Interim report January – June 2018

April–June 2018 in brief

- Net sales increased 4.8% to SEK 1,986 M (1,894). Net sales rose organically by 2.3%.
- Adjusted EBITDA rose to SEK 313 M (294).
- Restructuring and integration costs amounted to SEK 15 M (15).
- Profit after financial items amounted to SEK 121 M (125).
- Earnings per share amounted to SEK 0.33 (0.34).
- Cash flow from operations amounted to SEK 189 M (122). The cash conversion was 62.4% (43.5).
- An exclusive partnership was entered into with Next Step Dynamics for the development of digital solutions for predicting and preventing injuries.
- Key event after the end of the quarter: Acquisition of ReNu Medical.
- Comparisons of gross margin, operating expenses and net financial items between the second quarter and the first six months of 2017 and 2018 do not provide fair presentation. All of the expenses for Arjo as an independent Group were not reflected in 2017 and, accordingly, the full-year figures for 2017 provide a more fair presentation as comparative figures.

January–June 2018 in brief

- Net sales increased 2.7% to SEK 3,929 M (3,825). Net sales rose organically by 2.3%.
- Adjusted EBITDA declined to SEK 602 M (754), primarily due to higher operating expenses related to Arjo now operating as an independent Group.
- Restructuring and integration costs amounted to SEK 57 M (84).
- Profit after financial items declined to SEK 188 M (349).
- Earnings per share fell to SEK 0.52 (0.94).
- Cash flow from operations amounted to SEK 457 M (275). The cash conversion was 82.8% (37.2).

Financial summary

	Quarter 2 2018	Quarter 2 2017	Jan – Jun 2018	Jan – Jun 2017	Rolling 12 months	Full-year 2017
Net sales, SEK M	1,986	1,894	3,929	3,825	7,792	7,688
Gross profit, SEK M	896	865	1,752	1,782	3,398	3,428
Gross margin, %	45.1%	45.7%	44.6%	46.6%	43.6%	44.6%
Adjusted EBITA	224	194	413	561	698	846
Adjusted EBITA margin, %	11.3%	10.3%	10.5%	14.7%	8.9%	11.0%
EBITDA	303	280	552	738	810	996
EBITDA margin, %	15.3%	14.8%	14.1%	19.3%	10.4%	13.0%
Adjusted EBITDA[1]	313	294	602	754	1,094	1,246
Adjusted EBITDA margin, %	15.7%	15.6%	15.3%	19.7%	14.0%	16.2%
Operating profit (EBIT), SEK M	142	120	225	358	148	281
Profit after financial items, SEK M	121	125	188	349	18	179
Net profit for the period, SEK M	91	92	141	256	3	118
Number of shares, thousands	272,370	272,370	272,370	272,370	272,370	272,370
Earnings per share, SEK	0.33	0.34	0.52	0.94	0.01	0.43
Cash flow from operations, SEK M	189	122	457	275	754	572
Cash conversion, %	62.4%	43.5%	82.8%	37.2%	93.1%	57.4%

1 Before acquisition, restructuring and integration costs. See Alternative performance measures on page 17 and definitions on page 20.

At Arjo, we are committed to improving the everyday lives of people affected by reduced mobility and age-related health challenges. With products and solutions that ensure ergonomic patient handling, personal hygiene, disinfection, diagnostics, and the effective prevention of pressure ulcers and venous thromboembolism, we help professionals across care environments to continually raise the standard of safe and dignified care. Everything we do, we do with people in mind. www.arjo.com

arjo
with people in mind

Strengthened commercial focus yielding results – continued growth for the quarter

Growth continued for Arjo in the second quarter of the year. You appear to have turned the negative trend around?

We can look back on another quarter with a stable performance and we are now reporting positive organic growth for the second consecutive quarter since Arjo became an independent company. Net sales increased organically by 2.3% and we also saw EBITDA improve during the quarter. This means we enter the second half of the year with good confidence.

Can you provide more details about Arjo's performance?

Our North American operations continued to perform positively, posting organic growth of 2.6% for the quarter. Our activities are undoubtedly yielding results, which is particularly clear in the rental operations that are currently performing better than planned. Western Europe was up slightly year-on-year and we anticipate continued favorable opportunities for development during the year. It is particularly gratifying to see that performance and demand in the UK – our second largest market – has stabilized.

We can also report another healthy quarter for Rest of the World with organic growth of 3.6%, despite some large shipments being postponed into the third quarter due to delayed customer orders. We are actively pursuing geographic expansion and have been operating with our own sales company in Japan since May, which we will also do in China and Latin America later this year. During the quarter, we also continued to advance in our efforts to register more of our existing products in new markets, something that I am convinced will strengthen our growth opportunities going forward.

Can you explain the development of the gross margin?

The gross margin for the second quarter amounted to 45.1%, up 1.0 percentage point on the first quarter, which is a step in the right direction for a gradual improvement for the full-year compared with 2017 in comparable currencies. However, work remains to be done in this area. We again experienced a slightly unfavorable product mix in the quarter with sustained price competition in the medical beds value segment. We have prepared an action plan and will decide on these measures at the end of the third quarter, with the target of a gradual improvement to the category's gross margin from 2019 and onwards. On the positive side, better utilization in our production facilities had a positive impact on the gross margin in the quarter.

It was an eventful quarter in terms of products. Can you tell us more?

We announced a number of news during the quarter. Arjo's most recent product launch was IndiGo, an intuitive drive assist solution that is installed under medical beds as an electrically powered fifth wheel. IndiGo improves the ease and efficiency of maneuvering the bed and helps reduce the risk of injury to caregivers when they move patients in bed. Our customers have already given the product a positive reception.

> "We have performed strongly as an independent company and will continue to take important steps to build a profitable and sustainable Arjo"

Another very exciting area is digitalization and technical solutions for preventive healthcare. With the rising number of elderly people worldwide, costs for fall-related injuries are expected to increase significantly and preventive solutions will thus be more and more important. Through this partnership with Next Step Dynamics, we are taking a clear position in this area and are investing approximately SEK 70 M over the next two years in the development of breakthrough technology to predict and prevent injury to patients and residents. I am looking forward to offering some of the market's most innovative solutions in this area to our customers.

