
Welcome

Today’s presenters

Joacim Lindoff
President & CEO

Daniel Fäldt
Chief Financial Officer

Christian Stentoft
Chief Strategy Officer

Agenda

Welcome & Introduction

Presentation of Q3 results, incl. Q&A

Short break

Our long-term strategy is more relevant than ever before

- Current business environment: Mitigating short-term headwinds
- Key strategic initiatives for growth and profitability
- Updated financial targets 2023-2025
- Potential risks and opportunities

Q&A

Summary and closing remarks

Arjo Q3 2023 results

Solid underlying growth but challenges remain

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Q3 2022
Highlights

Solid underlying business – growth held back by challenges in the US

- Growth impacted by significantly lower Critical Care rental volumes – adjusted for this effect, the Group grew 4.9% organically
- Effects of significant staff shortages in the US causing slower capital investments, lower DVT sales and slower than anticipated implementation of won rental contracts
- Healthy growth in many main markets, incl. Canada, UK, France and Australia
- Continued high demand in Core Rental and Service globally

Lower gross margin due to product mix and higher costs

- Negative product mix with significantly lower volumes in Critical Care Rental in the US and lower DVT
- Higher costs for material and logistics
- Inflationary effects on salaries, energy and fuel

Revised outlook based on uncertainty in the US market: Organic net sales growth for the full year 2022 is expected to be around 0%

A strong leadership for the future – changes to Arjo Management Team

Net sales grew organically by

0.3%

Gross margin amounted to

40.6%

Adjusted EBITDA amounted to

420 MSEK

Cash conversion

67.7%

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North America
Q3 2022

Growth held back by market related challenges in the US

- US net sales growth impacted by significantly lower Critical Care Rental, vs. substantial Covid effect in Q3 2021. Adjusted for this effect, North America grew by 2.6% (3.5% YTD).
- Canada continues positive trend, another quarter of double-digit growth
- Continued high demand for Core Rental across the region

Volatile market conditions in the US

- Market related challenges due to effects from staff shortages and uncertainty among healthcare providers in the US
  - Slow-down in capital goods investments
  - Lower DVT sales
  - Slower than anticipated implementation of won rental contract

Good momentum and demand for SEM scanner

US rental efficiency program initiated

Q3 org. net sales

-8.8%

YTD org. net sales

-4.6%

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Global Sales
Q3 2022

Western European markets (+7.9% in Q3)

- Continued growth across main markets, i.e. UK (11%), France (11%) and Germany (5%)
- Capital equipment order intake and sales remain solid
- Continued healthy demand for Service and Rental, with operational leverage in both areas
- SEM scanner introduction with continued good interest

Q3 org. net sales

+6.8%

YTD org. net sales

+4.3%

Global Sales
Q3 2022

Rest of the World markets (+5.0% in Q3)

- Healthy growth despite continued disturbances in global supply chain
- Overall continued strong development in many markets, incl. Australia (17%), South Africa, Japan
- Good demand for capital equipment, rental and service
- Some effects of Covid restrictions remain, mainly in distributor markets and China

Q3 org. net sales

+6.8%

YTD org. net sales

+4.3%

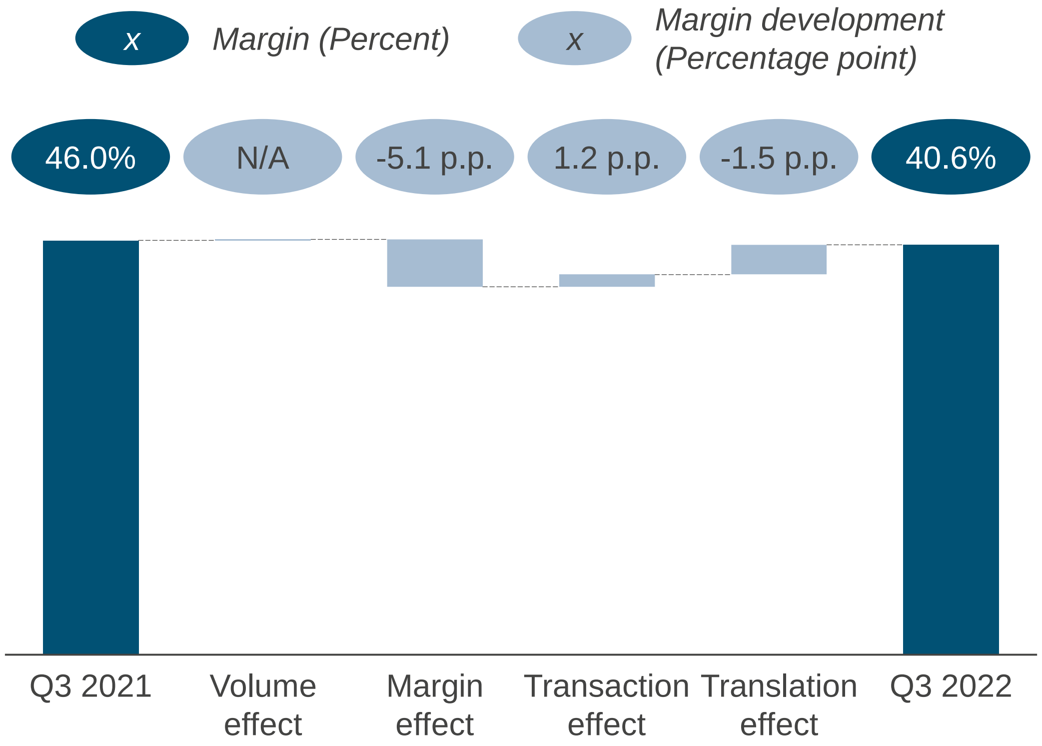
Q3 gross profit
Impact from unfavorable product mix and higher material & logistics costs

Margin effect:

- Unfavorable **product mix** with lower Critical Care Rental volumes and lower DVT sales
- Margin impact from **increasing material and logistics costs**
- **Increasing impact from inflationary effects** on salaries, energy and fuel
- **Pricing effects** starting to be visible
- **Solid management** of global challenges related to transportation and supply constraints

