Interim report January – September 2021

July-September 2021 in brief

- Net sales increased to SEK 2,247 M (2,143). Net sales grew organically by 5.1%.
- Adjusted EBITDA increased 16.8% to SEK 524 M (448).
- Adjusted operating profit increased by 34.6% to SEK 280 M (208).
- Profit after financial items increased to SEK 252 M (176).
- Earnings per share rose to SEK 0.69 (0.49).
- Cash flow from operations amounted to SEK 390 M (525).

January-September 2021 in brief

- Net sales amounted to SEK 6,614 M (6,680). Net sales grew organically by 4.4%.
- Adjusted EBITDA increased 10.7% to SEK 1,531 M (1,383). In comparable currencies, profit was SEK 1,586 M, corresponding to an improvement of about 15%.
- Adjusted operating profit increased by 24.4% to SEK 815 M (655). In comparable currencies, profit was SEK 870 M, corresponding to an improvement of about 33%.
- Profit after financial items increased to SEK 736 M (468).
- Earnings per share rose to SEK 2.03 (1.29).
- Cash flow from operations amounted to SEK 1,095 M (1,424).

Financial summary

SEK M	Quarter 3 2021	Quarter 3 2020	Jan–Sep 2021	Jan–Sep 2020	Rolling 12 months	Full-year 2020
Net sales	2,247	2,143	6,614	6,680	9,012	9,078
Gross profit	1,033	973	3,080	3,039	4,167	4,126
Gross margin, %	46.0%	45.4%	46.6%	45.5%	46.2%	45.5%
Adjusted EBITA[1)]	349	277	1,022	865	1,382	1,224
Adjusted EBITA margin, %[1)]	15.5%	12.9%	15.5%	12.9%	15.3%	13.5%
Adjusted EBITDA[1)]	524	448	1,531	1,383	2,061	1,913
Adjusted EBITDA margin, %[1)]	23.3%	20.9%	23.2%	20.7%	22.9%	21.1%
Operating profit (EBIT)	276	208	798	601	1,063	866
Adjusted operating profit (EBIT) [1)]	280	208	815	655	1,103	943
Profit after financial items	252	176	736	468	969	702
Net profit for the period	189	132	552	351	727	526
Number of shares, thousands	272,370	272,370	272,370	272,370	272,370	272,370
Earnings per share, SEK	0.69	0.49	2.03	1.29	2.67	1.93
Cash flow from operations	390	525	1,095	1,424	1,938	2,267
Cash conversion, %	75.0%	117.1%	72.3%	107.0%	95.9%	123.3%

1) Before exceptional items. See Alternative performance measures on page 18 and definitions on page 21.

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

Strong growth and profitability development

Our profitable growth continues in the third quarter and confirms Arjo's strong position. The organization has successfully managed the global challenges related to Covid-19 and our important work in supporting healthcare here and now continues. At the same time, we are taking significant steps to help improve quality of care and patient outcomes.

High growth with continued recovery in key categories

We close yet another strong quarter in which we grew organically by 5.1% despite high comparative figures. We can see that demand is increasingly reflecting healthcare's more long-term needs. Sales volumes are continuing to increase in patient handling and we also see further recovery in DVT. Our rental operations continue to develop well and we also see higher service sales now that we have increased access to hospitals and long-term care facilities.

Continued profitability improvement

The positive profitability trend continues, with the improved gross margin of 46% driven by a favorable product mix with higher volumes in patient handling and DVT, high efficiency in the Group's production units and continued good cost control throughout the value chain. The global challenges related to the supply of components and raw materials, as well as rising costs for transportation and logistics remain, and the organization is continuing to handle them with very high priority. We see positive initial effects of the implemented price adjustments and are in close dialog with our customers who have generally shown understanding for the prevailing situation.

Important steps toward more preventive care

Work-related injuries among healthcare staff, hospital-acquired conditions and extensive care needs due to the pandemic show that preventive measures are more important than ever before in the healthcare sector. This is where Arjo plays a key role.

During the quarter, our recently launched SEM scanner, which makes it possible to identify pressure injury risk five days earlier than a visual skin assessment, was awarded an Innovative Technology Contract from Vizient, one of the largest Group Purchasing Organizations (GPOs) in the US. The contract has already generated the first purchase orders in the US. We also signed framework agreements with purchasing organizations in the UK, which further represents a key milestone that will accelerate the implementation rate.

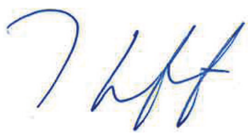
There is still very high interest in this new technology and over 100 evaluations are currently ongoing, with more in pipeline, at hospitals around the world with excellent results. One example is from SANA, one of the largest hospital chains in Germany that operates about 50 of its own hospitals. According to SANA, the number of pressure injuries fell by more than 75% over a six-week evaluation period. Good references like this are satisfying as we are now step-by-step implementing this new solution at hospitals around the world.

Additional positive news is that we received 510(k) clearance from the US FDA for WoundExpress, a solution for accelerated healing of venous leg ulcers. Venous leg ulcers are a growing and costly problem for healthcare and we see great potential in now launching WoundExpress to the US market in 2022.

High activity level ahead

Finally, I can conclude that we put another strong quarter behind us. We continue to work closely with our customers and enter the final quarter of the year with a high activity level and well-filled order books. Based on this and our assumptions regarding the short-term development, our aim is now to close 2021 with growth in the upper part of the Group's target. All in all, this strengthens my view of Arjo as very well positioned for the future, both short and long term.