You also acquired ReNu Medical after the quarter. Why is this acquisition right for Arjo?

ReNu Medical is a US company specializing in green reprocessing for single use medical devices. This acquisition strengthens our DVT offering in the US where we can now offer a solution often requested by our customers and at the same time develop parts of the DVT market that we do not currently serve. We also see many opportunities in expanding into markets outside the US and launching this offering in more regions. The acquisition also marks an important step in our aim to contribute to sustainable development. The acquisition of ReNu Medical will strengthen our gross margin in the long term and will give us access to an area of highly attractive growth potential.

Finally, what is most important for the rest of the year?

Following two quarters of positive growth, I can conclude that we are delivering in line with our targets or even slightly better. We remain highly committed and are maintaining a high level of activity, and now it is important that we remain focused and meet the milestones that we have set for both growth and profitability. We have performed strongly as an independent company and will continue to take important steps throughout the year to build a profitable and sustainable Arjo.

Joacim Lindoff
President & CEO

Group performance

Net sales and results

Second quarter of 2018

Net sales increased organically in the second quarter by 2.3% to SEK 1,986 M (1,894), with a positive performance in all of the group's geographic sales regions.

Sales in North America increased organically by 2.6%, primarily driven by growth in medical beds, patient handling and wound care. The rental operations in the US continued to report a positive trend, which now results in four consecutive quarters of growth in this area.

Western Europe also increased during the quarter and organic growth was 1.7%. Sales in the UK were in line with the preceding year after a number of years of declining sales. Several large markets reported stable growth for the quarter, including France and Germany.

Net sales in the Rest of the World rose organically by 3.6% despite postponement of some large shipments. India, South Africa and Singapore are some of the markets that performed very well during the quarter and growth for the region as a whole was healthy.

The gross margin amounted to 45.1% (45.7), an improvement of 1.0 percentage point compared with the first quarter. The higher sales and better utilization of the group's production facilities contributed positively to the gross margin. However, similar to the first quarter of the year, this quarter was impacted by a slightly unfavorable product mix with continued high deliveries of medical beds in the value segment.

Compared with the second quarter of 2017, the gross margin was positively impacted by currency effects of about SEK 44 M in transaction effects.

The Group's operating expenses increased slightly during the quarter to SEK 744 M (727). The cost increase was in line with plan and was primarily the result of costs related to Arjo now being an independent Group, higher research and development costs and normal levels of high activity in the second quarter. Translation effects of currencies had a negative impact of SEK 25 M on operating expenses compared with exchange rates at the end of 2017. Exchange rates at the end of 2017 are those used as a basis for the Group's outlook on operating expenses of SEK 2,965 M for the full-year, which also includes the acquisition of ReNu Medical.

Restructuring and integration costs amounted to SEK 15 M (15), most of which was related to Arjo now being an independent group. Of restructuring costs, SEK 11 M impact cash flow for the quarter.

EBITDA before acquisition, restructuring and integration costs rose to SEK 313 M (294), yielding an adjusted EBITDA margin of 15.7% (15.6). EBITDA was positively impacted by currency effects of about SEK 41 M, of which SEK 44 M in transaction effects and SEK -3 M in translation effects.

Net financial items amounted to SEK -21 M (5). Costs were in line with the first quarter and according to plan. Comparisons with the preceding year are not relevant since the company had a different capital structure when Arjo was part of Getinge.

January-June 2018

Net sales increased organically by 2.3% during the period to SEK 3,929 M (3,825) compared with the year-earlier period. All geographic regions reported growth for the period, with a healthy trend in the product categories of medical beds and patient handling. The negative performance reported in the UK in 2017 stabilized during the period and higher sales were reported for the first half of 2018 compared with the year-earlier period.

The gross margin amounted to 44.6% for the period, slightly negatively impacted by the unfavorable product mix and high deliveries of medical beds and DVT hardware. Currency effects did not impact the gross margin for the period compared with the exchange rates at year-end 2017, and after the first six months of the year the gross margin is now in line with the full-year 2017 (44.6%).

The period was charged with restructuring costs of SEK 57 M (84), most of which were related to the reorganization and efficiency enhancements of the Group's product development function that was charged to the first quarter of the year in its entirety.

Lower EBITDA of SEK 602 M (754) was primarily due to lower gross profit and higher operating expenses related to Arjo now operating as an independent Group.

Net sales by geographic area, SEK M	Quarter 2 2018	Quarter 2 2017	Organic change	Jan – Jun 2018	Jan – Jun 2017	Organic change	Rolling 12 months	Full-year 2017
North America	718	708	2.6%	1,399	1,432	2.5%	2,785	2,818
Western Europe	1,007	937	1.7%	2,020	1,902	1.6%	3,938	3,820
Rest of the World	261	249	3.6%	510	491	4.6%	1,069	1,050
Total	**1,986**	**1,894**	**2.3%**	**3,929**	**3,825**	**2.3%**	**7,792**	**7,688**

Cash flow and financial position

Cash flow from operations was SEK 189 M (122) for the quarter, corresponding to a cash conversion of 62.4% (43.5). The improvement in cash flow was mainly driven by increased working capital in line with the Group's plans. The higher amount of tax paid in the quarter was mainly the result of non-recurring payments of SEK 21 M related to transactions in connection with the spin-off from Getinge in 2017. Adjusted for these non-recurring payments, the cash conversion was 69.3% for the quarter. The cash conversion for the first six months of the year was 82.8% and for the rolling 12 months 93.1%.

Net investments for the quarter amounted to SEK 176 M (102), distributed as tangible assets of SEK 136 M (68) and intangible assets of SEK 40 M (34). Net investments also include investments of SEK 88 M (47) in the rental fleet.