Currency effects in total -0.3 %-point on gross margin

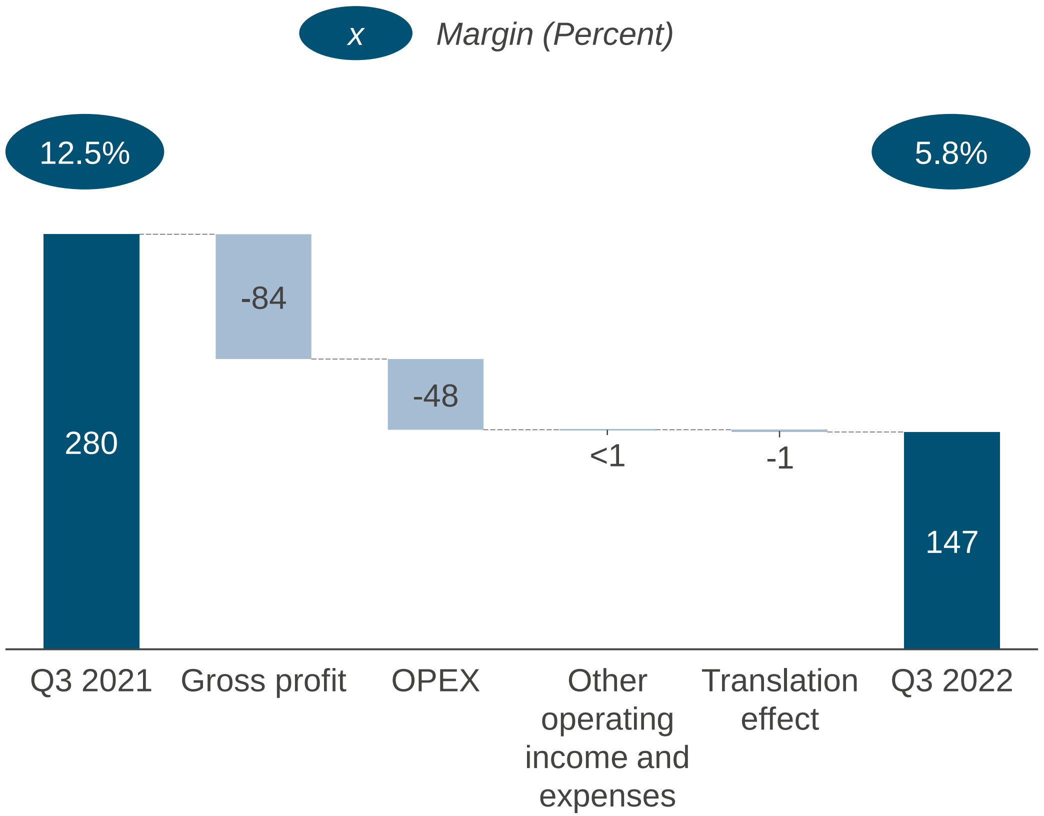
Gross profit bridge – Q3 2022 vs. Q3 2021 (MSEK)



Q3 adjusted EBIT
High activity level and activities for long-term profitability improvements

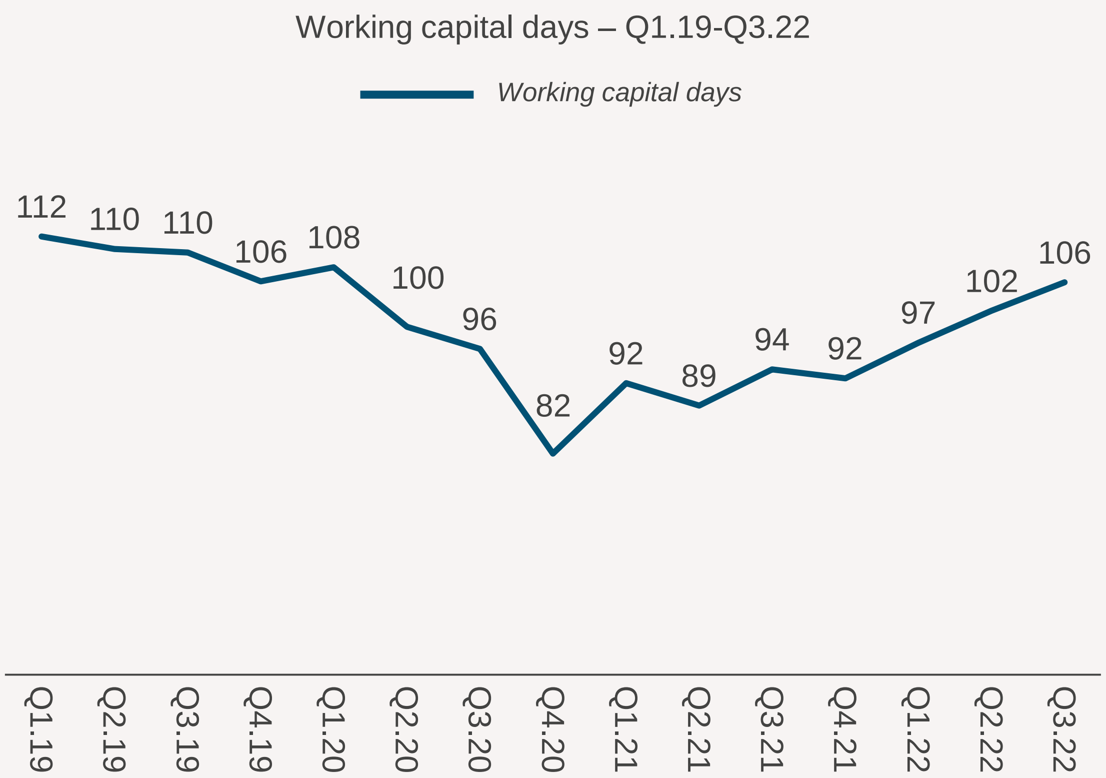
- Higher activity level in selling, marketing and product development vs. a Q3 2021 strongly effected by Covid
- R&D spend according to plan at 2.5% of net sales YTD - R&D net on higher level vs. slow Q321
- Good cost control throughout value chain, with alignment to new ways of working
- US rental efficiency program to improve critical care rental infrastructure – expected savings of approx. 50 MSEK on an annual basis starting end of 2022
  - Restructuring cost of approx. 15 MSEK in Q422-Q123

Adj. EBIT bridge – Q3 2022 vs. Q3 2021 (MSEK)

