,370
Earnings per share, SEK	0.64	0.59	1.93	1.48
Cash flow from operations	843	438	2,267	1,252
Cash conversion, %	166.3%	88.4%	123.3%	74.7%

1) Before exceptional items. See Alternative performance measures on page 18 and definitions on page 21.
2) Due to the changed accounting of GPOs, net sales were restated for the 2019 comparative figures. See also Note 1 on page 12 and Note 13 on page 19.

The human body is made to move. At Arjo, we believe that high quality of care and positive clinical outcomes begin by maintaining or improving a patient's mobility. Our offering includes products and solutions for patient transfers, hygiene, disinfection, prevention of pressure injuries and deep vein thrombosis (blood clots) and for diagnostics. We also offer medical beds and various services, such as training in connection with product sales. Arjo's approach contributes to improved quality of care and enhanced efficiency, resulting in reduced healthcare costs. www.arjo.com

arjo
with people in mind

Growth, improved profit and record strong cash flow

We put a very strong quarter and year behind us where we have adapted the business to the current circumstances. As an organization, we have taken on a great responsibility and supported healthcare in a challenging period. At the same time, we exceeded all of the targets that we set at the beginning of the year.

We grew organically by 4.1% in the fourth quarter and ended the year with a better order book compared to the same period last year. Demand remained high in our rental operations, especially in the US. Many countries continued to make investments during the quarter in order to increase their capacity and the high sales of medical beds continued. Access to healthcare facilities remained restricted during the quarter and demand for equipment in patient handling, hygiene and service remained weak. This was also the case for DVT, where sales were held back by postponed elective care.

Continued improved earnings and very strong cash flow

Profitability is continuing to improve with an adjusted operating profit that increased more than 20% in comparable currencies. Similar to previous quarters, profit was driven by higher volumes within rental operations in the US, both in our core business and in critical care solutions. As in previous quarters, we see a slightly weaker product mix driven by the lower volumes in patient handling and service. Implemented efficiency measures are generating positive effects and we maintain a very good cost control throughout the value chain.

We further strengthened our financial position and report our strongest ever cash flow for a single quarter. Our dedicated work on operating capital contributed to operating cash flow improving by more than SEK 1 billion on a full-year basis. This resulted in a cash conversion of a solid 166% for the quarter and 123% for the full-year – a confirmation that our efforts are generating results. We also lowered our leverage (net debt in relation to EBITDA) to just under 2.9, representing a significant improvement since the beginning of our journey in 2017. In the context of our strong financial position and favorable outlook, we are happy to propose a dividend for 2020 of SEK 0.85 per share – an increase of more than 30% compared with last year.

We will help shape the healthcare of the future

In November we presented a new strategy for continuing the profitable growth journey that we started in 2017. Today, Arjo is a significantly stronger company and we have delivered well above expectations on the targets we set in our Arjo 2020 plan. We are now focusing on the healthcare challenges of the future at a time when the need for delivering more care with fewer resources has never been greater. By moving away from selling products to increasingly offer more outcome-based solutions, we are addressing a market that is significantly larger than the market in which we currently operate. Efficiency improvements in the operations will continue at the same time as we are investing in geographic expansion, new technologies and new business models.

Outlook 2021

We are entering 2021 with strengthened positions and continue to manage the short-term Covid-19 challenges. We estimate that we will see a return to a more normal market situation at the start of the second half of the year, with a clear recovery in the product categories that were negatively affected by Covid-19.

The pandemic has tested the organization's capabilities, and we have proven that we have the stability and structure needed to rapidly change and adapt to new conditions. I am very proud and grateful of the hard work that the organization has done this year. We have supported our customers in a difficult situation and navigated the market well in a time of great uncertainty. Meanwhile we have made investments to develop the company. The addition of Bruin Biometrics and AirPal further strengthen our competitiveness in important areas and we look forward to launching several new solutions to the market in 2021 and beyond. We are now entering the next phase in our journey towards continuing to build a sustainable and profitable Arjo.

Malmö, February 3

Joacim Lindoff
President & CEO

Group performance

Net sales and results

Fourth quarter of 2020

Net sales increased organically by 4.1% to SEK 2,398 M (2,477) in the quarter. North America grew by 8.5% organically, with sustained healthy growth in the US, where the high demand continued in the rental operations, particularly within Critical Care. Access to hospitals and long-term care facilities remained restricted, which had a negative effect on sales in Patient Handling, Hygiene and Service. DVT also declined due to postponed elective care.

Sales in Western Europe increased by 0.5%. Performance in countries like France, Germany and Spain was positive, with healthy volumes within rental and continued high demand for medical beds. The UK declined slightly compared with a strong corresponding quarter in 2019. This decline was attributable to increased restrictions to healthcare facilities and a temporary logistics disruption related to Brexit. More extensive restrictions regarding access to hospitals and long-term care facilities held back sales of capital goods and service in the region.

Rest of the World grew organically by 4.8% with continued high demand for medical beds. Markets such as South Africa, Eastern Europe and Singapore performed particularly well during the quarter.

The gross margin increased to 45.3% (44.6) in the quarter, mainly driven by high profitability in the US rental operations. The margin improvement was held back by a slightly weaker product mix with lower volumes in Patient Handling and Hygiene, and a higher share of medical beds. In addition, the Group saw slightly higher logistics costs related to Covid-19 in the quarter and temporary transportation disruptions associated with Brexit.

Exceptional items amounted to SEK 23 M for the quarter, most of which were related to restructuring costs for the previously communicated efficiency measures in Europe. The program is progressing well and is expected to generate full-year savings of about SEK 50 M, of which about SEK 35 M already in 2020. The effects are equally distributed between gross profit and operating expenses. The total cost for this program is expected to amount to approximately SEK 75 M, of which about SEK 60 M was charged to 2020 and the remainder will be charged to 2021.

The Group's central logistics hub was relocated from the UK to Sweden at the end of of the year. This move is expected to generate administrative efficiency improvements combined with organizational synergies. The restructuring costs for this activity amounted to approximately SEK 7 M for the fourth quarter.

Operating expenses for the quarter amounted to SEK 786 M (834), with continued good cost control across the value chain.

Adjusted EBITDA for the quarter increased by 3.4% to SEK 530 M (513). Adjusted operating profit increased by 8.2% to SEK 288 M (266). In comparable currencies, adjusted operating profit increased by 23%.

Net financial items amounted to SEK -31 M (-32) for the quarter.

January–December 2020

Net sales increased organically by 3.9% to SEK 9,078 M (8,976) during the year. Covid-19 led to an increase in demand for medical beds and therapeutic mattresses, and volumes were also high within the US rental operations. Due to extensive restrictions in many markets, the Group's access to hospitals and long-term care facilities was limited for most of the year. This brought a decline in categories like Patient Handling, Hygiene and Service. Sales of DVT were negatively impacted by postponed elective care.