During the quarter, the Group issued additional commercial paper for SEK 39 M under the framework of the program established in the first quarter. At the same time, other credit facilities and pension liabilities were repaid in the amount of SEK 151 M (-) in the quarter. Together with the divided paid of SEK 136 M (-), this comprises the main portion of the negative cash flow of SEK -229 M (-517) for the period. The comparative figure includes net payments of SEK 446 M to Getinge, mainly attributable to the creation of Arjo's legal structure in 2017.

At the end of the quarter, the Group's cash and cash equivalents amounted to SEK 776 M (762), and interest-bearing net debt was SEK 4,749 M (748). The equity/assets ratio was 42.0% (68.8) and the net debt/equity ratio was 0.9 (0.1).

Research and development

Arjo's research and development costs amounted to SEK 65 M (48) for the quarter, corresponding to 3.3% (2.5) of consolidated net sales. These costs for the January to June period amounted to SEK 109 M (101), corresponding to 2.8% (2.6) of net sales.

Outlook 2018

Sales growth for 2018 is expected to be in the lower end of the target of 2-4%.

Given the difficulty in analyzing the Group's earnings and cost trend compared with 2017, when the creation of Arjo as an independent Group began, the Group also provides a forecast for operating expenses for the full-year 2018, as it did in the first quarter.

The Group's operating expenses for the full-year 2018 are expected to amount to approximately SEK 2,965 (previously 2,950) in comparable currencies, which is an increase of SEK 15 M as a result of the acquisition of ReNu Medical.

Other key events during the quarter

Launch of IndiGo™ to reduce caregiver injuries

IndiGo was launched during the quarter, an intuitive drive assist, designed to reduce ergonomic risks for caregivers when transporting patients on medical beds. Medical beds are becoming heavier, with many weighing over 180 kg unloaded. In addition to this, patients are also becoming heavier, with the average patient weighing approximately 90 kg. Pushing a modern hospital bed with a patient in it can be heavy, strenuous work. IndiGo improves the ease and efficiency of transporting patients on medical beds within care facilities.

Comprising a powered fifth wheel installed beneath the bed, IndiGo is unlike other power drive systems which are typically separate, bulky pieces of equipment, or come with complex activation points. Once installed, IndiGo is always available and ready for use, helping to save time and effort to store, locate or transfer external equipment.

Sales of IndiGo commenced in the second quarter and are expected to contribute to the Group's sales and earnings from the third quarter of 2018.

Arjo enters into exclusive partnership with Next Step Dynamics

During the quarter, Arjo entered into an exclusive partnership with Next Step Dynamics for the development and sales of solutions for preventive healthcare. Next Step Dynamics is a Swedish technology company specializing in digital solutions based on artificial intelligence and so called deep learning algorithms. As a first step, Arjo has committed to spend SEK 70 M over a period of 24 months on development projects for preventive and proactive care.

The partnership grants Arjo global exclusive rights to commercialize and distribute solutions generated from this collaboration. One such example is a smart wearable that uses advanced algorithms to analyze data indicative of patient and resident well being such as balance, lower body strength and sleep in order to predict the risk of a fall among, for example, elderly people or people with reduced mobility. This risk is then seamlessly shared with authorized care professionals, thereby enabling them to take preventive action based on scientific deep learning algorithms. The solution has been reviewed by more than 160 healthcare professionals, and the product can be used by care units as well as in the home, and can be customized to individual needs.

The collaboration with Next Step Dynamics started on July 1, 2018. Sales and distribution of the smart wearable and other innovations are planned to begin in 2019 and are expected to contribute to the Group's net sales and results as early as 2019.

Change regarding the Group's shared service

As one of the final steps in the separation from Getinge, Arjo decided during the quarter not to extend the shared service agreement that was signed with Getinge in autumn 2017. Instead, Arjo will manage these types of processes internally.

The total restructuring costs for this activity is expected to amount to approximately SEK 20 M, most of which is expected to be charged to the third and fourth quarters. The activity is expected to lead to total savings of about SEK 9 M in 2019 and subsequently total annual savings of approximately SEK 7 M from 2020.

Reorganization to optimize the Group's development resources proceeding according to plan

The reorganization of the product development function in San Antonio in the US was initiated in the first quarter has proceeded according to plan. As previously announced, restructuring costs for this reorganization amount to approximately SEK 40 M and were charged to the first quarter in their entirety. The reorganization is expected to lead to total savings of about SEK 20 M in 2018 and subsequently total annual savings of approximately SEK 40 M from 2019.

New EU regulations for medical devices, MDR

In May 2017, the EU introduced the new Medical Device Regulation (MDR) that is to be applied in 2020. MDR entails that more comprehensive information is required also for products of a lower classification, and for Arjo, this means that medical device classification must be implemented for all of our CE-marked products in accordance with the new classification rules. A number of updates to documentation and product marking are required.

Arjo launched an extensive effort in 2017 to implement the new requirements and adapt its business to the new regulations within the prescribed time limit. This work, which is taking place within the company's existing structure, progressed well during the quarter and entirely in line with plan.

Next Step Dynamics's smart wearable that helps predict the risk of a fall among, for example, elderly people or people with reduced mobility

Other information

Key events after the end of the quarter

Arjo acquired ReNu Medical – a green medical reprocessor of single use medical devices.

On July 13, Arjo signed an agreement to acquire ReNu Medical, a privately owned US company specializing in green reprocessing for single use non-invasive medical devices, for example, DVT.

The acquisition of ReNu Medical strengthens the Group's offering in compression therapy products, such as DVT in the US. Arjo sees excellent opportunities for launching this concept in markets outside the US. The acquisition is expected to contribute to a more profitable business model for Arjo and is also well aligned with the Group's focus on sustainability and supports sustainable development.

ReNu Medical will be consolidated with the Arjo Group on July 1, 2018 and will retain the executive leadership team and personnel to continue to operate as an independent unit. ReNu Medical's sales in 2017 amounted to about SEK 60 M. The acquisition is expected to have a marginally positive effect on the Group's net sales, gross margin and earnings per share in 2018.