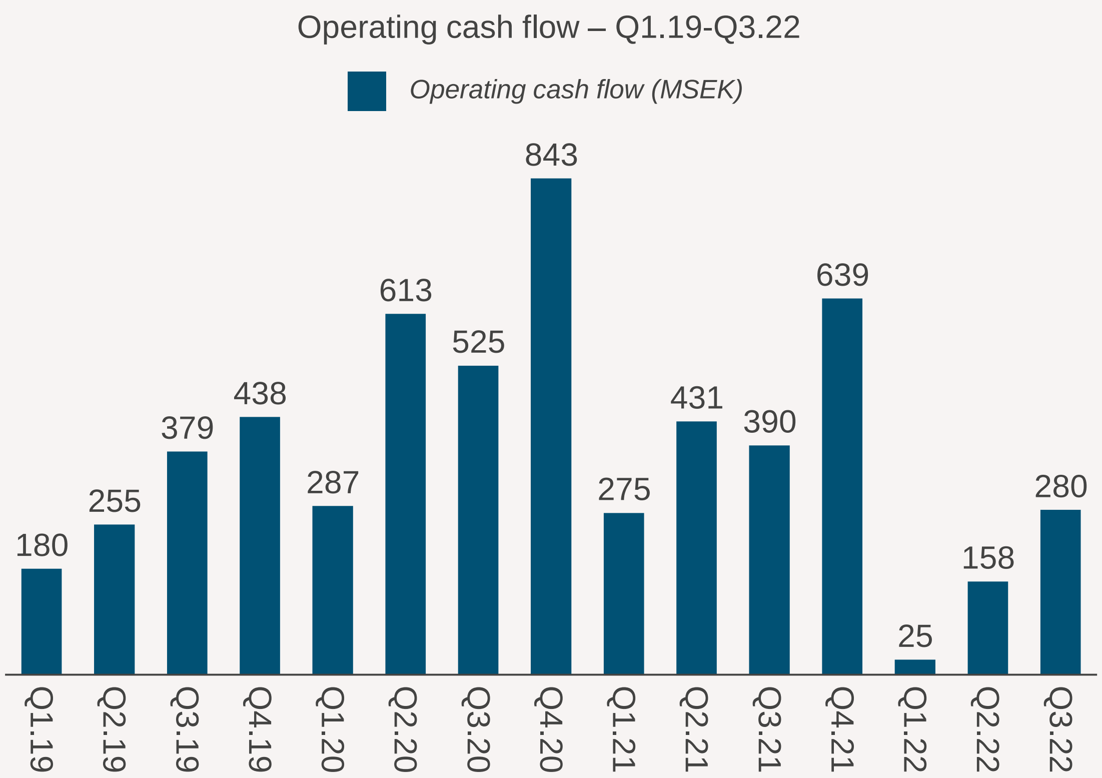


Q3 working capital and operating cash flow

Macroeconomic factors behind working cap. increase



In turn reducing the operating cash flow



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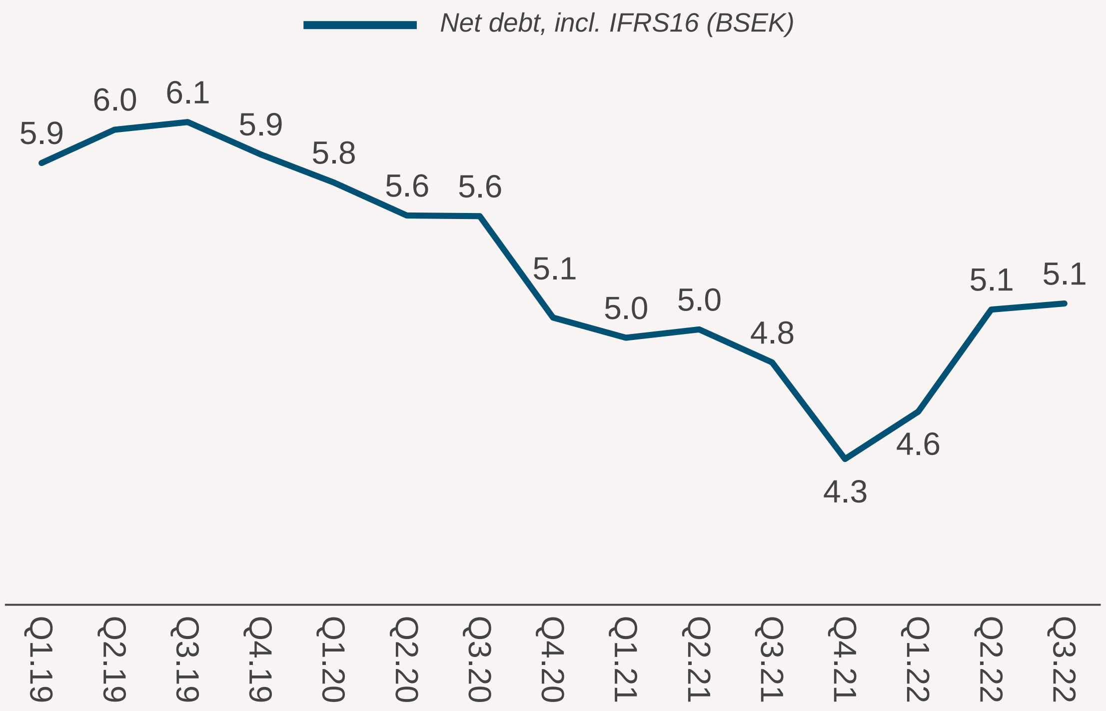
Q3 net debt and leverage

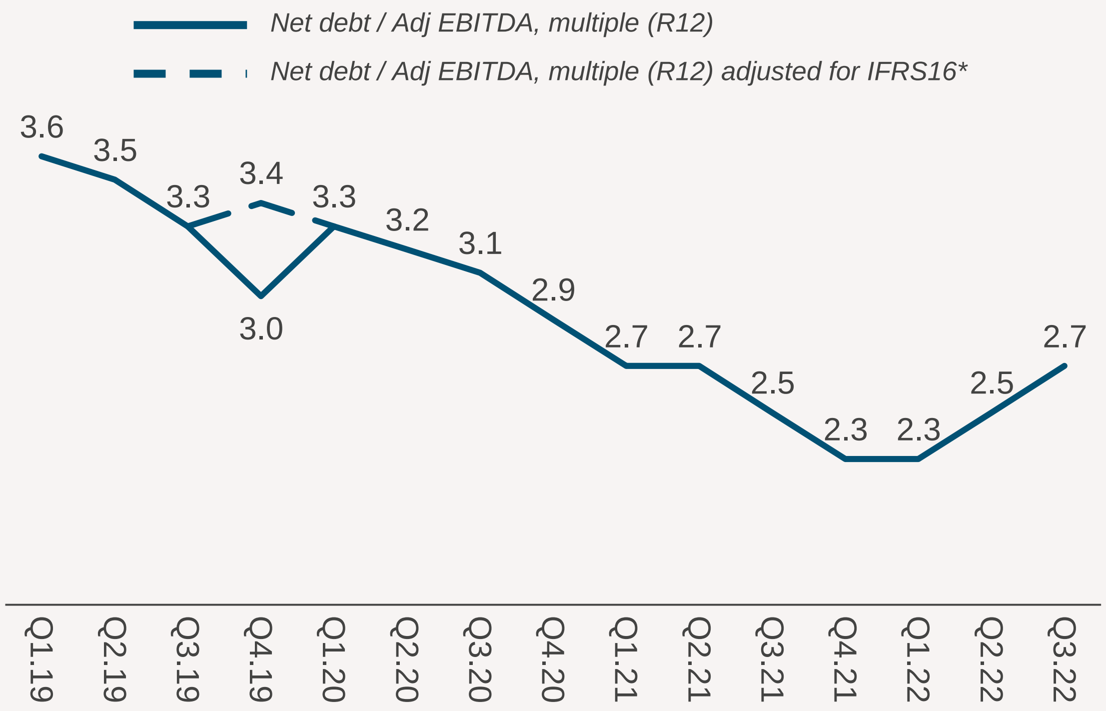
Debt level in line with previous quarter