Sales in North America increased organically by 5.8%, with continued healthy growth in the US. The US rental operations performed well, while lower sales volumes in Patient Handling and DVT held back growth during the year.

Western Europe grew organically by 1.0%, with a solid performance in medical beds and therapeutic mattresses. The limited access to hospitals and long-term care facilities resulted in lower volumes in Patient Handling, Hygiene and Service.

Sales in Rest of the World increased organically by 7.9%, primarily driven by high demand for medical beds. The past year's investments in own sales companies and new distributors in the region generated good results in 2020 and has laid a solid foundation for future growth.

The gross margin increased to 45.5% (43.9). The improved margin was mainly due to higher volumes in the US rental operations, previously implemented efficiency measures and effective use of resources in the supply chain. The gross margin was held back by restricted access to hospitals and long-term care facilities, which resulted in postponed equipment installation in Patient Handling and Hygiene, and reduced service efficiency. The slightly weaker product mix with lower volumes in Patient Handling, Hygiene and Service was partly compensated by a higher share of high-spec medical beds and high profitability in the rental operations.

Operating expenses for the year amounted to SEK 3,168 M (3,211), with continued good cost control across the value chain.

Adjusted EBITDA increased 10.7% to SEK 1,913 M (1,728). Adjusted operating profit increased by 30.2% to SEK 943 M (724).

Net financial items amounted to SEK -164 M (-129). A provision for interest of SEK 23 M was made during the year relating to an ongoing internal investigation of value added tax, which involves the Group having to pay interest since it reported value added tax too late in prior periods. Currency effects in net financial items amounted to SEK -23 M (-1).

Net sales by geographic area, SEK M	Quarter 4 2020	Quarter 4 2019	Organic change	Full-year 2020	Full-year 2019	Organic change
North America[1,2]	912	930	8.5%	3,619	3,525	5.8%
Western Europe[2]	1,135	1,182	0.5%	4,149	4,161	1.0%
Rest of the World[2]	351	365	4.8%	1,310	1,291	7.9%
Total[1]	**2,398**	**2,477**	**4.1%**	**9,078**	**8,976**	**3.9%**

1) Due to the changed accounting of GPOs, net sales were restated for the 2019 comparative figures. See also Note 1 on page 12 and Note 13 on page 19.
2) Net sales by geographic area were adjusted for 2019 compared with previously presented figures and are now based on the customer's geographic location instead of the domicile of the sales companies.

Currency effect

Translation effect vs 2019, MSEK	Quarter 4 2020	Full-year 2020
Sales	-181	-236
Cost of goods sold	+99	+135
Gross profit	-82	-101
Operating expenses	+52	+68
Restructuring	+1	+1
Total translation effect, EBIT	**-29**	**-32**
Recognized remeasurement effects		
Other operating income/expenses	-11	-12

Cash flow and financial position

Cash flow from operations increased by SEK 405 M to SEK 843 M (438) in the quarter, mainly driven by an improved cash flow from working capital compared with the year-earlier period.

The Group's cash conversion in the quarter amounted to 166.3% compared to 88.4% in the same quarter last year.

Cash flow from acquired operations of SEK -49 M related to the acquisition of AirPal. The investment in BBI is divided between the acquisition of participations in associated companies of SEK -135 M and an investment in distribution rights of SEK -79 that is included in the net investments.

Net investments for the quarter amounted to SEK 271 M (180), divided between tangible assets of SEK 133 M (110) and intangible assets of SEK 138 M (70), of which the distribution rights for BBI's product represents SEK 79 M. The investments in tangible assets include investments in the rental fleet of SEK 85 M (96).

Cash flow from operations amounted to SEK 2,267 M (1,252) for the full-year, up 81.1%. In addition to the earnings improvement, the main contribution is from changes in working capital, which compared with 2019 increased SEK +658 M. The continued work on accounts receivable was successful during the year.

The Group's cash and cash equivalents amounted to SEK 972 M (662) and interest-bearing net debt was SEK 5,067 M (5,903). Demand for the Group's commercial paper program was high during the period. At the end of the period, Arjo issued commercial paper of SEK 3,054 M (3,576). Arjo has contracted unutilized credit facilities of SEK 4,092 M available for refinancing outstanding commercial paper.

The equity/assets ratio was 40.6% (41.0). Net debt/adjusted EBITDA was 2.9 (3.0), down from 3.4 at year-end in comparable calculations.

Research and development

Arjo's gross research and development costs for the quarter amounted to SEK 54 M (63), of which SEK 27 M (44) was charged to earnings, corresponding to 2.2% (2.5) of consolidated net sales.

Outlook 2021

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

Other key events during the quarter

Acquisition of equity stake in Bruin Biometrics (BBI)

As previously communicated, Arjo acquired a 10% equity stake in Bruin Biometrics (BBI) during the quarter, 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 can reduce patient suffering and healthcare costs. The acquisition allows Arjo to significantly strengthen its offering in the fast growing wound care segment, and at the same time takes an important step toward its increased focus on providing outcome-based solutions to healthcare.

The purchase price amounted to SEK 214 M. This acquisition entitles Arjo to a permanent Bruin Biometrics board seat. The acquisition is expected to have a positive impact on Arjo's net sales and earnings per share from the latter part of 2021, and will contribute significantly to both net sales and EPS development from 2023 and onwards.

The SEM scanner is scheduled to be launched in the market starting in the first quarter of 2021. The first markets will be the US and the UK in which the Group sees significant potential for this solution.

Acquisition of AirPal

During the quarter, Arjo strengthened its Patient Handling portfolio with the acquisition of AirPal, a privately owned US-based company specializing in Air-Assisted Lateral Patient Transfer solutions, that aims to minimize the risk of injury to both patients and caregivers.

Currently Arjo has a significant patient handling market share in the US of approx. 20-25%, not including lateral transfers where Arjo is underrepresented with a low single digit market share. By acquiring AirPal, Arjo sees opportunities to gain significant market share within 2-3 years and over time reach a market share similar to the level in the overall patient handling business. The acquisition is expected to have a neutral effect on Arjo's earnings per share in 2021. The positive impact on Arjo's EPS is expected to increase in 2022 so onwards as sales synergies materialize.

Capital Markets Day 2020

Arjo held a virtual Capital Markets Day on November 2 and presented the Group's updated strategy and new financial targets for 2021–2023. The presentations and a recording of the Capital Markets Day are available on Arjo's investor relations website,
https://www.arjo.com/int/about-us/investors/

Arjo's financial targets 2021–2023

The Group's financial targets for 2021-2023 were also presented at Arjo's Capital Markets Day.