Malmö, October 28



Joacim Lindoff
President & CEO

Group performance

Net sales and results

Third quarter of 2021

Net sales increased organically by 5.1% to SEK 2,247 M (2,143), with high demand in patient handling, DVT and service.

Sales in North America increased organically by 8.2% with a strong performance in both the US and Canada. Patient handling and DVT continued to perform positively in the quarter and demand also increased within service and rental operations.

Western Europe grew organically by 3.0%, with a solid sales development in the region's three largest markets: UK, France and Germany. Demand continued to increase in patient handling and rental in the quarter, with service also performing well due to increased access to hospitals and long-term care facilities.

Sales in Rest of the World increased organically by 2.8%. Performance was particularly good in Australia and South Africa, which reported double-digit growth in the quarter. India also showed solid growth after a long period of extensive lockdowns due to Covid-19.

The gross margin increased to 46.0% (45.4), mainly driven by a favorable product mix with high volumes in patient handling, DVT and positive rental sales. Continued high transportation costs and rising component prices were mainly mitigated by high production efficiency and long-term price adjustments.

Restructuring costs amounted to SEK 4 M for the quarter, the majority of which were related to efficiency measures in Western Europe.

Operating expenses amounted to SEK 749 M (762) for the quarter and are continuing to decline as a percentage of sales. Cost control remains good throughout the value chain.

Adjusted EBITDA increased 16.8% to SEK 524 M (448). The adjusted EBITDA margin was 23.3%.

Net financial items for the quarter improved from SEK -32 M to SEK -24 M. Currency effects in net financial items amounted to SEK -2 M (-1) for the quarter, which was a decline of SEK 5 M compared with the preceding quarter.

January-September 2021

Net sales increased organically during the period by 4.4% to SEK 6,614 M (6,680). The recovery in sales of capital goods has continued with higher volumes in patient handling and hygiene. Sales volumes have also gradually increased in DVT. Increased access to hospitals and long-term care facilities has also led to higher demand within service. Volumes remained high in the rental operations. Demand for rental solutions withinin critical care have declined, especially in the latter half of the period.

Sales in North America increased organically by 5.6% during the period after a clear recovery in patient handling and service. Higher demand in DVT was also noted in the US. As expected, critical care rental solutions declined during the period.

Western Europe grew 4.4 % organically with a positive sales development in capital goods, rental and service. France, Germany, Austria and the Netherlands were some of the markets that performed particularly well in the period.

Organic sales growth in Rest of the World was 0.8%, with a solid performance in Australia. The region was impacted by extensive lockdowns in several markets during the period, which held back growth. The build-up of the Group's own sales companies and new distributors continued to generate good results and laid a solid foundation for future growth.

The gross margin was 46.6% (45.5) for the period, driven by a favorable product mix with higher volumes in patient handling and DVT. In addition, the previously communicated efficiency programs in the US and Europe positively affected the margin. Higher costs related to global transportation challenges and shortages of raw materials were largely compensated for, mainly through higher production efficiency and price adjustments.

Operating expenses declined to SEK 2,252 M (2,382), with continued good cost control throughout the value chain.

Adjusted EBITDA for the period increased by 10.7% to SEK 1,531 M (1,383). The adjusted EBITDA margin was 23.2%.

Net financial items for the period improved from SEK -132 M to SEK -62 M. Increasingly strong net financial items can also be seen in conjunction with the Group continuing to perform at a high level – a trend expected to continue.

Net sales by geographic area, SEK M	Quarter 3 2021	Quarter 3 2020	Organic change	Jan–Sep 2021	Jan–Sep 2020	Organic change	Rolling 12 months	Full-year 2020
North America	913	855	8.2%	2,624	2,707	5.6%	3,536	3,619
Western Europe	991	957	3.0%	3,050	3,014	4.4%	4,186	4,149
Rest of the World	343	332	2.8%	940	959	0.8%	1,290	1,310
Total	**2,247**	**2,143**	**5.1%**	**6,614**	**6,680**	**4.4%**	**9,012**	**9,078**

Currency effect

SEK M	Quarter 3 2021	Jan–Sep 2021
Translation effect (vs 2020)		
Sales	-5	-358
Cost of goods sold	+2	+225
Gross profit	-3	-133
Operating expenses	-1	+98
Restructuring	0	+1
Total translation effect, EBIT	**-4**	**-34**
Transaction effect (vs 2020)		
Cost of goods sold	**+6**	**-21**
Recognized remeasurement effects		
Other operating income/expenses	-4	-14

Translation effects for the quarter amounted to SEK -4 M and transaction effects to SEK +6 M, meaning a total effect of SEK +2 M on operating profit compared with last year. In addition, the recognized revaluation effects of operating receivables and liabilities after hedging amounted to SEK -4 M net for the quarter.

Cash flow and financial position

Cash flow from operations amounted to SEK 390 M (525) for the quarter. Improved earnings were partly offset by continued build up of the inventory during the quarter.

The Group's cash conversion in the quarter amounted to 75.0% (117.1), which exceeded expectations given the global logistics challenges.