Net debt – Q1.19-Q3.22



Increase in leverage from a low level

Leverage – Q1.19-Q3.22



* IFRS16 effect excluded in Q4.19 value

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Revised 2022 outlook

Organic net sales growth for the full year 2022 is expected to be around 0%

US rental efficiency program

Approx. 50 MSEK in annual savings from end of 2022

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Changes to Arjo Management Team

Jonas Cederhage

EVP Product Development,
Supply Chain & Operations

as of Nov 1, 2022

- Succeeds Mikael Persson
- +25 years experience from supply chain management positions at i.e. Permobil, Ericsson, Nilfisk

Christian Stentoft

President Global Sales & Service

as of Jan 1, 2023

- Succeeds Paul Lyon, who will retire at year-end after 40 years in the company
- Joined Arjo in 2013 and currently serves as Chief Strategy Officer

Tobias Kramer

EVP Global Marketing

as of Oct 17, 2022

- Newly created role in the Arjo Management Team
- Joined Arjo in 2018 and most recently comes from the position of VP Portfolio & Category Mgmt

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Arjo Management Team

as of January 1, 2023

Joacim Lindoff
President & CEO

Daniel Fäldt
CFO

Anne Sigouin
North America Sales & Service

Christian Stentoft
Global Sales & Service

Katarzyna Bobrow
Quality Regulatory Compliance

Jonas Cederhage
Product Development,
Supply Chain & Operations

Ingrid Carlsson
Group Legal & Business
Compliance

Maria Nilsson
Communication & PR
(Acting for Kornelia Rasmussen,
maternity leave)

Marion Gullstrand
HR & Sustainability

Tobias Kramer
Global Marketing

Q3 key takeaways

- Continued healthy growth in many markets – growth held back by the specific challenges in the US
- Adjusted for Critical Care rental in the US, the Group grew 4.9% in Q3
- Lower gross margin due to unfavorable product mix, higher material and logistics costs, and extraordinary inflation cost
- Revised outlook: Based on the current situation, organic net sales growth for the full year 2022 is expected to be around 0%

Q&A

Break

Our long-term strategy is more relevant than ever before

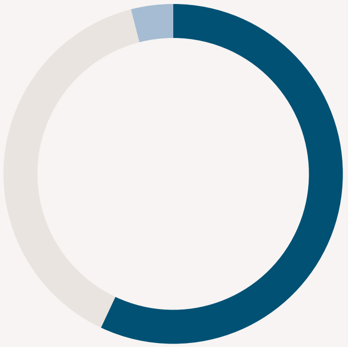
Arjo today

Market leading positions across categories

Sales in over
100
countries

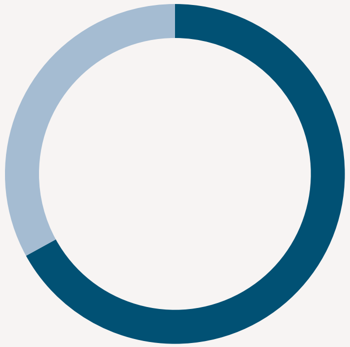
9,070
Turnover 2021
(M SEK)

~6,500
Employees
worldwide



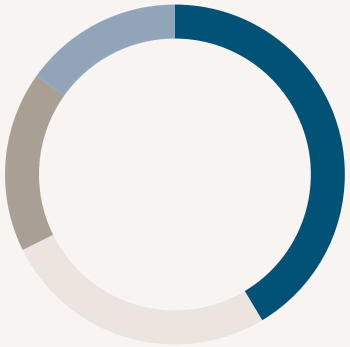
SALES BY
SEGMENT

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



SALES BY
CUSTOMER CATEGORY

- Acute care, 71%
- Long-term care, 29%



SALES BY
MODALITY

- Capital goods, 41%
- Rental, 26%
- Service, 17%
- Disposables, 16%

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Our Vision

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

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Growth fundamentals remain very strong