- Average annual organic sales growth of 3-5% per year
- Adjusted EBITDA margin of approximately 23% from full-year 2023
- Annual cash conversion of more than 80%
- In addition, the aim is for the Group's dividend to correspond to 30–60% of net profit after tax.

Other information

Key events after the end of the quarter

There are no key events to report after the end of the reporting period.

2021 Annual General Meeting

Arjo's Annual General Meeting will be held virtually on April 27, 2021 with the option of postal voting. More information will be provided shortly. Shareholders wishing to have a matter addressed at the Annual General Meeting on April 27, 2021 can submit their proposal to Arjo's Board Chairman by e-mail: agm@arjo.com, or by mail: Arjo AB, Att: Bolagsstämmoärenden, Hans Michelsensgatan 10, SE-211 20 Malmö, Sweden. To ensure inclusion in the notice and thus in the Annual General Meeting's agenda, proposals must be received by the company by March 9, 2021.

Dividend

Arjo's Board of Directors and CEO propose a dividend for 2020 of SEK 0.85 per share (0.65), an increase of 30.8% compared with the preceding year. The total dividend thus amounts to SEK 232 M (177). The proposal is justified based on a combination of the Group's financial position and future development opportunities. The proposed dividend for 2020 is well in line with the target in Arjo's adopted dividend policy. The Board's proposed record date is April 29, 2021. Euroclear expects to distribute the dividend to shareholders on May 4, 2021.

Risk management

Customers and healthcare reimbursement systems

A considerable share of Arjo's revenue is derived from sales of products to public sector entities. A political discussion taking place in many countries concerns whether private healthcare providers should be able to offer publicly funded healthcare services. There is a risk that authorities in countries where Arjo operates will decide to limit or completely discontinue public funding of private healthcare, which could affect the establishment of new hospitals and other healthcare facilities and their purchasing of healthcare products, such as Arjo's emergency and long-term care products. Sales of the Group's products are also dependent on various reimbursement systems in each of Arjo's markets. In many of Arjo's markets (such as the US), it is often the patient's insurance company that – within the framework of the existing political reimbursement system – funds or subsidizes products for the patient's emergency or long-term care. Some of the success for sales of Arjo's products in these markets is dependent on whether Arjo's products have been approved for reimbursement under the various reimbursement systems. Since Arjo conducts operations in many different countries and markets, the above-named risks are limited for the Group as a whole.

Research and development

Arjo's future growth is also dependent on the continued expansion of new product segments and new product types in existing product segments, which is dependent on the Group's ability to influence, predict, identify and respond to changing customer preferences and needs. Arjo invests in research and development in order to produce and launch new products, but there is no guarantee that any new products will achieve the same degree of success as in the past. Nor is there any certainty that Arjo will succeed in predicting or identifying trends in customer preferences and needs, or that Arjo will identify them earlier than its competitors. To maximize the return on research and development efforts, the Group has a highly structured selection and planning process to ensure that the Group prioritizes correctly when making decisions about potential projects. This process includes careful analyses of the market, technological progress, choice of production method and selection of subsuppliers. Development activities are conducted in a structured manner and the deliveries of every project undergo a number of fixed control points. Arjo is focused on product launches that will lead to more efficient care, in which more diseases can be treated, which is expected to drive demand from end customers and therefore market growth. Product development that leads to a broader product range is a means for increasing organic growth in the market in which Arjo operates.

Product liability and damage claims

As a medical device supplier, Arjo, like other healthcare industry players, may sometimes be subject to claims related to product liability and other damage claims. Such claims could involve large financial amounts, result in significant legal expenses and negatively affect the company's reputation and customer relationships. Arjo limits the risk of product liability and other damage claims related to its products and their use through the company's extensive quality and safety activities. A comprehensive insurance program is in place to cover any liability risks (including product liability) to which the Group is exposed.

Protecting and managing the infringement of intellectual property rights

Arjo invests significant financial amounts in research and development, and is continuously developing new products and technological solutions. To secure revenue from these investments, new products and technologies must be protected from unlawful use by competitors. If possible and appropriate, Arjo protects its intellectual property rights by registering patents, design and trademarks. The Group is also dependent upon know-how and trade secrets that cannot be protected under intellectual property law.

In 2020, the Group prepared clear instructions on how to prevent, investigate and manage potential cases of infringement. In addition, improved procedures have been implemented to ensure efficient maintenance of the existing portfolio of rights.

Changes related to general economic and political conditions

Arjo operates in several parts of the world and, like other companies, is affected by general global economic, financial and political conditions. Demand for Arjo's medical devices and solutions is influenced by various factors, including general macroeconomic trends. Uncertainty about future economic prospects, including political concerns, could adversely affect customers' decisions to buy Arjo's products, which would adversely affect Arjo's operations, financial position and results. Furthermore, changes in the political situation in a region or country, or political decisions affecting an industry or country, could also have a material adverse impact on sales of Arjo's products. Since Arjo operates in a large number of geographical markets, this risk is limited for the Group as a whole.

Authorities and supervisory bodies

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

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

In 2020, Arjo continued efforts to meet the requirements of the EU MDR that will come into force in May 2021. Arjo has had an organization-wide plan in place since 2017 to ensure MDR compliance and has achieved MDR certification following a successful QMS audit at the end of 2019 and audit of product documentation in 2020.

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

Financial risk management

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

Coronavirus (COVID-19)

The corona pandemic will impact both the Group's customers in the healthcare sector and society as a whole. The restrictions and recommendations introduced by the authorities to restrict the rate of infection could lead to limited accessibility and difficulties for the company to reach customers. It could also lead to lower demand for the products and services that are not prioritized during a crisis, or higher demand that cannot be met. The pandemic could also present a risk for some of the company's employees who are exposed to the virus through their work environment, which imposes strict requirements on the operations and a high level of expertise and precautionary measures. COVID-19 could also impact the Group's supply chain, which may lead to delays to deliveries and production disruptions. In addition, coronavirus may also entail fluctuations in the financial system, which could result in indirect or direct financing difficulties for the company. The Group is closely monitoring developments and is successively making the necessary business decisions to ensure production and deliveries to the healthcare sector in this serious situation. Arjo is following the guidelines set by the authorities in the geographical areas in which the company operates, and providing its personnel with equipment and training to manage the risk of exposure and ensure a safe and secure work environment. Arjo to date has not experienced any major production disruptions due to the coronavirus outbreak. The organization is managing the situation well and is maintaining a close dialog with subsuppliers to ensure access to key components. Production capacity for medical beds has been increased to meet higher demand. Arjo is working proactively to ensure financial contingency in this uncertain time and is continuing to closely monitor developments.