Net investments for the quarter amounted to SEK 156 M (191), divided between tangible assets of SEK 95 M (153) and intangible assets of SEK 61 M (38). The investments in tangible assets include investments in the rental fleet of SEK 74 M (128).

The Group's cash and cash equivalents amounted to SEK 667 M (872) and interest-bearing net debt was SEK 4,837 M (5,585). At the end of the period, Arjo's borrowing comprised only issued commercial paper amounting to SEK 4,495 M (2,679), all of which is classified as short-term. Arjo has contracted unutilized credit facilities of SEK 6,121 M available for refinancing outstanding commercial paper.

The equity/assets ratio amounted to 45.2% (40.4). Net debt/adjusted EBITDA was 2.5% (3.1).

Research and development

Arjo's gross research and development costs for the quarter amounted to SEK 48 M (46), of which SEK 20 M (29) was charged to operating profit. The gross costs correspond to 2.1% (2.2) of consolidated net sales.

Outlook 2021

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

Other key events during the quarter

WoundExpress receives 501(k) clearance from US FDA

In the quarter, Arjo received 510(k) clearance from the US Food and Drug Administration (FDA) for WoundExpress, an intermittent pneumatic compression (IPC) solution for accelerating healing of venous leg ulcers.

The FDA clearance follows several recent studies showing that WoundExpress can significantly improve lower leg wound management.

To date, WoundExpress has been introduced to select markets in Europe with a very positive response, and the product is expected to be available in the US in the first quarter of 2022.

Venous leg ulcers are a costly problem for healthcare, with annual treatment costs estimated at approximately SEK 300 billion globally, of which the US market represents almost 50%.

Arjo awarded prestigious contracts in the US and UK for the SEM Scanner

During the quarter, Arjo was awarded an Innovative Technology Contract for the SEM Scanner with Vizient, Inc. Vizient is one of the largest Group Purchasing Organizations (GPOs) in the US, with more than USD 110 billion in annual purchasing volume and members representing more than 50% of acute care providers in the US.

The contract is awarded based on recommendations of healthcare experts serving on a Vizient member-led council who review potentially innovative products and identify technologies that potentially enhance clinical care, patient safety, healthcare worker safety or improve business operations of healthcare organizations.

Arjo also signed framework agreements for the SEM Scanner with two purchasing organizations in the UK: HealthTrust Europe and NHS Shared Business Services.

Preventable pressure injuries are a key concern for healthcare providers in both the acute and long-term care space. The SEM Scanner's ability to identify pressure injury risk 5 days earlier than visual skin assessment addresses both the clinical and financial challenges of pressure injuries by empowering caregivers with a solution.

The launch of the SEM Scanner began in early 2021 and appoximately 300 customers around the world have currently planned, started or completed evaluations of the scanner.

Webinar with Dr. William Padula, President of the US National Pressure Injury Advisory Panel (NPIAP), about the advantages of SEM technology

In September, Arjo arranged a webinar with Dr. William Padula, Assistant Professor of Pharmaceutical & Health Economics and President of the US National Pressure Injury Advisory Panel (NPIAP). The webinar was primarily targeted at key stakeholders in purchasing and procurement, risk management, quality improvements and other senior-level employees.

During the webinar, Dr. Padula explained why technology that can identify pressure injury risk at an early stage, and thus ensure the right treatment, is a dominant strategy compared to standard care. He also highlighted the financial benefits that SEM technology can have for the healthcare sector.

The entire webinar can be found on Arjo's website: https://www.arjo.com/int/academy/webinar/

Key events after the end of the quarter

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

Nomination Committee ahead of 2022 Annual General Meeting

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

Ahead of the 2022 Annual General Meeting, Arjo's Nomination Committee comprised Chairman Carl Bennet (Carl Bennet AB), Per Colleen (Fourth Swedish National Pension Fund), Marianne Nilsson (Swedbank Robur), as well as Board Chairman Johan Malmquist. After consulting with the Chairman of the Nomination Committee, the Chairman of the Board has not considered it necessary to appoint a representative for the minor shareholders ahead of the 2022 Annual General Meeting.

Shareholders who would like to submit proposals to Arjo's Nomination Committee ahead of the 2022 Annual General Meeting can contact the Nomination Committee by e-mail at nominating.committee@arjo.com or by mail: Arjo AB, Att: Nomination Committee, Hans Michelsensgatan 10, SE-211 20 Malmö, Sweden.

2022 Annual General Meeting

Arjo's Annual General Meeting will be held on April 22, 2022 in Malmö, Sweden. Shareholders wishing to have a matter addressed at the Annual General Meeting on April 22, 2022 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 4, 2022.

Other information

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 certain 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. In addition, Arjo is increasingly focusing on highlighting the clinical value and benefits of the Group's products, something that further reduces the risks described above.

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.

The Group has clear instructions on how to prevent, investigate and manage potential cases of infringement. In addition, procedures are in place 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.