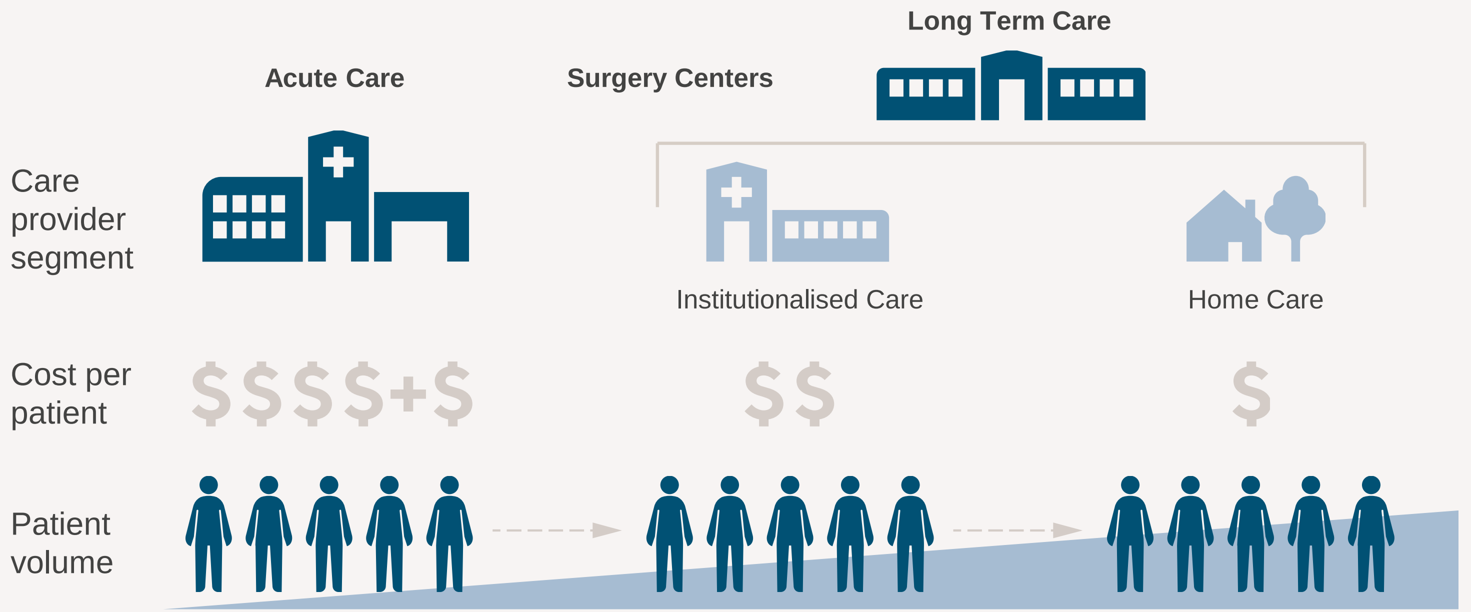
Overall outlook

1. Life expectancy increase
2. Lifestyle disease increase
3. Health Care access increase

Favourable growth fundamentals

A strong and sustainable outlook driven by favourable demographics

Segment trends



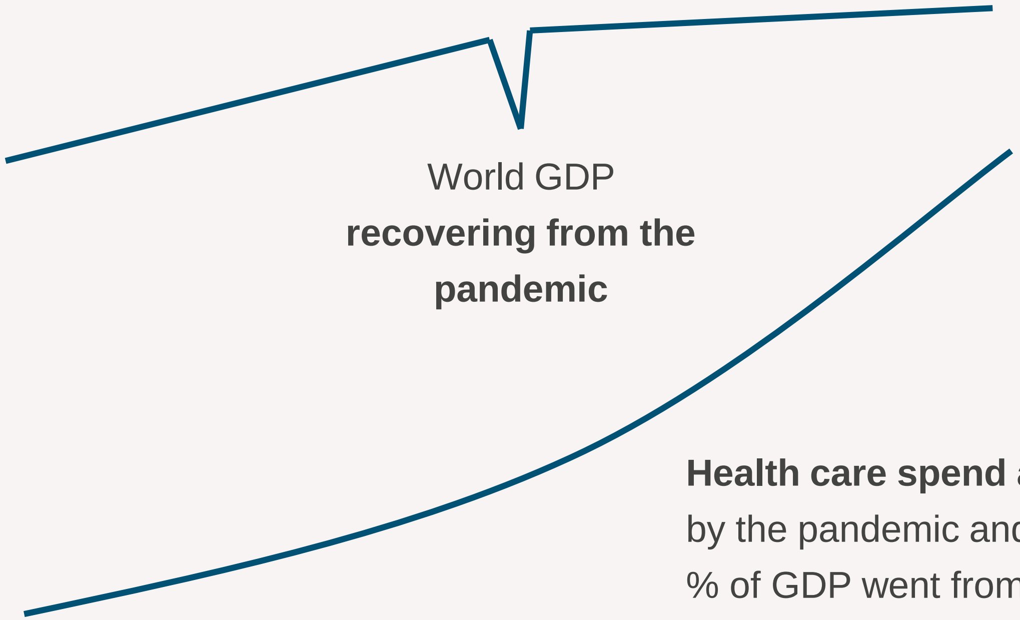
Pressure on healthcare systems drives shift in patient distribution – volume shift into a lower acuity setting where cost per day is significantly lower

Additional pressure on healthcare to do more with less

Conceptual view

Current economic and geopolitical instability impacting world GDP

World GDP



World GDP **recovering from the pandemic**

Health Care expenditure

Health care spend accelerated by the pandemic and inflation – % of GDP went from 10% in 2016 to 11,5% in 2020

Urgent need for both privately and publicly funded systems to reassess sustainability of operations

Major trends impacting our customers and thus our business

Comorbidities

A significant challenge in healthcare

Obesity

A large and growing challenge globally

Digital solutions

Increasingly permeating caregiver institutions

Work force shortage

A major problem induced by demographics and job attractiveness

Sustainability

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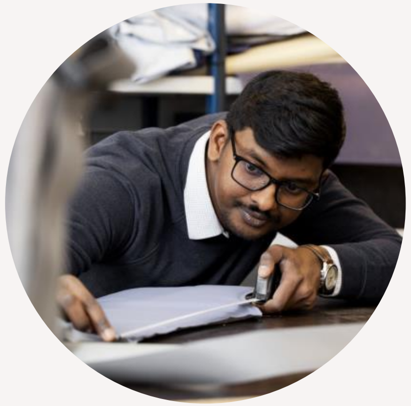
A sustainable business model at our core

Solutions that contribute to improved outcomes for patients, caregivers and healthcare

We generate sustainable value at multiple levels and contribute to both **our own** and **our customers' sustainability agenda**

- 100% fossil-free electricity in production
- Introducing Science Based Targets (SBTi)
- Life cycle analysis, circularity and waste reduction integrated in development process



We take responsibility for **employees and the society we operate in** with a culture is based on diversity, equity and inclusion

- Equal pay & living wage project ongoing
- Global flexible workplace approach
- Zero Accident Vision for our workplaces

Improved clinical and financial outcomes has a direct impact on the healthcare system and society at large

- Outcome programs aligned with customer needs
- New technologies to accelerate improved outcomes

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A two-tier strategy to contribute to a sustainable healthcare system

Continue building a strong foundation with **increased efficiency**…

Embracing complexity of current business and focusing on ***process optimization, efficiency and prioritization as value levers***

Examples of key tactical next steps

- Operational leverage
- Core rental profitability
- Increased sales of consumables and services
- Continued supply chain efficiencies
- Procurement management – direct and indirect purchasing
- OPEX to continue to decline as percentage of sales

… with a focus on building a sustainable competitive advantage as a **mobility outcome partner**

Build a differentiated position and ***sustainable competitive advantage*** by ***partnering with customers*** around ***clinical outcomes or efficiency measures***