Risk of cyber attacks

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

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

Transactions with related parties

Transactions between Arjo and companies in Getinge Group are specified in Note 12.

Forward-looking information

This report contains forward-looking information based on the current expectations of Arjo's Management Team. Although management considers the expectations presented by such forward-looking information to be reasonable, there is no guarantee that these expectations will prove correct. Consequently, actual outcomes may vary considerably compared with what is stated in the forward-looking information, due to such factors as changed conditions regarding the economy, market and competition, changes in legal and regulatory requirements, as well as other policy measures and fluctuations in exchange rates.

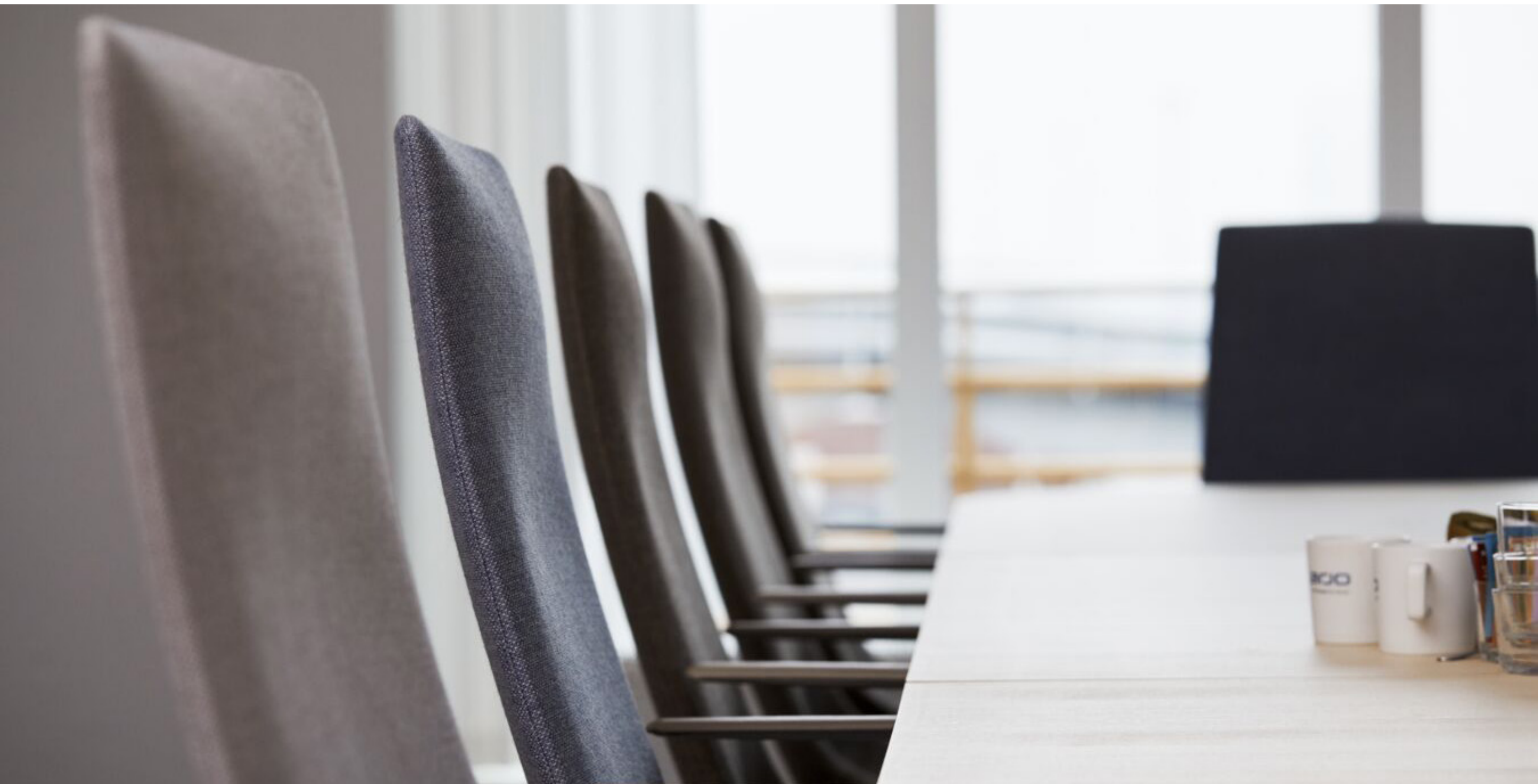
This interim report is unaudited.

Assurance

The Board of Directors and CEO assure that the year-end report provides a true and fair review of the Parent Company and the Group's operations, position and earnings and describes the material risks and uncertainties faced by the Parent Company and the Group.

Malmö, February 3, 2021

Johan Malmquist Chairman of the Board	**Carl Bennet**	**Eva Elmstedt**
Dan Frohm	**Ulf Grunander**	**Kajsa Haraldsson**
Carola Lemne	**Eva Sandling Gralén**	**Joacim Lindoff** President & CEO



Consolidated financial statements

Consolidated income statement

SEK M	Note	Quarter 4 2020	Quarter 4 2019	Full-year 2020	Full-year 2019
Net sales	2, 13	2,398	2,477	9,078	8,976
Cost of goods sold	6	-1,311	-1,371	-4,952	-5,039
Gross profit	13	**1,087**	**1,106**	**4,126**	**3,937**
Selling expenses	13	-442	-469	-1,796	-1,849
Administrative expenses		-317	-321	-1,258	-1,223
Research and development costs	4	-27	-44	-114	-139
Exceptional items	5	-23	-17	-78	-53
Other operating income and expenses		-12	-6	-14	-2
Operating profit (EBIT)	3, 6, 8	**265**	**249**	**866**	**671**
Net financial items	6	-31	-32	-164	-129
Profit after financial items		**234**	**217**	**702**	**542**
Taxes		-58	-57	-175	-139
Net profit for the period		**175**	**159**	**526**	**403**
Attributable to:					
Parent Company shareholders		175	159	526	403
Number of shares, thousands		272,370	272,370	272,370	272,370
Earnings per share, SEK [1]		0.64	0.59	1.93	1.48

1) Before and after dilution. For definition, see page 21.

Consolidated statement of comprehensive income

SEK M	Quarter 4 2020	Quarter 4 2019	Full-year 2020	Full-year 2019
Net profit for the period	**175**	**159**	**526**	**403**
Other comprehensive income				
Items that cannot be restated in profit				
Actuarial gains/losses pertaining to defined-benefit pension plans	115	-108	133	-167
Tax attributable to items that cannot be restated in profit	-22	18	-24	28
Items that can later be restated in profit				
Translation differences [1)]	-497	-187	-853	394
Hedges of net investments	65	42	75	-38
Cash-flow hedges	–	10	–	51
Tax attributable to items that can be restated in profit [1)]	14	-1	35	-34
Other comprehensive income for the period, net after tax	**-324**	**-225**	**-634**	**233**
Total comprehensive income for the period	**-149**	**-65**	**-107**	**637**
Comprehensive income attributable to:				
Parent Company shareholders	-149	-65	-107	637

1) Tax effects regarding expanded net investments were recognized under translation differences in previous reports. In this report, these effects are recognized under Tax attributable to items that can be restated in profit. Historical periods have been adjusted.