The EU MDR came 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 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 are 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

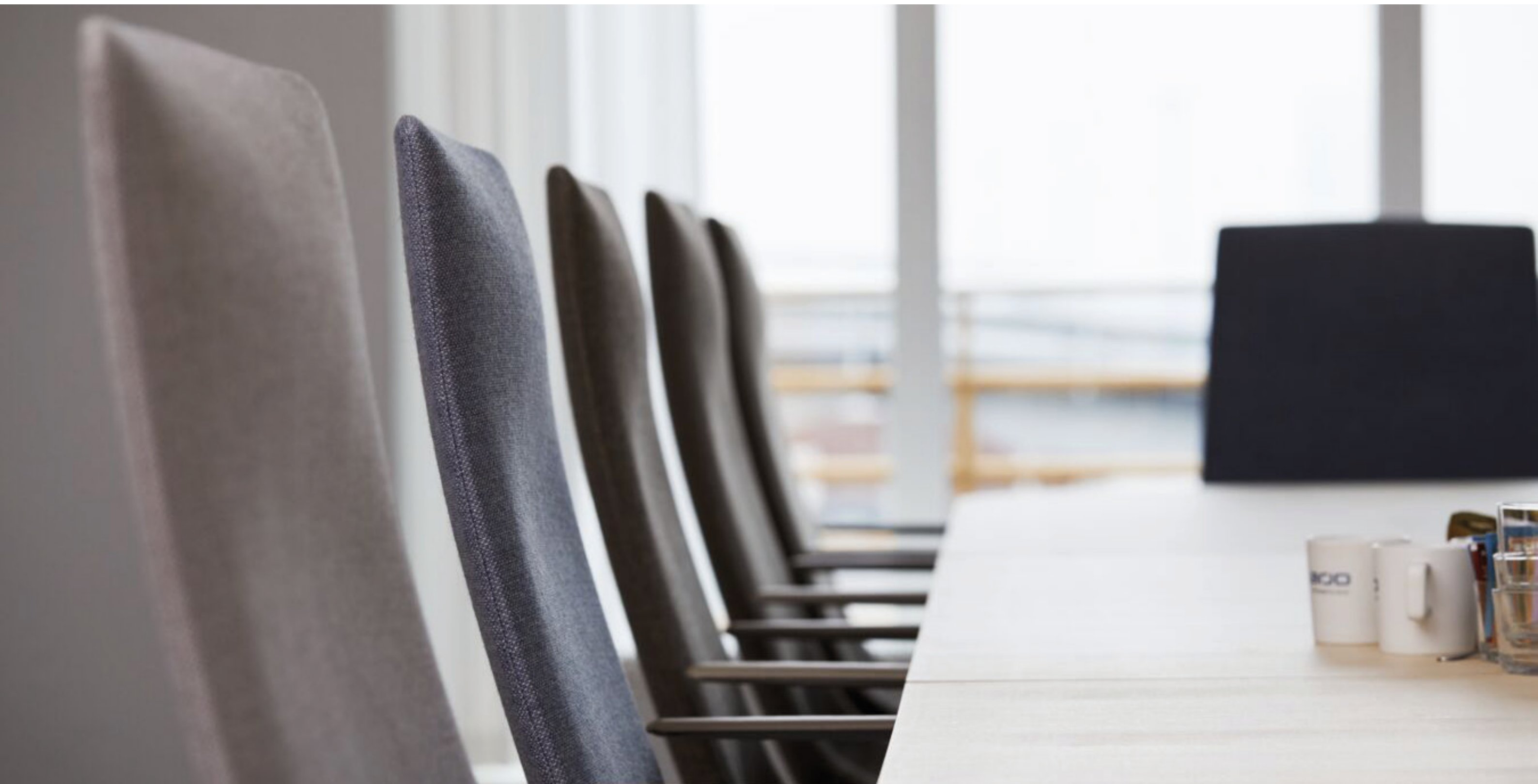
This report contains forward-looking information based on the current expectations of Arjo's Management Team. Although management considers the expectations presented by such forward-looking information to be reasonable, there is no guarantee that these expectations will prove correct. Consequently, 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.

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, October 28, 2021

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



Auditor’s report

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

Introduction

We have reviewed the condensed interim financial information (interim report) of Arjo AB (publ) as of 30 September 2021 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, October 28, 2021
Öhrlings PricewaterhouseCoopers AB

Cecilia Andrén Dorselius Authorized Public Accountant Auditor in Charge	Vicky Johansson Authorized Public Accountant

Consolidated financial statements

Consolidated income statement

SEK M	Note	Quarter 3 2021	Quarter 3 2020	Jan–Sep 2021	Jan–Sep 2020	Full-year 2020
Net sales	2	2,247	2,143	6,614	6,680	9,078
Cost of goods sold	6	-1,215	-1,171	-3,534	-3,641	-4,952
Gross profit		**1,033**	**973**	**3,080**	**3,039**	**4,126**
Selling expenses		-432	-418	-1,287	-1,354	-1,796
Administrative expenses		-297	-315	-897	-941	-1,258
Research and development costs	4	-20	-29	-68	-87	-114
Exceptional items	5	-4	0	-17	-55	-78
Other operating income and expenses	8	-3	-2	-13	-2	-14
Operating profit (EBIT)	3, 6	**276**	**208**	**798**	**601**	**866**
Net financial items	6	-24	-32	-62	-132	-164
Profit after financial items		**252**	**176**	**736**	**468**	**702**
Taxes		-63	-44	-184	-117	-175
Net profit for the period		**189**	**132**	**552**	**351**	**526**
Attributable to:						
Parent Company shareholders		189	132	552	351	526
Number of shares, thousands		272,370	272,370	272,370	272,370	272,370
Earnings per share, SEK [1]		0.69	0.49	2.03	1.29	1.93