Examples of key tactical next steps

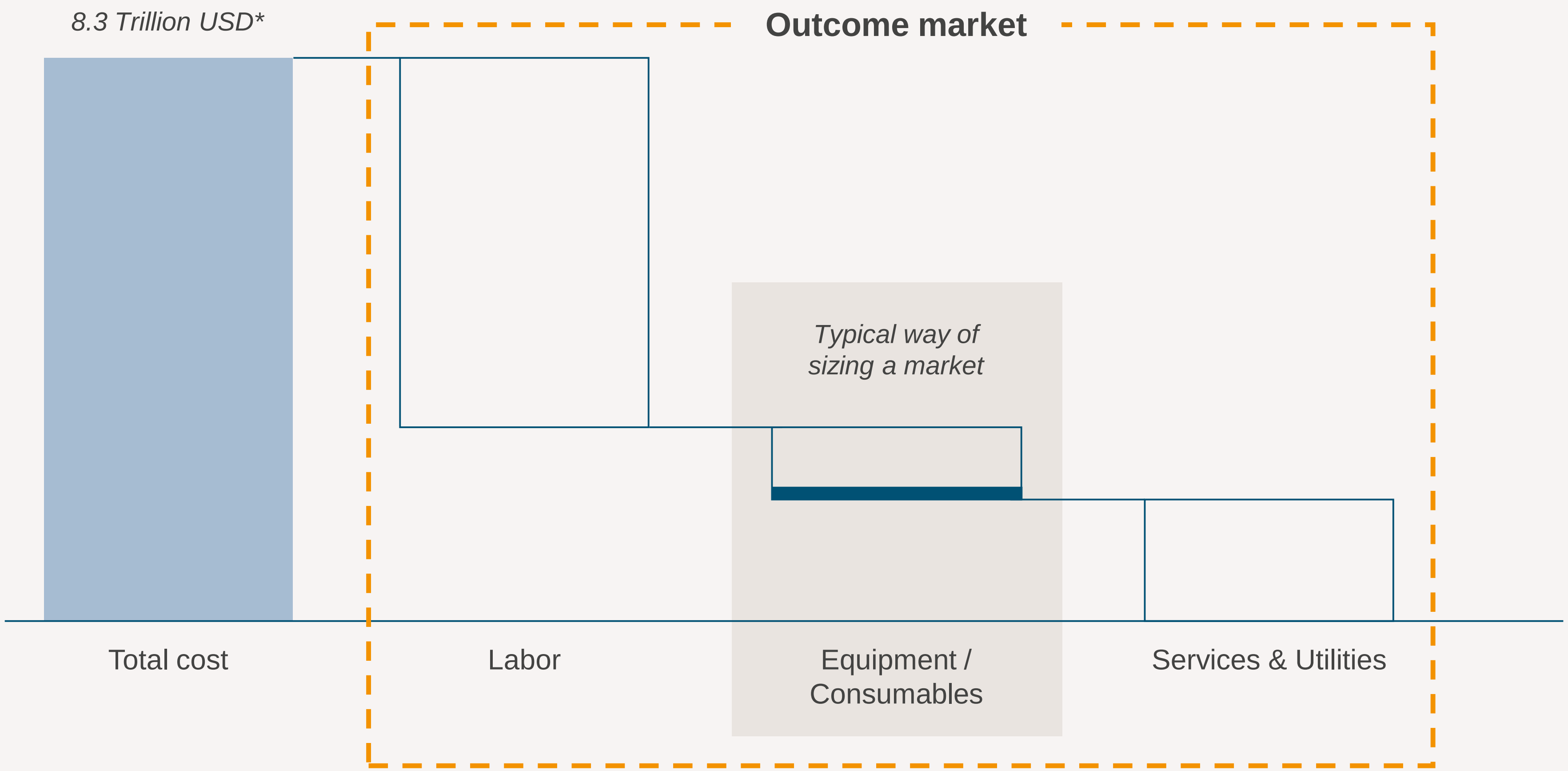
- Develop outcome programs aligned with customer needs – through investments, partnerships, and acquisitions
- Invest in digitalization
- Increase investment in product development to support strategic intent
- Develop skills and competences

Grow people and business together & build a sustainable and winning culture

A vast addressable market with high efficacy products supported by services to solve critical challenges faced by healthcare

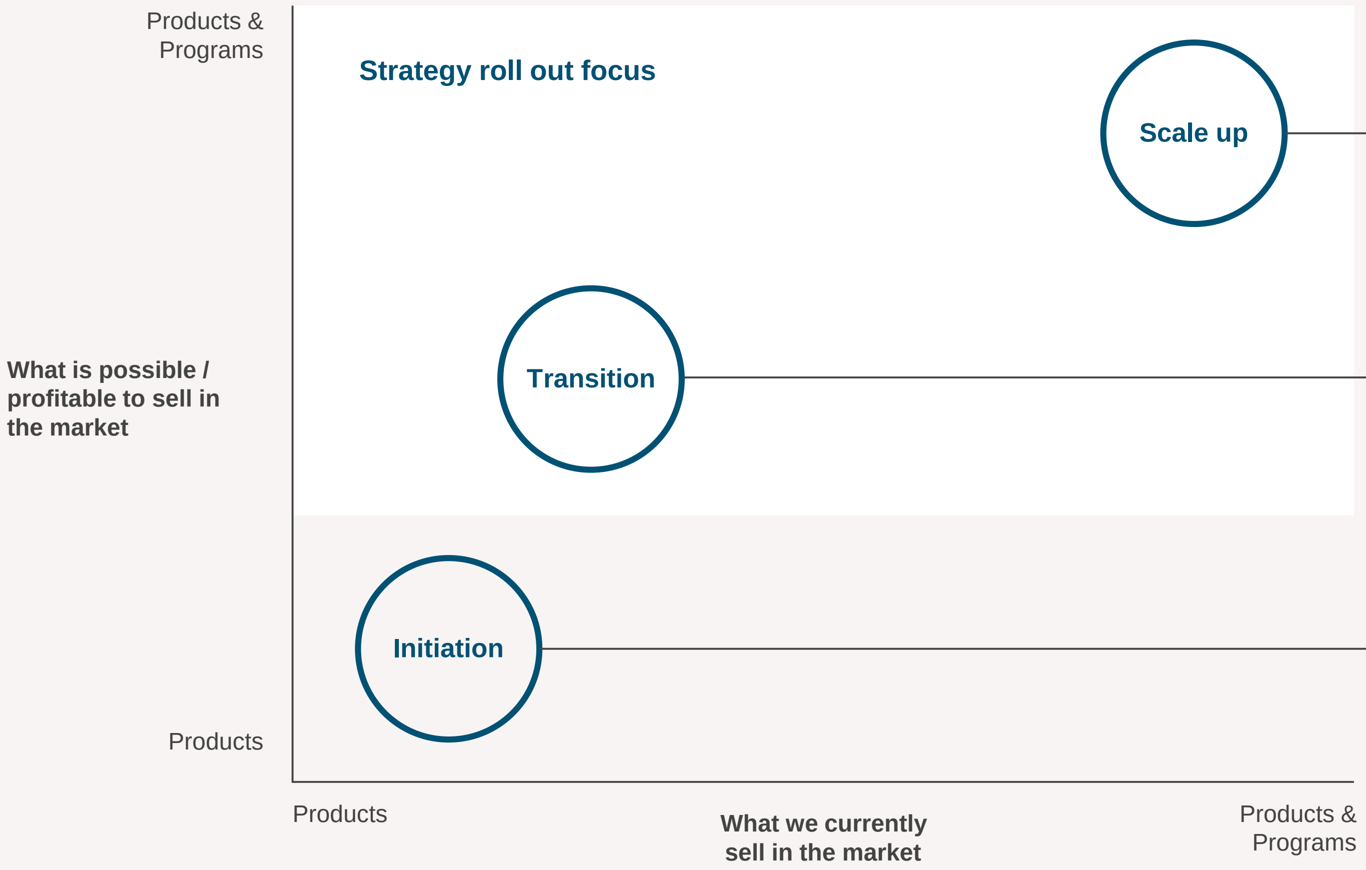
Conceptual view of health care provider cost structure

Total market size = Aggregate of all relevant facilities



* 2018 World healthcare spend (Source: World Bank)

Strategy implementation
- three distinct paths depending on market readiness



Front runner for Mobility outcome partner set-up. Well on track and ready to scale.

Implementation in progress – building blue print for EU markets, and transitioning to gradual deployment of Mobility outcome offering in the market.

While still selling products initiate differentiated positioning of Arjo by articulating outcome value.