Consolidated balance sheet

SEK M	Note	Dec 31, 2020	Dec 31, 2019
Assets			
Intangible assets		6,834	7,072
Tangible assets		1,282	1,292
Tangible lease assets	6	1,044	1,158
Financial assets	10	448	501
Participations in associated companies	8	120	-
Inventories		1,039	1,144
Accounts receivable		1,500	2,001
Current financial receivables	10	14	13
Other current receivables	10	605	579
Cash and cash equivalents	10	972	662
Total assets		**13,858**	**14,422**
Shareholders' equity and liabilities			
Shareholders' equity		5,630	5,914
Non-current financial liabilities	10	2,018	1,791
Non-current lease liabilities	10	802	885
Provisions for pensions, interest-bearing	10	37	140
Other provisions		233	212
Current financial liabilities	10	3,051	3,575
Current lease liabilities	10	296	313
Accounts payable		504	543
Other non-interest-bearing liabilities		1,288	1,050
Total shareholders' equity and liabilities		**13,858**	**14,422**

Changes in shareholders' equity for the Group

SEK M	Share capital	Reserves	Retained earnings	Total share-holders' equity [1]
Opening balance at January 1, 2019	**91**	**543**	**4,793**	**5,427**
Total comprehensive income for the period	-	372	265	637
Dividend	-	-	-150	-150
Closing balance at December 31, 2019	**91**	**915**	**4,908**	**5,914**
Opening balance at January 1, 2020	**91**	**915**	**4,908**	**5,914**
Total comprehensive income for the period	-	-743	636	-107
Dividend	-	-	-177	-177
Closing balance at December 31, 2020	**91**	**172**	**5,367**	**5,630**

1) Fully attributable to Parent Company shareholders

Consolidated cash-flow statement

SEK M	Note	Quarter 4 2020	Quarter 4 2019	Full-year 2020	Full-year 2019
Operating activities					
Operating profit (EBIT)		265	249	866	671
Add-back of amortization, depreciation and write-down	3	242	247	973	1,004
Other non-cash items		-33	-55	56	-54
Expensed exceptional items [1)]		19	17	71	53
Paid exceptional items		-16	-29	-64	-73
Financial items		-30	-30	-124	-120
Taxes paid		-21	-15	-132	-193
Cash flow before changes to working capital		**427**	**384**	**1,646**	**1,288**
Changes in working capital					
Inventories		172	139	-30	38
Current receivables		-35	-216	214	-133
Current liabilities		279	131	438	59
Cash flow from operations		**843**	**438**	**2,267**	**1,252**
Investing activities					
Divested / acquired operations	8	-49	0	-58	6
Acquisitions of participations in subsidiaries		-135	-	-135	-
Acquired financial assets		-	-29	-4	-78
Net investments		-271	-180	-784	-729
Cash flow from investing activities		**-454**	**-210**	**-981**	**-801**
Financing activities					
Raising of loans		2,451	3,195	8,574	9,646
Repayment of interest-bearing liabilities		-2,613	-3,290	-8,782	-9,993
Repayment of lease liabilities		-82	-80	-327	-325
Change in pension assets/liabilities		1	-2	1	-1
Change in interest-bearing receivables		9	6	8	-4
Dividend		-	-	-177	-150
Realized derivatives attributable to financing activities		-47	-3	-250	65
Cash flow from financing activities		**-282**	**-174**	**-954**	**-762**
Cash flow for the period		**107**	**54**	**332**	**-311**
Cash and cash equivalents at the beginning of the period		872	604	662	961
Translation differences		-7	4	-22	13
Cash and cash equivalents at the end of the period		**972**	**662**	**972**	**662**

1) Excluding write-down of non-current assets

Note 1 Accounting policies

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the applicable rules of the Swedish Annual Accounts Act. The Parent Company has prepared the interim report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities.

The accounting policies applied in the preparation of this interim report apply to all periods and are consistent with the accounting policies presented in Note 1 Significant accounting policies in the 2019 Annual Report, published on www.arjo.com.

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.

Changed accounting policy

The portion of fees to the Group purchasing organization in the US market (GPOs) that are not dependent on sales volumes are recognized from January 1, 2020 as selling expenses, instead of reducing net sales as previously. Comparative figures for the corresponding period have been restated according to the same principle, see Note 13.

New accounting standards

No new or changed accounting standards that came into effect on January 1, 2020 had a material impact on Arjo. None of the IFRS or IFRIC interpretations that have yet to come into legal effect are expected to have any significant impact on Arjo.

Note 2 Net sales by geographic area and type of revenue

Net sales by geographic area, SEK M	Quarter 4 2020	Quarter 4 2019	Full-year 2020	Full-year 2019
North America [1, 2]	912	930	3,619	3,525
Western Europe [2]	1,135	1,182	4,149	4,161
Rest of the World [2]	351	365	1,310	1,291
Total [1]	**2,398**	**2,477**	**9,078**	**8,976**

Net sales by type of revenue, SEK M	Quarter 4 2020	Quarter 4 2019	Full-year 2020	Full-year 2019
Product sales [1]	1,399	1,537	5,168	5,373
Service incl. spare parts	377	412	1,426	1,504
Rental [1]	622	527	2,484	2,100
Total [1]	**2,398**	**2,477**	**9,078**	**8,976**

1) Due to the changed accounting of GPOs, net sales were restated for the 2019 comparative figures. See also Note 1 on page 12 and Note 13 on page 19.
2) Net sales by geographic area were adjusted for 2019 compared with previously presented figures and are now based on the customer's geographic location instead of the domicile of the sales companies.