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, could be subject to claims related to product liability and other legal issues. Such claims could involve large financial amounts and significant legal expenses. Arjo cannot provide any guarantee that its operations will not be subject to claims for compensation. A comprehensive insurance program is in place to cover any property or liability risks (e.g. product liability) to which the Group is exposed.

Protection of intellectual property rights

Arjo invests significant financial amounts in research and development, and is continuously developing new products and technological solutions. To secure revenues 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, copyrights and trademarks. The Group is also dependent upon know-how and trade secrets that cannot be protected under intellectual property law.

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 in which Arjo operates and 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. It cannot be ruled out that Arjo's future operations, financial position and earnings may be adversely affected by difficulties in complying with the current regulations and requirements of authorities and supervisory bodies, or any changes thereof.

Arjo has developed its operations to comply with these laws and regulations and, to limit the above-named risk, Arjo devotes considerable efforts and resources. Annual audits are performed by designated accreditation bodies to ensure compliance with CE marking standards for Arjo's products, and authorities such as FDA conduct regular inspections of Arjo's production units to ensure regulatory compliance. 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).

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 the Treasury Function. The most significant financial risks to which the Group is exposed are currency risk, interest-rate risk and credit and counterparty risk.

Transactions with related parties

Transactions between Arjo and companies in Getinge Group are specified in Note 9.

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 interim 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, July 19, 2018

Johan Malmquist
Chairman of the Board

Carl Bennet

Sten Börjesson

Eva Elmstedt

Ulf Grunander

Ingrid Hultgren

Carola Lemne

Joacim Lindoff
President & CEO

Consolidated financial statements

Consolidated income statement

SEK M	Note	Quarter 2 2018	Quarter 2 2017	Jan – Jun 2018	Jan – Jun 2017	Full-year 2017
Net sales	2	1,986	1,894	3,929	3,825	7,688
Cost of goods sold		-1,090	-1,029	-2,177	-2,043	-4,260
Gross profit		**896**	**865**	**1,752**	**1,782**	**3,428**
Selling expenses		-412	-395	-804	-778	-1,571
Administrative expenses		-282	-303	-589	-490	-1,136
Research and development costs	4	-50	-29	-76	-64	-134
Restructuring and integration costs		-15	-15	-57	-84	-324
Other operating income and expenses		5	-3	-1	-8	18
Operating profit (EBIT)	3, 6	**142**	**120**	**225**	**358**	**281**
Net financial items		-21	5	-37	-9	-102
Profit after financial items		**121**	**125**	**188**	**349**	**179**
Taxes		-30	-33	-47	-93	-61
Net profit for the period		**91**	**92**	**141**	**256**	**118**
Attributable to:						
Parent Company shareholders		91	92	141	256	118
Number of shares, thousands		272,370	272,370	272,370	272,370	272,370
Earnings per share, SEK[1]		0.33	0.34	0.52	0.94	0.43

1 Before and after dilution. For definition, see page 20.

Consolidated statement of comprehensive income

SEK M	Quarter 2 2018	Quarter 2 2017	Jan – Jun 2018	Jan – Jun 2017	Full-year 2017
Net profit for the period	**91**	**92**	**141**	**256**	**118**
Other comprehensive income					
Items that cannot be restated in profit					
Actuarial gains/losses pertaining to defined-benefit pension plans	–	-101	–	-101	-165
Tax attributable to items that cannot be restated in profit	–	32	–	32	32
Items that can later be restated in profit					
Translation differences	170	-145	460	-169	-345
Hedges of net investments	-14	–	-139	–	49
Cash-flow hedges	-87	26	-39	101	101
Tax attributable to items that can be restated in profit	22	-6	39	-22	-33
Other comprehensive income for the period, net after tax	**91**	**-194**	**321**	**-159**	**-361**
Total comprehensive income for the period	**182**	**-102**	**462**	**97**	**-243**
Comprehensive income attributable to:					
Parent Company shareholders	182	-102	462	97	-243

Consolidated balance sheet

SEK M	Note	June 30, 2018	June 30, 2017	Dec 31, 2017
Assets				
Intangible assets		6,909	6,402	6,634
Tangible assets		1,218	1,123	1,134
Financial assets		439	345	334
Inventories		1,248	1,201	1,104
Accounts receivable		1,598	1,872	1,898
Current financial receivables	7	–	705	–
Other current receivables		623	461	434
Cash and cash equivalents	7	776	762	672
Total assets		**12,811**	**12,871**	**12,210**
Shareholders' equity and liabilities				
Shareholders' equity		5,378	8,860	5,074
Non-current financial liabilities	7	3,029	197	5,131
Provisions for pensions, interest-bearing	7	48	27	61
Other provisions		313	241	256
Current financial liabilities	7	2,451	2,061	90
Accounts payable		448	526	541
Other non-interest-bearing liabilities		1,144	959	1,057
Total shareholders' equity and liabilities		**12,811**	**12,871**	**12,210**

Changes in shareholders' equity for the Group

SEK M	Share capital	Reserves	Retained earnings	Total shareholders' equity[1]
Opening balance at January 1, 2017	**1**	**648**	**10,009**	**10,658**
Total comprehensive income for the period	–	-229	-14	-243
New share issue	90	–	–	90
Transactions with shareholders	–	–	-5,431	-5,431
Closing balance at December 31, 2017	**91**	**419**	**4,564**	**5,074**
Opening balance at January 1, 2018	**91**	**419**	**4,564**	**5,074**
Adjustment for prior years	–	–	-22	-22
Total comprehensive income for the period	–	321	141	462
Dividend	–	–	-136	-136
Closing balance at June 30, 2018	**91**	**740**	**4,547**	**5,378**