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

Consolidated statement of comprehensive income

SEK M	Quarter 3 2021	Quarter 3 2020	Jan–Sep 2021	Jan–Sep 2020	Full-year 2020
Net profit for the period	**189**	**132**	**552**	**351**	**526**
Other comprehensive income					
Items that cannot be restated in profit					
Actuarial gains/losses pertaining to defined-benefit pension plans	5	32	116	18	133
Tax attributable to items that cannot be restated in profit	-1	-6	-22	-2	-24
Items that can later be restated in profit					
Translation differences	110	-89	432	-357	-853
Hedges of net investments	-9	16	-19	10	75
Tax attributable to items that can be restated in profit	-4	1	-14	21	35
Other comprehensive income for the period, net after tax	**100**	**-46**	**493**	**-309**	**-634**
Total comprehensive income for the period	**290**	**86**	**1,045**	**42**	**-107**
Comprehensive income attributable to:					
Parent Company shareholders	290	86	1,045	42	-107

Consolidated balance sheet

SEK M	Note	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Assets				
Intangible assets		6,983	6,890	6,834
Tangible assets		1,422	1,323	1,282
Tangible lease assets	6	1,096	1,095	1,044
Financial assets	10	601	622	448
Participations in associated companies	8	121	–	120
Inventories		1,338	1,262	1,039
Accounts receivable		1,484	1,593	1,500
Current financial receivables	10	16	15	14
Other current receivables		534	616	605
Cash and cash equivalents	10	667	872	972
Total assets		**14,263**	**14,288**	**13,858**
Shareholders' equity and liabilities				
Shareholders' equity		6,443	5,779	5,630
Non-current financial liabilities	10	98	2,102	2,018
Non-current lease liabilities	10	825	844	802
Provisions for pensions, interest-bearing	10	39	117	37
Other provisions		222	258	233
Current financial liabilities	10	4,497	3,198	3,051
Current lease liabilities	10	325	307	296
Accounts payable		509	441	504
Other non-interest-bearing liabilities		1,305	1,242	1,288
Total shareholders' equity and liabilities		**14,263**	**14,288**	**13,858**

Changes in shareholders' equity for the Group

SEK M	Share capital	Reserves	Retained earnings	Total shareholders' equity [1]
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**
Opening balance at January 1, 2021	**91**	**172**	**5,367**	**5,630**
Total comprehensive income for the period	–	399	645	1,045
Dividend	–	–	-232	-232
Closing balance at September 30, 2021	**91**	**572**	**5,781**	**6,443**

1) Fully attributable to Parent Company shareholders

Consolidated cash-flow statement

SEK M	Note	Quarter 3 2021	Quarter 3 2020	Jan–Sep 2021	Jan–Sep 2020	Full-year 2020
Operating activities						
Operating profit (EBIT)		276	208	798	601	866
Add-back of amortization, depreciation and write-down	3	243	240	716	731	973
Other non-cash items		-25	32	-1	89	56
Expensed exceptional items [1]		4	0	17	51	71
Paid exceptional items		-5	-4	-25	-48	-64
Financial items		-23	-25	-67	-94	-124
Taxes paid		-26	-19	-104	-111	-132
Cash flow before changes to working capital		**445**	**432**	**1,334**	**1,219**	**1,646**
Changes in working capital						
Inventories		-54	15	-232	-202	-30
Current receivables		-59	57	110	249	214
Current liabilities		58	21	-118	159	438
Cash flow from operations		**390**	**525**	**1,095**	**1,424**	**2,267**
Investing activities						
Divested / acquired operations [2]	8	0	0	-19	-9	-58
Acquisitions of participations in associated companies		–	–	–	–	-135
Acquired financial assets		–	–	–	-4	-4
Net investments		-156	-191	-477	-513	-784
Cash flow from investing activities		**-156**	**-191**	**-496**	**-527**	**-981**
Financing activities						
Raising of loans		2,671	1,676	7,610	6,122	8,574
Repayment of interest-bearing liabilities [2]		-2,802	-1,883	-8,143	-6,169	-8,782
Repayment of lease liabilities		-84	-82	-248	-245	-327
Change in pension assets/liabilities		0	-1	0	0	1
Change in interest-bearing receivables		3	-3	26	-1	8
Dividend		–	-177	-232	-177	-177
Realized derivatives attributable to financing activities		0	-102	75	-203	-250
Cash flow from financing activities		**-210**	**-572**	**-912**	**-673**	**-954**
Cash flow for the period		**23**	**-238**	**-313**	**225**	**332**
Cash and cash equivalents at the beginning of the period		634	1,121	972	662	662
Translation differences		9	-11	8	-15	-22
Cash and cash equivalents at the end of the period		**667**	**872**	**667**	**872**	**972**

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

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 2020 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.