Note 3 Depreciation/amortization and write-down

SEK M	Quarter 4 2020	Quarter 4 2019	Full-year 2020	Full-year 2019
Intangible assets	-72	-72	-284	-292
Of which, attributable to acquisitions	-19	-22	-80	-97
Tangible assets	-90	-92	-364	-379
Tangible lease assets	-80	-82	-325	-333
Total	**-242**	**-247**	**-973**	**-1,004**
Of which, write-down	–	-4	-3	-6

Note 4 Capitalized development costs

SEK M	Quarter 4 2020	Quarter 4 2019	Full-year 2020	Full-year 2019
Research and development costs, gross	-54	-63	-202	-212
Capitalized development costs	27	19	88	73
Research and development costs, net	**-27**	**-44**	**-114**	**-139**

Note 5 Exceptional items

SEK M	Quarter 4 2020	Quarter 4 2019	Full-year 2020	Full-year 2019
Acquisition expenses	-4	–	-4	–
Damage claims and disputes	0	–	-7	–
Restructuring and integration costs	-19	-17	-67	-53
Total	**-23**	**-17**	**-78**	**-53**

Note 6 Leases

Only figures including IFRS 16 Leases are recognized from 2020. A specification of the right-of-use assets and where the costs are found in the income statement is presented below.

Arjo as a lessee

Amounts recognized in the balance sheet

SEK M	Dec 31, 2020	Dec 31, 2019
Right-of-use assets		
Buildings and land	743	865
Cars and other vehicles	281	282
Other	19	11
Total	**1,044**	**1,158**

Amounts recognized in profit or loss

SEK M	Quarter 4 2020	Quarter 4 2019	Full-year 2020	Full-year 2019
Depreciation of right-of-use assets				
Cost of goods sold	-55	-55	-214	-218
Operating expenses	-26	-28	-110	-115
Total	**-80**	**-82**	**-325**	**-333**
Interest expenses	-8	-9	-34	-39

Note 7 Financial assets and liabilities measured at fair value

Dec 31, 2020	Assets/liabilities measured at fair value through profit or loss	Derivatives used for hedging purposes	Total
Other current receivables	17	2	19
Total assets	**17**	**2**	**19**
Other non-interest-bearing liabilities	31	1	32
Additional purchase consideration	82	–	82
Total liabilities	**113**	**1**	**114**

Dec 31, 2019	Assets/liabilities measured at fair value through profit or loss	Derivatives used for hedging purposes	Total
Other current receivables	6	2	8
Total assets	**6**	**2**	**8**
Other non-interest-bearing liabilities	29	21	50
Additional purchase consideration	65	–	65
Total liabilities	**94**	**21**	**115**

The fair value of derivative instruments is established using valuation techniques. For this purpose, observable market information is used. All derivatives are classified under level 2 of the fair value hierarchy. The Group has a liability for additional purchase considerations related to acquisitions, which is at level 3 of the fair value hierarchy.

Not 8 Acquisitions and divestments

Acquisitions

Acquisition of equity stake in Bruin Biometrics (BBI)

In October, Arjo acquired a 10% equity stake in Bruin Biometrics (BBI), a US-based company developing solutions for diagnosing patients with an elevated risk of developing pressure injuries. The deal gives Arjo exclusive global distribution rights for BBI's portable SEM scanner, which allows early detection of pressure injury risk and thereby reduces patient suffering and healthcare costs. BBI has found itself in a start-up phase with limited sales, with annual sales amounting to approximately SEK 15 M. The acquisition is expected, primarily through the distribution agreement, to have a positive impact on Arjo's net sales and earnings per share beginning in 2021, and will contribute significantly to both net sales and EPS development from 2023 and onwards.

This acquisition entitles Arjo to a permanent BBI board seat and veto rights for a number of important legal business and operational matters. Therefore, Arjo is considered to have a significant influence in BBI and the holding is recognized as participations in associated companies using the equity method. The purchase price amounts to SEK 214 M, of which SEK 135 M refers to participations in associated companies and SEK 79 M to distribution rights. The value of the participations at year-end amounted to SEK 120 M. The change was attributable to currency effects. Income from participations was insignificant for the period.

Acquisition of AirPal

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

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

Divestments

In February 2019, Acare Medical Sciences Co., Ltd – the Group's low-spec medical beds business – was divested to CBL based in China. The divestment involves a production and sales unit in Zhuhai, China, with 186 employees and sales of about SEK 80 M. Acare was recognized in the balance sheet for 2018 under assets and liabilities held for sale. The divestment did not have any significant capital gains effect. The sales proceeds of about SEK 24 M were received via a promissory note, of which SEK 11 M falls due for payment in the third quarter of 2019. Cash and cash equivalents in Acare on the divestment date amounted to SEK 5 M.

Divested net assets 2019	Carrying amount
Net assets	
Assets held for sale	70
Liabilities held for sale	-46
Total net assets	**24**
Cash-flow effect	
Proceeds received	11
Cash and cash equivalents in divested company	-5
Total cash-flow effect	**6**

Note 9 Financial data per quarter

SEK M	Quarter 1 2019	Quarter 2 2019	Quarter 3 2019	Quarter 4 2019	Quarter 1 2020	Quarter 2 2020	Quarter 3 2020	Quarter 4 2020
Net sales [2)]	2,134	2,212	2,154	2,477	2,273	2,264	2,143	2,398
Cost of goods sold	-1,186	-1,229	-1,253	-1,371	-1,230	-1,240	-1,171	-1,311
Gross profit [2)]	**948**	**983**	**900**	**1,106**	**1,043**	**1,023**	**973**	**1,087**
Operating expenses [2)]	-779	-821	-778	-833	-839	-781	-762	-786
Exceptional items	0	0	-36	-17	-37	-18	0	-23
Other operating income and expenses	-1	3	2	-6	-1	2	-2	-12
Operating profit (EBIT)	**168**	**165**	**89**	**249**	**167**	**226**	**208**	**265**
Net financial items	-35	-33	-29	-32	-26	-74	-32	-31
Profit after financial items	**133**	**132**	**60**	**217**	**140**	**152**	**176**	**234**
Taxes	-33	-33	-15	-57	-35	-38	-44	-58
Net profit for the period	**100**	**99**	**45**	**159**	**105**	**114**	**132**	**175**
Adjusted EBITDA [1)]	413	420	381	513	445	489	448	530
Adjusted EBITDA margin, % [1)]	19.4%	19.0%	17.7%	20.7%	19.6%	21.6%	20.9%	22.1%

1) EBITDA before exceptional items. Refer to Note 5 Exceptional items on page 13, Alternative performance measures on page 18 and definitions on page 21.

2) Due to the changed accounting of GPOs, net sales and selling expenses were restated for the 2019 comparative figures. See also Note 1 on page 12 and Note 13 on page 19.