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Balancing short-term execution with long-term agenda

Short/medium term
2023-2025

- Navigate volatile market conditions
- Operational efficiencies
- Tactical and strategic pricing initiatives
- New product launches
- Commercialization of new technologies
- Outcome program expansion
- Upside from in-organic agenda

Desired position
2030

- Perceived as the trusted partner in driving healthier outcomes for people facing mobility challenges
- Approx. 50% of revenue from Outcome programs

2020 **2030**

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Our strategy is more relevant today than ever before

- The market is driven by **strong underlying growth fundamentals**
- Growing pressure on healthcare to **reduce cost of care per patient** due to world economic and geopolitical challenges
- A significant **lack of caregivers has become the most substantial issue** to healthcare providers
- Arjo is **uniquely positioned to assist in levitating unnecessary cost,** improving work environment and addressing staff shortages

Our strategy of gradually transitioning to developing products and health economic oriented outcome programs is even **more relevant now than it was in 2020**

Current business environment

Mitigating short-term headwinds

Healthy demand across many markets – but volatile situation in the US

- Healthy demand on most major markets driven by market fundamentals
- Higher level of uncertainty, especially in the US
- Volatile US trend emerged in latter parts of Q3 and into Q4 2022, and is expected to continue into 2023
- We continue to navigate the environment & follow the development closely – current forecast based on information presently at hand

Headwinds from increasing cost due to global challenges

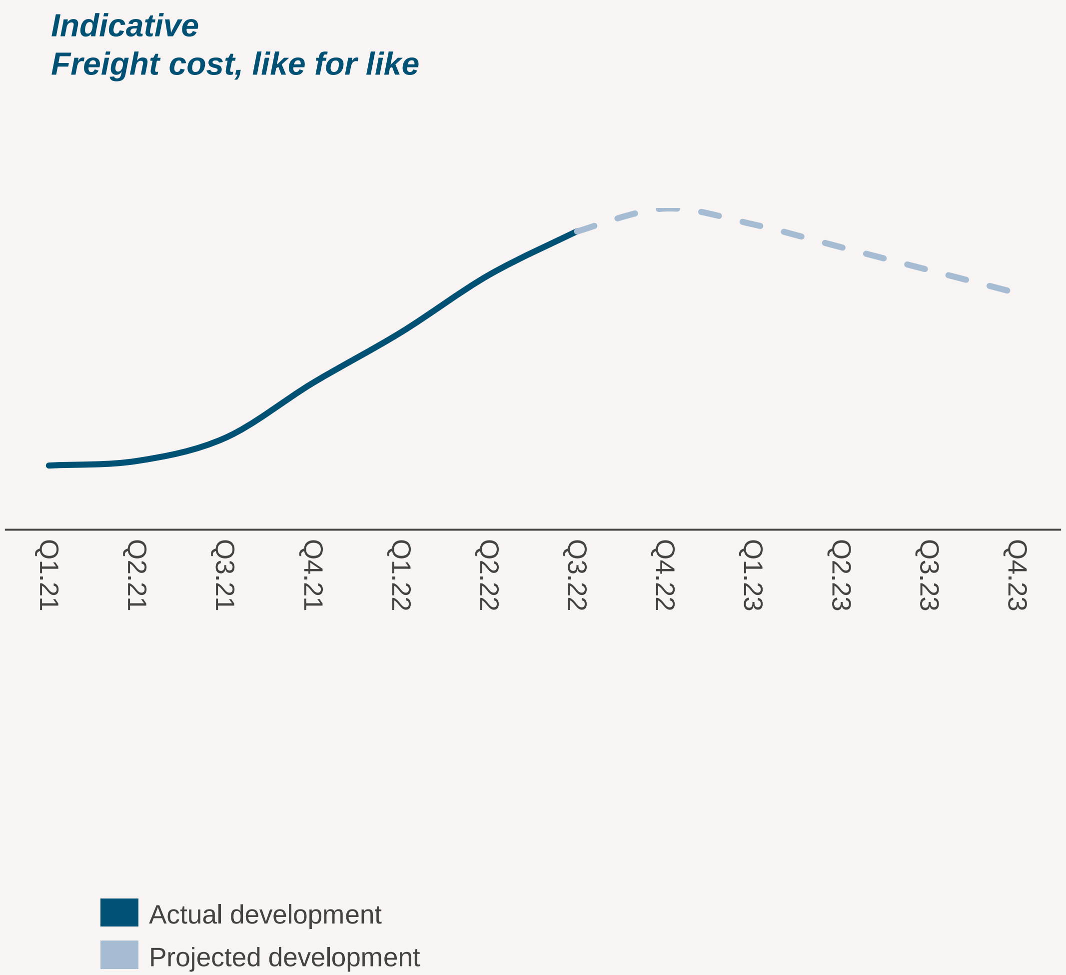
The pandemic and Ukraine war have generated major effects on global Supply Chains:

- Disruptions and price increases in global transportation
- Demand swings in certain areas
- Constraints in manufacturing output
- Commodities price increases
- Additional inflation effects on energy, fuel and salaries