New accounting standards

No new or changed accounting standards that came into effect on January 1, 2021 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 3 2021	Quarter 3 2020	Jan–Sep 2021	Jan–Sep 2020	Full-year 2020
North America	913	855	2,624	2,707	3,619
Western Europe	991	957	3,050	3,014	4,149
Rest of the World	343	332	940	959	1,310
Total	**2,247**	**2,143**	**6,614**	**6,680**	**9,078**

Net sales by type of revenue, SEK M	Quarter 3 2021	Quarter 3 2020	Jan–Sep 2021	Jan–Sep 2020	Full-year 2020
Product sales	1,257	1,190	3,759	3,768	5,168
Service incl. spare parts	377	362	1,101	1,050	1,426
Rental	613	592	1,753	1,862	2,484
Total	**2,247**	**2,143**	**6,614**	**6,680**	**9,078**

Note 3 Depreciation/amortization and write-down

SEK M	Quarter 3 2021	Quarter 3 2020	Jan–Sep 2021	Jan–Sep 2020	Full-year 2020
Intangible assets	-69	-69	-207	-213	-284
Of which, attributable to acquisitions	*-22*	*-20*	*-66*	*-62*	*-80*
Tangible assets	-92	-91	-266	-274	-364
Tangible lease assets	-83	-81	-243	-244	-325
Total	**-243**	**-240**	**-716**	**-731**	**-973**
Of which, write-down	*–*	*–*	*–*	*-3*	*-3*

Note 4 Capitalized development costs

SEK M	Quarter 3 2021	Quarter 3 2020	Jan–Sep 2021	Jan–Sep 2020	Full-year 2020
Research and development costs, gross	-48	-46	-155	-148	-202
Capitalized development costs	28	17	87	61	88
Research and development costs, net	**-20**	**-29**	**-68**	**-87**	**-114**

Note 5 Exceptional items

SEK M	Quarter 3 2021	Quarter 3 2020	Jan–Sep 2021	Jan–Sep 2020	Full-year 2020
Acquisition expenses	–	–	0	–	-4
Damage claims and disputes	–	0	–	-7	-7
Restructuring and integration costs	-4	0	-17	-48	-67
Total	**-4**	**0**	**-17**	**-55**	**-78**

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	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Right-of-use assets			
Buildings and land	736	798	743
Cars and other vehicles	341	285	281
Other	19	12	19
Total	**1,096**	**1,095**	**1,044**

Amounts recognized in profit or loss

SEK M	Quarter 3 2021	Quarter 3 2020	Jan–Sep 2021	Jan–Sep 2020	Full-year 2020
Depreciation of right-of-use assets					
Cost of goods sold	-57	-54	-165	-160	-214
Operating expenses	-26	-27	-78	-85	-110
Total	**-83**	**-81**	**-243**	**-244**	**-325**
Interest expenses	-7	-8	-23	-26	-34

Note 7 Financial assets and liabilities measured at fair value

Sep 30, 2021	Assets/liabilities measured at fair value through profit or loss	Derivatives used for hedging purposes	Total
Other current receivables	19	–	19
Other financial assets	115	–	115
Total assets	**134**	**-**	**134**
Other non-interest-bearing liabilities	17	–	17
Additional purchase consideration	71	–	71
Total liabilities	**88**	**-**	**88**

Sep 30, 2020	Assets/liabilities measured at fair value through profit or loss	Derivatives used for hedging purposes	Total
Other current receivables	59	1	60
Other financial assets	141	–	141
Total assets	**200**	**1**	**201**
Other non-interest-bearing liabilities	8	0	8
Additional purchase consideration	54	–	54
Total liabilities	**63**	**0**	**63**

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 holdings in unlisted companies in level 3 of the fair value hierarchy. The carrying amount of the holdings is the same as the fair value. The Group has a liability for additional purchase considerations related to acquisitions, which is at level 3 of the fair value hierarchy.

Note 8 Acquisitions and divestments

Acquisitions in 2021

Acquisition of PAC Rentals

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

Acquisitions in 2020

Acquisition of equity stake in Bruin Biometrics (BBI)

In October 2020, 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.

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 at the acquisition date.

Income from participations are included in other operating expenses and amounted to SEK -8 M for January–September 2021.

Acquisition of AirPal

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

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

Note 9 Financial data per quarter

SEK M	Quarter 1 2020	Quarter 2 2020	Quarter 3 2020	Quarter 4 2020	Quarter 1 2021	Quarter 2 2021	Quarter 3 2021
Net sales	2,273	2,264	2,143	2,398	2,168	2,199	2,247
Cost of goods sold	-1,230	-1,240	-1,171	-1,311	-1,154	-1,166	-1,215
Gross profit	**1,043**	**1,023**	**973**	**1,087**	**1,014**	**1,033**	**1,033**
Operating expenses	-839	-781	-762	-786	-750	-752	-749
Exceptional items	-37	-18	0	-23	-8	-5	-4
Other operating income and expenses	-1	2	-2	-12	-4	-6	-3
Operating profit (EBIT)	**167**	**226**	**208**	**265**	**252**	**270**	**276**
Net financial items	-26	-74	-32	-31	-21	-17	-24
Profit after financial items	**140**	**152**	**176**	**234**	**231**	**253**	**252**
Taxes	-35	-38	-44	-58	-58	-63	-63
Net profit for the period	**105**	**114**	**132**	**175**	**173**	**189**	**189**
Adjusted EBITDA [1]	445	489	448	530	495	513	524
Adjusted EBITDA margin, % [1]	19.6%	21.6%	20.9%	22.1%	22.8%	23.3%	23.3%

1) EBITDA before exceptional items. Refer to Note 5 Exceptional items on page 14, Alternative performance measures on page 18 and definitions on page 21.