1 Fully attributable to Parent Company shareholders

Consolidated cash-flow statement

SEK M	Note	Quarter 2 2018	Quarter 2 2017	Jan – Jun 2018	Jan – Jun 2017	Full-year 2017
Operating activities						
Operating profit (EBIT)		142	120	225	358	281
Add-back of amortization, depreciation and write-down	3	161	160	327	380	715
Other non-cash items		-16	- 21	-7	- 19	36
Expensed restructuring and integration costs[1]		9	15	49	17	250
Paid restructuring and integration costs		-11	- 12	-13	- 18	-63
Financial items		-21	5	-37	- 9	-102
Taxes paid		-85	- 48	-112	- 61	-135
Cash flow before changes to working capital		**179**	**219**	**432**	**648**	**982**
Changes in working capital						
Inventories		22	- 119	-88	- 292	-103
Current receivables		133	70	243	469	176
Current liabilities		-145	- 48	-130	- 550	-483
Cash flow from operations		**189**	**122**	**457**	**275**	**572**
Investing activities						
Net investments		-176	-102	-284	-192	-652
Cash flow from investing activities		**-176**	**-102**	**-284**	**-192**	**-652**
Financing activities						
Raising of loans		39	0	2,451	0	5,131
Repayment of interest-bearing liabilities		-151	- 102	-2,417	- 112	-11
Change in interest-bearing receivables		6	11	6	13	83
Dividend		-136	-	-136	-	-
Transactions with shareholders		-	- 446	-	- 661	-5,897
Cash flow from financing activities		**-242**	**- 537**	**-96**	**- 760**	**-694**
Cash flow for the period		**-229**	**-517**	**77**	**-677**	**-774**
Cash and cash equivalents at the beginning of the period		999	1,288	672	1,446	1,446
Translation differences		6	-9	27	-7	0
Cash and cash equivalents at the end of the period		**776**	**762**	**776**	**762**	**672**

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 2017 Annual Report, published on www.arjo.com.

New accounting standards

IFRS 9 Financial instruments

IFRS 9 Financial Instruments is applied from the 2018 fiscal year and replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new rules on, for example, the classification and measurement of financial instruments, write-down of financial instruments, and hedge accounting. The standard has been adopted by the EU.

Arjo has evaluated the effect of introducing the standard. The new rules did not impact the classification and measurement of material financial instruments, in the form of accounts receivable, accounts payable, liabilities to credit institutions and receivables and liabilities to Group companies, in the financial statements. All above-mentioned material items are recognized at amortized cost and will continue to be recognized according to this approach under IFRS 9.

The reserves for expected losses have not changed. Given the fact that the Group's customers have high credit ratings and confirmed customer losses have historically been low, the rules on impairment have not had a material impact on the Group's financial position.

Hedge accounting is applied to currency forward contracts held for managing currency exposure that arises during operations. The introduction of the new standard did not entail any changes to existing accounting policies for such hedges, which is why Arjo's financial position was not impacted.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 introduces new requirements for income recognition and replaces IAS 18 Revenue, IAS 11 Construction Contracts and several IFRS income-related interpretations. Arjo applies IFRS 15 from the 2018 fiscal year. The standard provides more detailed guidance in many areas that were not previously described in previously applicable IFRS, for example, recognizing contracts with multiple performance obligations, variable consideration and whether or not income is to be recognized over time. The standard has been adopted by the EU.

The implementation of IFRS 15 did not change Arjo's policies on revenue recognition and this did not have a material impact on the financial statements. Parts of Arjo's income flows pertain to rental income that is not encompassed by IFRS 15 and thus were not impacted by the introduction of the standard.

However, IFRS 15 does entail new disclosure requirements. From 2018, sales per type of revenue have been added to Note 2 of this interim report, in addition to the previous sales per region.

IFRS 16 Leases

IFRS 16 Leases comes into effect for the fiscal year beginning on January 1, 2019. The amendment compared with the current IAS 17 Leases is that all contracts in which the Group is the lessee are to be recognized in the balance sheet as an asset and a liability, except for short-term leases or leases where the underlying asset has a low value. The standard does not entail any material change for the lessor. The standard has been adopted by the EU.

Arjo has commenced work to analyze the effect that IFRS 16 will have on the consolidated financial statements. Arjo will review all of its contracts to determine whether there are additional contracts that will now be considered to be leases under the new definition in IFRS 16, and to verify the lease terms. This will subsequently be quantified and recognized in the company's balance sheet. Commitments that exist regarding operating leases are described in Note 18 of the 2017 Annual Report.

Arjo has not yet decided which transition rule to apply.

Arjo will also analyze additional disclosure requirements and the impact this will have on the information that needs to be collected.

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 2 2018	Quarter 2 2017	Jan – Jun 2018	Jan – Jun 2017	Full-year 2017
North America	718	708	1,399	1,432	2,818
Western Europe	1,007	937	2,020	1,902	3,820
Rest of the World	261	249	510	491	1,050
Total	**1,986**	**1,894**	**3,929**	**3,825**	**7,688**

The 2017 figures have been slightly adjusted in terms of the distribution between the geographic areas because the reporting structure was changed in 2018. The total figure for the Group is unchanged.

Net sales by type of revenue, SEK M	Quarter 2 2018	Quarter 2 2017	Jan – Jun 2018	Jan – Jun 2017	Full-year 2017
Product sales	1,121	1,061	2,230	2,131	4,398
Service incl. spare parts	346	336	676	690	1,325
Rental	519	497	1,023	1,004	1,965
Total	**1,986**	**1,894**	**3,929**	**3,825**	**7,688**

Note 3 Depreciation/amortization and write-down

SEK M	Quarter 2 2018	Quarter 2 2017	Jan – Jun 2018	Jan – Jun 2017	Full-year 2017
Intangible assets in acquired companies	-37	-26	-69	-52	-101
Intangible assets	-35	-33	-69	-134	-214
Tangible assets	-89	-101	-189	-194	-400
Total	**-161**	**-160**	**-327**	**-380**	**-715**
Of which, write-down	-5	-1	-7	-68	-74

Note 4 Capitalized development costs

SEK M	Quarter 2 2018	Quarter 2 2017	Jan – Jun 2018	Jan – Jun 2017	Full-year 2017
Research and development costs, gross	-65	-48	-109	-101	-204
Capitalized development costs	15	19	33	37	70
Research and development costs, net	**-50**	**-29**	**-76**	**-64**	**-134**

Note 5 Financial assets and liabilities measured at fair value

June 30, 2018	Assets at fair value through profit and loss	Derivatives used for hedging purposes	Total
Financial assets	-	-	-
Other current receivables	-	28	28
Total assets	-	**28**	**28**
Other non-interest-bearing liabilities	-	90	90
Total liabilities	**-**	**90**	**90**

June 30, 2017	Assets at fair value through profit and loss	Derivatives used for hedging purposes	Total
Financial assets	-	9	9
Other current receivables	-	91	91
Total assets	**-**	**100**	**100**
Other non-interest-bearing liabilities	-	98	98
Total liabilities	**-**	**98**	**98**

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 value hierarchy.