Note 10 Consolidated interest-bearing net debt

SEK M	Dec 31, 2020	Dec 31, 2019
Non-current financial liabilities	1,936	1,725
Non-current lease liabilities	802	885
Current financial liabilities	3,051	3,575
Current lease liabilities	296	313
Provisions for pensions, interest-bearing	37	140
Interest-bearing liabilities	**6,122**	**6,638**
Less financial receivables	-50	-73
Less pension assets	-33	-
Less cash and cash equivalents	-972	-662
Interest-bearing net debt	**5,067**	**5,903**

Note 11 Key performance measures for the Group

SEK M	Quarter 4 2020	Quarter 4 2019	Full-year 2020	Full-year 2019
Sales measures [3]				
Net sales	2,398	2,477	9,078	8,976
Net sales growth, %	-3.2%	6.8%	1.1%	8.6%
Organic growth in sales, %	4.1%	2.8%	3.9%	3.9%
Expense measures [3]				
Selling expenses as a % of net sales	18.4%	18.9%	19.8%	20.6%
Administrative expenses as a % of net sales	13.2%	13.0%	13.9%	13.6%
Research and development costs gross as a % of net sales	2.2%	2.5%	2.2%	2.4%
Earnings measures				
Operating profit (EBIT)	265	249	866	671
Adjusted operating profit (EBIT) [2]	288	266	943	724
EBITA [2]	337	321	1,150	963
Adjusted EBITA	360	338	1,224	1,016
EBITDA	507	495	1,838	1,675
EBITDA growth, %	2.3%	42.6%	9.8%	42.0%
Adjusted EBITDA [2]	530	513	1,913	1,728
Earnings per share, SEK	0.64	0.59	1.93	1.48
Margin measures [3]				
Gross margin, %	45.3%	44.6%	45.5%	43.9%
Operating margin, %	11.1%	10.1%	9.5%	7.5%
Adjusted operating margin, % [2]	12.0%	10.7%	10.4%	8.1%
EBITA margin, %	14.0%	13.0%	12.7%	10.7%
Adjusted EBITA margin, % [2]	15.0%	13.7%	13.5%	11.3%
EBITDA margin, %	21.1%	20.0%	20.3%	18.7%
Adjusted EBITDA margin, % [2]	22.1%	20.7%	21.1%	19.2%
Cash flow and return measures				
Return on shareholders' equity, % [1]			9.1%	7.1%
Cash conversion, %	166.3%	88.4%	123.3%	74.7%
Operating capital, SEK M			11,408	11,082
Return on operating capital, % [1]			8.3%	6.5%
Capital structure				
Interest-bearing net debt			5,067	5,903
Interest-coverage ratio, multiple [1]			6.5x	5.5x
Net debt/equity ratio, multiple			0.9x	1.0x
Net debt / adjusted EBITDA, multiple [1, 2]			2.9x	3.0x
Equity/assets ratio, %			40.6%	41.0%
Equity per share, SEK			20.7	21.7
Other				
No. of shares			272,369,573	272,369,573
Number of employees, average			6,211	6,151

1) Rolling 12 months.
2) Before exceptional items. See Alternative performance measures on page 18 and definitions on page 21.
3) Due to the changed accounting of GPOs, net sales and selling expenses were restated for the 2019 comparative figures. See also Note 1 on page 12 and Note 13 on page 19. Consequential changes were made to performance measures for 2019.

Alternative 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.

Adjusted EBIT/EBITA/EBITDA SEK M	Quarter 4 2020	Quarter 4 2019	Full-year 2020	Full-year 2019
Operating profit (EBIT)	265	249	866	671
Add-back of amortization and write-down of intangible assets	72	72	284	292
EBITA	**337**	**321**	**1,150**	**963**
Add-back of depreciation and impairment of tangible assets	170	174	688	712
EBITDA	**507**	**495**	**1,838**	**1,675**
Exceptional items [1]	23	17	78	53
Add-back of write-down of restructuring and integration costs	-	-	-3	-
Adjusted operating profit (EBIT)	**288**	**266**	**943**	**724**
Adjusted EBITA	**360**	**338**	**1,224**	**1,016**
Adjusted EBITDA	**530**	**513**	**1,913**	**1,728**

1) Refer to Note 5 Exceptional items on page 13.

Cash conversion	Quarter 4 2020	Quarter 4 2019	Full-year 2020	Full-year 2019
Cash flow from operations, SEK M	**843**	**438**	**2,267**	**1,252**
Operating profit (EBIT)	265	249	866	671
Add-back of amortization, depreciation and write-down of intangible and tangible assets	242	247	973	1,004
EBITDA, SEK M	**507**	**495**	**1,838**	**1,675**
Cash conversion, %	**166.3%**	**88.4%**	**123.3%**	**74.7%**

Net debt/equity ratio	Dec 31, 2020	Dec 31, 2019
Interest-bearing net debt, SEK M	5,067	5,903
Shareholders' equity, SEK M	5,630	5,914
Net debt/equity ratio	**0.90**	**1.00**

Calculation of return on operating capital	Full-year 2020	Full-year 2019
Total assets opening balance	14,422	13,136
Total assets closing balance	13,858	14,422
Average total assets	**14,140**	**13,779**
Average total assets	14,140	13,779
Excluding average cash and cash equivalents	-817	-812
Excluding average other provisions	-223	-257
Excluding average other non-interest-bearing liabilities	-1,692	-1,629
Average operating capital	**11,408**	**11,082**
Operating profit (EBIT) [1]	866	671
Add-back of exceptional items [1]	78	53
EBIT after add-back of exceptional items	943	724
Return on operating capital, %	**8.3%**	**6.5%**

1) Rolling 12 months.

Note 12 Transactions with related parties

SEK M	Quarter 4 2020	Quarter 4 2019	Full-year 2020	Full-year 2019
Transactions with related parties, SEK M				
Sales	8	18	39	64
Purchases of goods	0	-1	-3	-4
Accounts receivable			1	14
Other current receivables			7	-
Non-current financial liabilities			-	29
Accounts payable			6	0
Other non-interest-bearing liabilities			-	6

Transactions between Arjo and companies in Getinge Group are specified in the table above. In addition to the above, there were no other material transactions with related parties.Arjo uses Getinge as a distributor in certain markets. Business terms and conditions as well as market-regulated pricing apply for delivery of products and services between the Groups.

Note 13 Restatement of net sales and selling expenses

The portion of fees to the Group purchasing organization in the US market (GPOs) that are not dependent on sales volumes are recognized from January 1, 2020 as selling expenses, instead of reducing net sales as previously. Comparative figures for the corresponding period have been restated according to the same principle. The restated net sales and selling expenses per quarter and for the full-year 2019 are presented below. All performance measures that include net sales and selling expenses have been restated.