Note 10 Consolidated interest-bearing net debt

SEK M	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Non-current financial liabilities	28	2,048	1,936
Non-current lease liabilities	825	844	802
Current financial liabilities	4,497	3,198	3,051
Current lease liabilities	325	307	296
Provisions for pensions, interest-bearing	39	117	37
Interest-bearing liabilities	**5,713**	**6,514**	**6,122**
Less financial receivables	-57	-56	-50
Less pension assets	-152	-	-33
Less cash and cash equivalents	-667	-872	-972
Interest-bearing net debt	**4,837**	**5,585**	**5,067**

Note 11 Key performance measures for the Group

SEK M	Quarter 3 2021	Quarter 3 2020	Jan–Sep 2021	Jan–Sep 2020	Full-year 2020
Sales measures					
Net sales	2,247	2,143	6,614	6,680	9,078
Net sales growth, %	4.8%	-0.5%	-1.0%	2.8%	1.1%
Organic growth in sales, %	5.1%	5.8%	4.4%	3.8%	3.9%
Expense measures					
Selling expenses as a % of net sales	19.2%	19.5%	19.5%	20.3%	19.8%
Administrative expenses as a % of net sales	13.2%	14.7%	13.6%	14.1%	13.9%
Research and development costs gross as a % of net sales	2.1%	2.2%	2.3%	2.2%	2.2%
Earnings measures					
Operating profit (EBIT)	276	208	798	601	866
Adjusted operating profit (EBIT) 2)	280	208	815	655	943
EBITA	345	277	1,005	813	1,150
Adjusted EBITA 2)	349	277	1,022	865	1,224
EBITDA	519	448	1,514	1,331	1,838
EBITDA growth, %	15.8%	29.9%	13.7%	12.9%	9.8%
Adjusted EBITDA 2)	524	448	1,531	1,383	1,913
Earnings per share, SEK	0.69	0.49	2.03	1.29	1.93
Margin measures					
Gross margin, %	46.0%	45.4%	46.6%	45.5%	45.5%
Operating margin, %	12.3%	9.7%	12.1%	9.0%	9.5%
Adjusted operating margin, % 2)	12.5%	9.7%	12.3%	9.8%	10.4%
EBITA margin, %	15.3%	12.9%	15.2%	12.2%	12.7%
Adjusted EBITA margin, % 2)	15.5%	12.9%	15.5%	12.9%	13.5%
EBITDA margin, %	23.1%	20.9%	22.9%	19.9%	20.3%
Adjusted EBITDA margin, % 2)	23.3%	20.9%	23.2%	20.7%	21.1%
Cash flow and return measures					
Return on shareholders' equity, % 1)			11.9%	8.7%	9.1%
Cash conversion, %	75.0%	117.1%	72.3%	107.0%	123.3%
Operating capital, SEK M			11,517	11,802	11,408
Return on operating capital, % 1)			9.6%	7.8%	8.3%
Capital structure					
Interest-bearing net debt			4,837	5,585	5,067
Interest-coverage ratio, multiple 1)			11.7x	6.2x	6.5x
Net debt/equity ratio, multiple			0.8x	1.0x	0.9x
Net debt/adjusted EBITDA, multiple 1,2)			2.5x	3.1x	2.9x
Equity/assets ratio, %			45.2%	40.4%	40.6%
Equity per share, SEK			23.7	21.2	20.7
Other					
No. of shares			272,369,573	272,369,573	272,369,573
Number of employees, average			6,283	6,199	6,211

1) Rolling 12 months.
2) Before exceptional items. See Alternative performance measures on page 18 and definitions on page 21.

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 3 2021	Quarter 3 2020	Jan–Sep 2021	Jan–Sep 2020	Full-year 2020
Operating profit (EBIT)	276	208	798	601	866
Add-back of amortization and write-down of intangible assets	69	69	207	213	284
EBITA	**345**	**277**	**1,005**	**813**	**1,150**
Add-back of depreciation and impairment of tangible assets	175	172	509	518	688
EBITDA	**519**	**448**	**1,514**	**1,331**	**1,838**
Exceptional items [1]	4	-0	17	55	78
Add-back of write-down of restructuring and integration costs	-	-	-	-3	-3
Adjusted operating profit (EBIT)	**280**	**208**	**815**	**655**	**943**
Adjusted EBITA	**349**	**277**	**1,022**	**865**	**1,224**
Adjusted EBITDA	**524**	**448**	**1,531**	**1,383**	**1,913**

1) Refer to Note 5 Exceptional items on page 14.

Cash conversion	Quarter 3 2021	Quarter 3 2020	Jan–Sep 2021	Jan–Sep 2020	Full-year 2020
Cash flow from operations, SEK M	**390**	**525**	**1,095**	**1,424**	**2,267**
Operating profit (EBIT)	276	208	798	601	866
Add-back of amortization, depreciation and write-down of intangible and tangible assets	243	240	716	731	973
EBITDA, SEK M	**519**	**448**	**1,514**	**1,331**	**1,838**
Cash conversion, %	**75.0%**	**117.1%**	**72.3%**	**107.0%**	**123.3%**

Net debt/equity ratio	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Interest-bearing net debt, SEK M	4,837	5,585	5,067
Shareholders' equity, SEK M	6,443	5,779	5,630
Net debt/equity ratio	**0.75**	**0.97**	**0.90**

Calculation of return on operating capital	Jan–Sep 2021	Jan–Sep 2020	Full-year 2020
Total assets opening balance	14,288	14,656	14,422
Total assets closing balance	14,263	14,288	13,858
Average total assets	**14,275**	**14,472**	**14,140**
Average total assets	14,275	14,472	14,140
Excluding average cash and cash equivalents	-770	-738	-817
Excluding average other provisions	-240	-285	-223
Excluding average other non-interest-bearing liabilities	-1,749	-1,646	-1,692
Average operating capital	**11,517**	**11,802**	**11,408**
Operating profit (EBIT) [1]	1,063	849	866
Add-back of exceptional items [1]	40	72	78
EBIT after add-back of exceptional items	1,103	922	943
Return on operating capital, %	**9.6%**	**7.8%**	**8.3%**

1) Rolling 12 months.