Note 6 Financial data per quarter

SEK M	Quarter 1 2017	Quarter 2 2017	Quarter 3 2017	Quarter 4 2017	Quarter 1 2018	Quarter 2 2018
Net sales	1,931	1,894	1,795	2,068	1,943	1,986
Cost of goods sold	-1,014	-1,029	-1,050	-1,167	-1,087	-1,090
Gross profit	**917**	**865**	**745**	**901**	**856**	**896**
Operating expenses	-605	-727	-656	-853	-725	-744
Restructuring and integration costs	-69	-15	-135	-104	-42	-15
Other operating income and expenses	-5	-3	3	22	-6	5
Operating profit/loss (EBIT)	**238**	**120**	**-43**	**-34**	**83**	**142**
Net financial items	-14	5	-52	-41	-16	-21
Profit/loss after financial items	**224**	**125**	**-95**	**-75**	**67**	**121**
Taxes	-60	-33	25	7	-17	-30
Net profit/loss for the period	**164**	**92**	**-70**	**-68**	**50**	**91**
Adjusted EBITDA[1]	460	294	251	240	289	313
Adjusted EBITDA margin[1], %	23.8	15.6	14.0	11.6	14.9	15.7

1 EBITDA before acquisition, restructuring and integration costs. See Alternative performance measures on page 17 and definitions on page 20.

Note 7 Consolidated interest-bearing net receivables/debt

SEK M	June 30, 2018	June 30, 2017	Dec 31, 2017
Financial liabilities	5,480	2,258	5,221
Provisions for pensions, interest-bearing	48	27	61
Interest-bearing liabilities	**5,528**	**2,285**	**5,282**
Less financial receivables	-3	-775	-8
Less cash and cash equivalents	-776	-762	-672
Interest-bearing net receivables/debt	**4,749**	**748**	**4,602**

Note 8 Key figures for the Group

SEK M	Quarter 2 2018	Quarter 2 2017	Jan – Jun 2018	Jan – Jun 2017	Full-year 2017
Sales measures					
Net sales	1,986	1,894	3,929	3,825	7,688
Net sales growth, %	4.8%	3.4%	2.7%	2.4%	-1.5%
Organic growth in sales, %	2.3%	-0.7%	2.3%	-0.9%	-1.6%
Expense measures					
Selling expenses as a % of net sales	20.7%	20.9%	20.5%	20.3%	20.4%
Administrative expenses as a % of net sales	14.2%	16.0%	15.0%	12.8%	14.8%
Research and development costs as a % of net sales	2.5%	1.5%	1.9%	1.7%	1.7%
Earnings measures					
Operating profit (EBIT)	142	120	225	358	281
EBITA	214	180	363	545	596
Adjusted EBITA	224	194	413	561	846
EBITDA	303	280	552	738	996
EBITDA growth, %	8.0%	-7.0%	-25.2%	-2.9%	-35.1%
Adjusted EBITDA	313	294	602	754	1,246
Earnings per share, SEK	0.33	0.34	0.52	0.94	0.43
Margin measures					
Gross margin, %	45.1%	45.7%	44.6%	46.6%	44.6%
Operating margin, %	7.2%	6.4%	5.7%	9.4%	3.7%
EBITA margin, %	10.8%	9.5%	9.3%	14.3%	7.8%
Adjusted EBITA margin, %	11.3%	10.3%	10.5%	14.7%	11.0%
EBITDA margin, %	15.3%	14.8%	14.1%	19.3%	13.0%
Adjusted EBITDA margin, %	15.7%	15.6%	15.3%	19.7%	16.2%
Cash flow and return measures					
Return on shareholders' equity, %[1]	-	-	0.1%	4.9%	1.5%
Cash conversion, %	62.4%	43.5%	82.8%	37.2%	57.4%
Operating capital, SEK M	-	-	10,257	10,623	10,317
Return on operating capital, %[1]	-	-	4.3%	8.6%	5.9%
Capital structure					
Interest-bearing (+) net debt/(-) net receivables	-	-	4,749	748	4,602
Interest-coverage ratio, multiple[1]	-	-	4.1x	8.7x	5.3×
Net debt/equity ratio, multiple	-	-	0.9x	0.1x	0.9×
Net debt / adjusted EBITDA, multiple[1, 2]	-	-	4.2x	2.9x	3.7×
Equity/assets ratio, %	-	-	42.0%	68.8%	41.6%
Equity per share, SEK	-	-	19.7	32.5	18.6
Other					
Number of shares	-	-	272,369,573	272,369,573	272,369,573
Number of employees, average	-	-	5,994	5,555	5,853

1 Rolling 12 months.
2 The calculation for June 2018 and 2017 is based on the net debt on December 31, 2017 since the net debt for earlier periods in 2017 does not reflect how Arjo is financed as an independent Group.