	Quarter 1 2019		Quarter 2 2019		Quarter 3 2019		Quarter 4 2019		Full-year 2019	
SEK M	Restated amount	Previously recog-nized amount	Restated amount	Previously recog-nized amount	Restated amount	Previously recog-nized amount	Restated amount	Previously recog-nized amount	Restated amount	Previously recog-nized amount
Net sales	2,134	2,123	2,212	2,197	2,154	2,141	2,477	2,464	8,976	8,925
Cost of goods sold	-1,186	-1,186	-1,229	-1,229	-1,253	-1,253	-1,371	-1,371	-5,039	-5,039
Gross profit	**948**	**937**	**983**	**968**	**900**	**888**	**1,106**	**1,093**	**3,937**	**3,886**
Gross margin, %	**44.4%**	**44.1%**	**44.4%**	**44.1%**	**41.8%**	**41.5%**	**44.6%**	**44.4%**	**43.9%**	**43.5%**
Selling expenses	-453	-442	-485	-470	-442	-429	-469	-456	-1,849	-1,797

Parent Company financial statements

Parent Company income statement

SEK M	Quarter 4 2020	Quarter 4 2019	Full-year 2020	Full-year 2019
Administrative expenses	-48	-41	-165	-155
Restructuring costs	–	–	-3	–
Other operating income and expenses	130	114	133	114
Operating profit (EBIT)	**82**	**73**	**-35**	**-41**
Income from participations in Group companies	115	199	115	310
Net financial items [1]	-15	-15	-61	-75
Profit after financial items	**182**	**257**	**19**	**194**
Taxes	-40	-49	-5	-15
Net profit for the period	**142**	**207**	**15**	**180**

1) Net financial items contain interest income, interest expenses, other financial expenses and exchange-rate gains and losses attributable to the translation of financial receivables and liabilities in foreign currencies measured at the closing day rate.

Parent Company balance sheet

SEK M	Dec 31, 2020	Dec 31, 2019
Assets		
Intangible assets	381	340
Financial assets	5,961	6,390
Current financial receivables, Group companies	1,212	1,427
Other current receivables, Group companies	61	59
Current receivables	30	35
Total assets	**7,646**	**8,251**
Shareholders' equity and liabilities		
Shareholders' equity	4,472	4,635
Provisions	1	1
Current financial liabilities	3,049	3,573
Other current liabilities, Group companies	70	10
Other non-interest-bearing liabilities	53	32
Total shareholders' equity and liabilities	**7,646**	**8,251**

At the end of the period, the carrying amount of shares and participations in subsidiaries amounted to SEK 5,862 M (6,294). The change for the period is SEK -432 M and comprises forming new subsidiaries, capital contributions, divestments and write-downs of participations in subsidiaries. The Parent Company's commercial paper program has a framework amount of SEK 4,000 M. The total amount issued at the end of the period amounted to SEK 3,054 M (3,576).

Intangible assets comprise software.

Definitions

Financial terms

Adjusted EBITDA
EBITDA with add-back of exceptional items.

Adjusted EBITA margin
Adjusted EBITA in relation to net sales.

Adjusted EBIT/Operating profit
Operating profit with add-back of exceptional items.

Cash conversion
Cash flow from operations in relation to EBITDA.

Earnings per share
Profit for the period attributable to Parent Company shareholders in relation to average number of shares. The following data was used to calculate earnings per share:

Profit for the period attributable to Parent Company shareholders	SEK 526 M
Number of shares, thousands	272,370
Earnings per share	SEK 1.93

EBIT
Operating profit.

EBITA
Operating profit before amortization and write-down of intangible assets.

EBITDA
Operating profit before amortization, depreciation and write-down.

EBITA margin
EBITA in relation to net sales.

EBITDA margin
EBITDA in relation to net sales.

Equity/assets ratio
Shareholders' equity in relation to total assets.

Exceptional items
Total of acquisition, restructuring and integration costs as well as major non-recurring items.

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.

Net debt/equity ratio
Interest-bearing net debt in relation to shareholders' equity.

Organic change
A financial change adjusted for currency fluctuations, acquisitions and divestments.

Operating capital
Average total assets less cash and cash equivalents, other provisions, accounts payable and other non-interest-bearing liabilities.

Operating expenses
Selling expenses, administrative expenses and research and development costs.

Operating margin
Operating profit in relation to net sales.

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.

Medical and other terms

Compression therapy
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.

Deep vein thrombosis (DVT)
Formation of a blood clot in a deep leg vein.

Edema
Swelling due to accumulation of fluid in tissues.

Ergonomics
A science concerned with designing the job to fit the worker to prevent illness and accidents.

EU Medical Device Regulation (MDR)
Regulations created by the EU to ensue better protection for the public health and patient safety by establishing modernized and more robust EU legislation. All medical device manufacturers and distributors must comply with these new regulations.

Pressure injuries
Sores that occur when blood flow to the skin is reduced by external pressure. Most common in patients with reduced mobility.

Prevention
Preventive activity/treatment.

Sequential VTE prevention
A treatment that aims to enhance the circulation of blood in the deep veins of the legs, which helps reduce deep vein thrombosis (blood clot in the deep veins of the legs).

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.

VTE
The abbreviation VTE standards for venous thromboembolism – a blood clot in the veins, similar to DVT (above).

Teleconference

Fund managers, analysts and the media are invited to a teleconference on February 3 at 8:00 a.m. CET.

Dial the number below to participate:

Sweden: +46 8 566 426 93
US: +1 833 823 0587
UK: +44 333 300 9268

A presentation will be held during the telephone conference. To access the presentation, please use this link: https://tv.streamfabriken.com/arjo-q4-2020

Alternatively, use the following link to download the presentation: https://www.arjo.com/int/about-us/investors/reports--presentations/2021/

A recording of the teleconference will be available for 3 years via the following link: https://tv.streamfabriken.com/arjo-q4-2020

Financial information

Updated information on, for example, the Arjo share and corporate governance is available on Arjo's website www.arjo.com. The Annual Report, year-end report and interim reports are published in Swedish and English and are available for download at www.arjo.com.

The following financial statements will be published in 2021:

March–April 2021:	2020 Annual Report
April 27, 2021	Interim report Jan-Mar 2021
April 27, 2021	2021 Annual General Meeting
July 20, 2021	Interim report Jan-Jun 2021
October 28, 2021	Interim report Jan-Sep 2021

Contact

Kornelia Rasmussen
Executive Vice President, Marketing Communications & Public Relations
+46 (0)10 335 4810
kornelia.rasmussen@arjo.com

Maria Nilsson
Investor Relations & Corporate Communications
+46 (0)10 335 4866
maria.nilsson@arjo.com

This information is information that Arjo AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact persons set out above, on February 3, 2021 at 7:00 a.m. CET.

Arjo's work is based on genuine care for human health and well-being. Arjo is a market-leading supplier of medical devices and solutions that improve quality of life for patients with reduced mobility and age-related health challenges. The company's offering includes products and solutions for patient handling, hygiene, disinfection, medical beds, prevention of pressure ulcers, prevention of deep vein thrombosis and for obstetric and cardiac diagnostics.

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

www.arjo.com