Note 12 Transactions with related parties

SEK M	Quarter 3 2021	Quarter 3 2020	Jan–Sep 2021	Jan–Sep 2020	Full-year 2020
Transactions with related parties, SEK M					
Sales	6	6	22	31	39
Purchases of goods	-1	-1	-1	-2	-3
Accounts receivable			4	5	1
Other current receivables			2	0	7
Accounts payable			0	0	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.

Parent Company financial statements

Parent Company income statement

SEK M	Quarter 3 2021	Quarter 3 2020	Jan–Sep 2021	Jan–Sep 2020	Full-year 2020
Administrative expenses	-41	-42	-128	-117	-165
Restructuring costs	–	–	–	-3	-3
Other operating income and expenses	0	0	0	3	133
Operating loss (EBIT)	**-41**	**-42**	**-128**	**-117**	**-35**
Income from participations in Group companies	55	–	136	–	115
Net financial items [1]	-18	-15	-57	-45	-61
Profit/loss after financial items	**-4**	**-57**	**-49**	**-162**	**19**
Taxes	11	12	34	35	-5
Net profit/loss for the period	**7**	**-45**	**-14**	**-127**	**15**

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	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Assets			
Intangible assets	341	330	381
Financial assets	5,978	6,449	5,961
Current financial receivables, Group companies	2,401	233	1,212
Other current receivables, Group companies	4	4	61
Current receivables	22	30	30
Total assets	**8,746**	**7,046**	**7,646**
Shareholders' equity and liabilities			
Shareholders' equity	4,227	4,330	4,472
Provisions	1	1	1
Current financial liabilities	4,490	2,675	3,049
Other current liabilities, Group companies	9	8	70
Other non-interest-bearing liabilities	19	32	53
Total shareholders' equity and liabilities	**8,746**	**7,046**	**7,646**

At the end of the period, the carrying amount of shares and participations in subsidiaries amounted to SEK 5,862 M (6,314). No change occurred during the period. The Parent Company's commercial paper program has a framework amount of SEK 5,000 M (4,000). The total amount issued at the end of the period amounted to SEK 4,495 M (2,679).

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 exceptional items in relation to operating capital.

Return on shareholders' equity
Rolling 12 months' profit after tax in relation to average shareholders' equity.

Cash conversion
Cash flow from operations in relation to EBITDA.

EBIT
Operating profit.

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

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

Adjusted EBITA
EBITA with add-back of exceptional items.

EBITA margin
EBITA in relation to net sales.

Adjusted EBITA margin
Adjusted EBITA in relation to net sales.

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

Adjusted EBITDA
EBITDA with add-back of exceptional items.

EBITDA margin
EBITDA in relation to net sales.

Adjusted EBITDA margin
Adjusted EBITDA in relation to net sales.

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

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

Net debt/adjusted EBITDA, multiple
Average net debt in relation to rolling 12 months' adjusted EBITDA.

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

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

Profit for the period attributable to Parent Company shareholders	SEK 552 M
Number of shares, thousands	272,370
Earnings per share	SEK 2.03

Interest-coverage ratio
Profit after financial items plus interest expenses and add-back of exceptional items in relation to interest expenses. Calculated based on rolling twelve-month data.

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

Operating margin
Operating profit in relation to net sales.

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

Medical and other 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.

US Food and Drug Administration (FDA)
The US authority responsible for protecting the public health by carrying out regular inspections of, among other things, medical devices.

IPC (intermittent pneumatic compression)
An established method for treating venous leg ulcers, for example. Actively compressing the calf muscles, for example, imitates the pumping mechanism that normally occurs when moving, which increases blood flow to the leg.

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.

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.

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).

SEM scanner (sub epidermal moisture)
A hand-held and wireless device that measures sub-epidermal moisture, which allows early detection of pressure injury risk.

Pressure injuries
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, similar to DVT (above).

Edema
Swelling due to accumulation of fluid in tissues.

Teleconference

Fund managers, analysts and the media are invited to a teleconference on October 28 at 8:00 a.m. CEST.

Dial the number below to participate:

Sweden: +46 8 505 583 52
US: +1 646 722 4903
UK: +44 333 300 9032

A presentation will be held during the telephone conference. To access the presentation, please use this link:
https://tv.streamfabriken.com/arjo-q3-2021

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 three years via the following link: https://tv.streamfabriken.com/arjo-q3-2021

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 2022:

February 3, 2022:	Year-end report 2021
April 22, 2022	Interim report Jan–Mar 2022
April 22, 2022	2022 Annual General Meeting
March–April 2022:	2021 Annual Report

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This information is information that Arjo AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on October 28, 2021 at 7:00 a.m. CEST.

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.

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