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 EBITA/EBITDA SEK M	Quarter 2 2018	Quarter 2 2017	Jan – Jun 2018	Jan – Jun 2017	Full-year 2017
Operating profit (EBIT)	142	120	225	358	281
Add-back of amortization and write-down of intangible assets	72	60	138	187	315
EBITA	**214**	**180**	**363**	**545**	**596**
Add-back of depreciation and write-down of tangible assets	89	100	189	193	400
EBITDA	**303**	**280**	**552**	**738**	**996**
Restructuring and integration costs	15	15	57	84	324
Add-back of write-down of restructuring and integration costs	-5	-1	-7	-68	-74
Adjusted EBITA	**224**	**194**	**413**	**561**	**846**
Adjusted EBITDA	**313**	**294**	**602**	**754**	**1,246**

Cash conversion	Quarter 2 2018	Quarter 2 2017	Jan – Jun 2018	Jan – Jun 2017	Full-year 2017
Cash flow from operations, SEK M	**189**	**122**	**457**	**275**	**572**
Operating profit (EBIT)	142	120	225	358	281
Add-back of amortization, depreciation and write-down of intangible and tangible assets	161	160	327	380	715
EBITDA, SEK M	**303**	**280**	**552**	**738**	**996**
Cash conversion, %	**62.4%**	**43.5%**	**82.8%**	**37.2%**	**57.4%**

Net receivables/indebtedness	June 30, 2018	June 30, 2017	Dec 31, 2017
Interest-bearing net receivables/debt, SEK M	4,749	748	4,602
Shareholders' equity, SEK M	5,378	8,860	5,074
Net receivables/indebtedness, multiple	**0.88**	**0.08**	**0.91**

Calculation of return on operating capital	Jan – Jun 2018	Jan – Jun 2017	Full-year 2017
Total assets opening balance	12,871	13,895	14,713
Total assets closing balance	12,811	12,871	12,210
Average total assets	**12,841**	**13,383**	**13,462**
Average total assets	12,841	13,383	13,462
Excluding average cash and cash equivalents	-769	-979	-1,058
Excluding average other provisions	-277	-233	-220
Excluding average other non-interest-bearing liabilities	-1,538	-1,548	-1,867
Operating capital	**10,257**	**10,623**	**10,317**
Operating profit (EBIT)[1]	148	711	281
Add-back of acquisition expenses[1]	-	3	-
Add-back of restructuring and integration costs[1]	297	199	324
EBIT after add-back of acquisition, restructuring and integration costs[1]	445	913	605
Return on operating capital, %	**4.3%**	**8.6%**	**5.9%**

1 Rolling 12 months.

Note 9 Transactions with related parties

	Quarter 2 2018	Quarter 2 2017	Jan – Jun 2018	Jan – Jun 2017	Full-year 2017
Transactions with related parties, SEK M					
Sales	29	24	41	81	148
Other income	-	67	-	67	90
Purchases of goods	-4	-	-5	-19	-48
Other expenses	-17	-132	-38	-138	-282
Financial income	-	3	-	6	11
Financial expenses	-	-3	-	-23	-48
Accounts receivable			29	111	54
Current financial receivables			-	705	-
Other current receivables			-	-	-
Non-current financial liabilities			84	197	-
Accounts payable			16	104	78
Current financial liabilities			-	2,061	90
Other non-interest-bearing liabilities			5	-	31
Net received/paid Group contributions/shareholders' contributions	-	-	-	-	1,203
Net received/paid dividends	-	-1,836	-	-1,847	-2,600
New share issue	-	-	-	-	90
Transfer of net assets	-	-109	-	-46	-4,034

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.

Other income and expenses primarily refer to administrative services.

Net assets are transferred for the establishment of the Arjo Group and to optimize the capital structure.

Parent Company financial statements

Parent Company income statement

SEK M	Quarter 2 2018	Quarter 2 2017	Jan – Jun 2018	Jan – Jun 2017	Full-year 2017
Administrative expenses	-40	-33	-84	-33	-192
Restructuring and integration costs	-33	-	-35	-	-18
Other operating income and expenses	1	8	-6	8	197
Operating profit/loss (EBIT)	**-72**	**-25**	**-125**	**-25**	**-13**
Income from participations in Group companies	20	-	20	-	-108
Net financial items[1]	-2	3	-60	3	-58
Profit/loss after financial items	**-54**	**-22**	**-165**	**-22**	**-179**
Taxes	16	4	40	4	38
Net profit/loss for the period	**-38**	**-18**	**-125**	**-18**	**-141**

1 Net financial items contain interest income and other similar items, and interest expenses and other similar expenses include 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	June 30, 2018	June 30, 2017	Dec 31, 2017
Assets			
Intangible assets	385	-	428
Financial assets	5,469	3,111	5,408
Receivables from Group companies	10	48	363
Current receivables	6	5	42
Cash and cash equivalents	-	-	-
Total assets	**5,870**	**3,164**	**6,241**
Shareholders' equity and liabilities			
Shareholders' equity	3,366	2,338	3,627
Current financial liabilities	2,451	-	-
Current financial liabilities, Group companies	-	808	2,458
Other current liabilities, Group companies	15	9	100
Other non-interest-bearing liabilities	38	9	56
Total shareholders' equity and liabilities	**5,870**	**3,164**	**6,241**

At the end of the period, the carrying amount of shares and participations in subsidiaries amounted to SEK 5,390 M. The change for the year is SEK 21 M and comprises the formation of new subsidiaries and capital contributions to subsidiaries.

A dividend of SEK 136 M was paid to the shareholders during the period. The Parent Company established a commercial paper with a framework amount of SEK 2,500 M during the year. Issues totaling SEK 2,451 M have been implemented.

Intangible assets comprise software.

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 acquisition, restructuring and integration costs 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 acquisition, restructuring and integration costs.

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 acquisition, restructuring and integration costs.

EBITDA margin
EBITDA in relation to net sales.

Adjusted EBITDA margin
Adjusted EBITDA in relation to net sales.

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.

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 141 M
Number of shares, thousands	272,370
Earnings per share	SEK 0.52

Interest-coverage ratio
Profit after financial items plus interest expenses and add-back of restructuring costs 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

Deep vein thrombosis (DVT)
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.

Prevention
Preventive activity/treatment.

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

VTE
The abbreviation VTE standards for venous thromboembolism – a blood clot in the veins.

Edema
Swelling due to accumulation of fluid in tissues.

Other terms

Deep learning
Deep learning is an area within artificial intelligence and is a part of machine learning. Within deep learning, algorithms are used to enable computers to interpret and learn from large data sets to draw conclusions or predict something.

Teleconference

Fund managers, analysts and the media are invited to a teleconference on July 19 at 9:00 a.m. CEST.

Dial the number below to join the conference:
Sweden: +46 (0) 8 5065 3942
UK: +44 (0)330 336 9411
USA: +1 323-994-2093
Code: 9801891

A presentation will be held during the telephone conference. To access the presentation, please use this link:
https://slideassist.webcasts.com/starthere.jsp?ei=1197624

Alternatively, use the following link to download the presentation:
https://www.arjo.com/int/about-us/investors/reports--presentations/2018/

A recording of the teleconference will be available for 90 days via the following link: https://slideassist.webcasts.com/starthere.jsp?ei=1197624

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 2018 and 2019:

October 22, 2018:	Interim report January-Sept
February 4, 2019:	Year-end report 2018
April-May 2019:	2018 Annual Report
May 2019:	Interim report January-March

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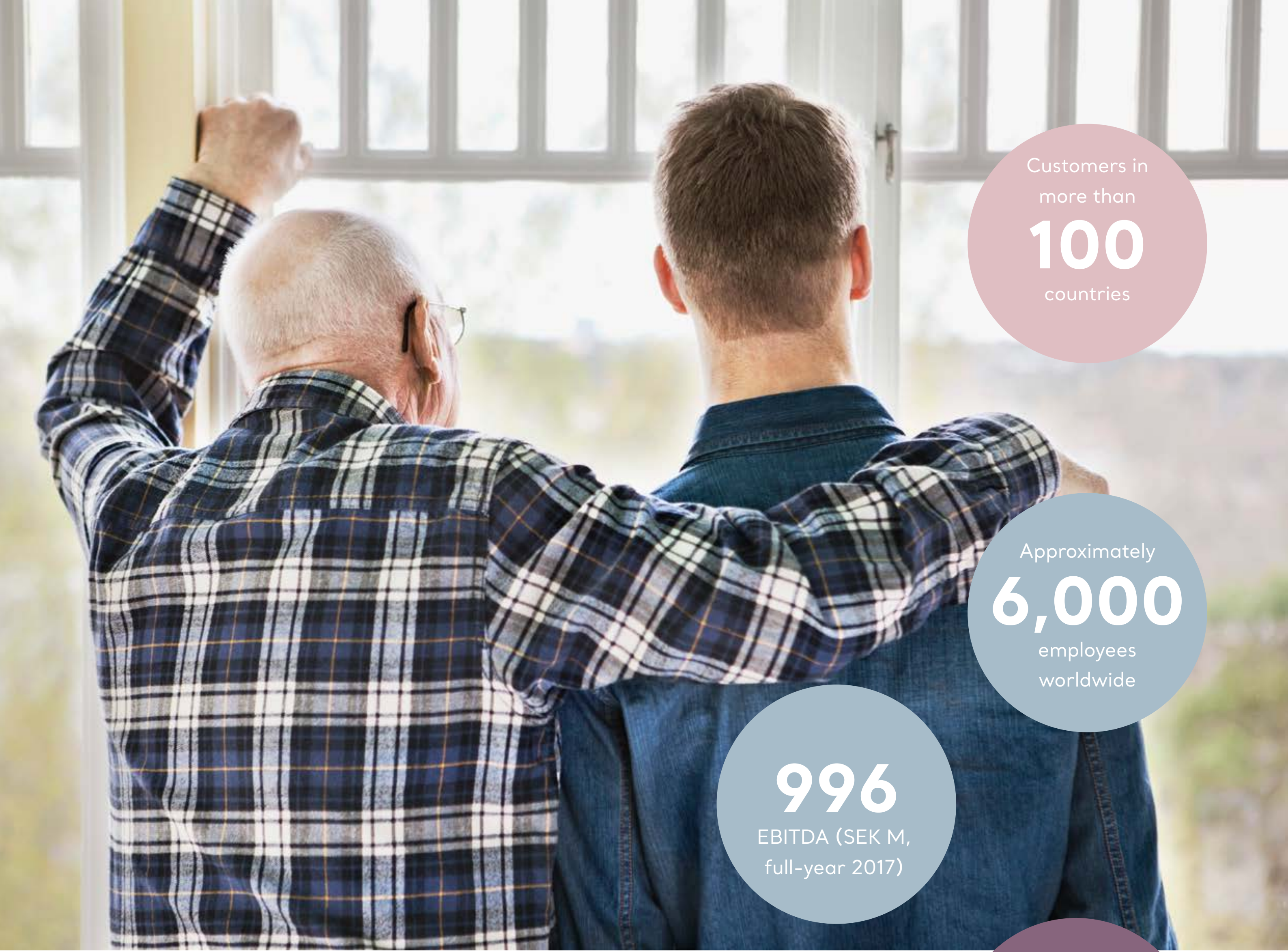
This information is information that Arjo AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was published by the contact person above on July 19 at 8:00 a.m. CEST.



About Arjo

Arjo's work is based on genuine care for human health and well-being, and contributes to a sustainable healthcare system – always with people in mind.

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.

Arjo creates value by improving clinical outcomes for patients and enabling a better work environment for healthcare professionals. Arjo thereby contributes to a sustainable healthcare system – always with people in mind.

Arjo's main customers are private and public institutions providing acute and long-term care. The company's offering includes products and solutions for patient handling, hygiene, disinfection, hospital beds, prevention of pressure ulcers, prevention of deep vein thrombosis and for obstetric and cardiac diagnostics. The Group also offers services such as training in connection with product sales.

The company sells its products and services in more than 100 countries, which Arjo has divided into three geographic areas: North America, Western Europe and Rest of the World. Arjo has about 6,000 employees worldwide and the head office is in Malmö, Sweden.

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, hospital beds, prevention of pressure ulcers, prevention of deep vein thrombosis and for obstetric and cardiac diagnostics.

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