~400 MSEK

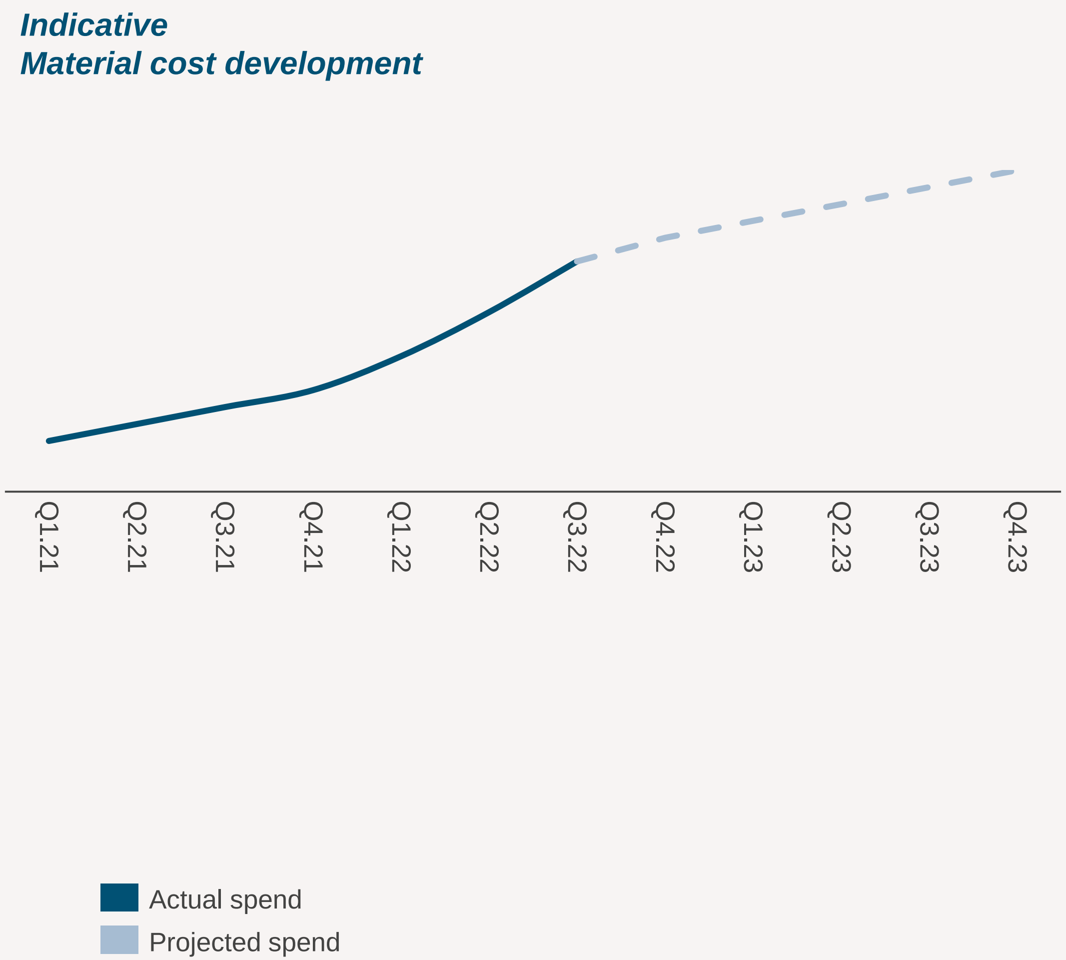
additional cost from
Q4 2021-Q4 2022

Transportation cost expected to gradually decrease to new normal in second half of 2023



- Sea freight main driver for increase since 2021
- Current cost levels heavily effected by fuel cost
- Strong focus on mitigating costs while ensuring customer satisfaction
- Efficiency activities include fill rates, consolidation and more effective route and mode planning
- Less air freight due to optimized coordination of sales and supply
- Overall transportation cost expected to decline vs. FY 2022 in 2023 and onwards

Significant material cost increase in 2022 - continued impact expected in 2023



- Approx. 20% material cost increase expected from 2021-2023 mainly driven by electronics, metal and plastics
  - Situation further impacted by extraordinary inflation effects – especially given Arjo's exposure in Eastern Europe
  - Recovery from some of the pandemic effects is not enough to off-set inflationary pressure
  - Electricity cost in Europe is the single most contributing factor to continued high price levels
- Strong focus on mitigating costs while ensuring supply
- Exploring options to secure long-term supply, incl. vertical integration opportunities
- Overall material cost forecasted to continue to increase throughout 2023, driven by inflation on salaries and energy for sub-suppliers – expectations that prices will decline in 2024-2025

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Inflation effects in 2022 and onwards based on current situation - changing environment monitored closely

~75 MSEK

estimated in 2022

R12 effect of approx. 100 MSEK

Expected trend 2023-2025

Salaries	↗	Mainly impacting 2023 (especially Poland and DR but also globally) – normalized increases expected in 2024-2025
Energy	→	High market price expected to remain on current level, but impact for Arjo expected to increase in 2023 driven by contract renewals by end of 2022 and R12 effects from 2022
Fuel	→	Expected to remain on high level throughout 2023 with most net impact in H1

Strong focus on price increases to mitigate extraordinary cost pressure and generate long-term positive effects

- **Full focus** and follow up across the organisation
- Increasing activities on both **tactical and strategic pricing** initiatives onwards to mitigate additional impact from extraordinary inflation cost
- General **customer understanding** in the market, but process still requires effort
- Gradual implementation due to business complexity – high share of long-term contracts and cost pressure on healthcare systems
- More notable effects expected **from Q4 2022 and onwards**
- Significant contribution expected in 2023, but also effects in 2024-2025 due to phasing and implementation window

A number of efficiency measures to mitigate increased cost pressure and create long-lasting positive effects

Pricing and product mix

- Tactical pricing
- Strategic pricing, especially on new products
- Product mix decisions in category management and sales

Efficiency program in the US

- Adapting infrastructure to a significantly lower critical care rental activity
- Annual savings of ~50 MSEK from end of 2022

Further expansion of shared service initiatives

- Impact mainly from 2024-2025 onwards
- Efficiency in order to cash process

Review of selling expenses as part of strategy roll-out

- Setting our sales and service organization right for the future, based on Commercial Excellence and efficiency measures
- Gradual review of selling expenses per country from 2023

Restructuring cost assessed per activity

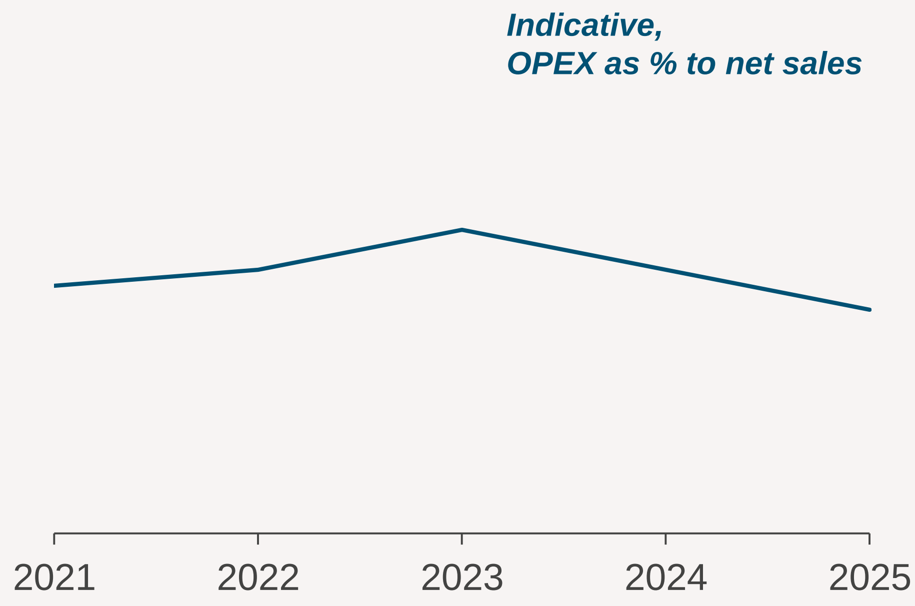
OPEX as percentage to net sales to continue to decline over time - short term headwind due to inflation

Further above normal OPEX increase expected in 2023

+ Inflation carry over effects from 2022
+ Additional inflationary effects on salaries, fuel and energy
+ Increased R&D activity and need to re-design to secure cost and availability
+ Continued investments in roll-out of SEM scanner
+ Expected normalization of variable compensation reservations vs. 2022
- Commercial excellence efficiency gains

Gradual decline of OPEX as % to net sales in 2024-2025

+/- Expected normalization of salaries, fuel and energy increases
+ Increasing R&D activities in alignment with category planning
+ Continued investments to support SEM scanner and WoundExpress sales
- Commercial excellence effects across more markets
- Shared service initiatives on admin



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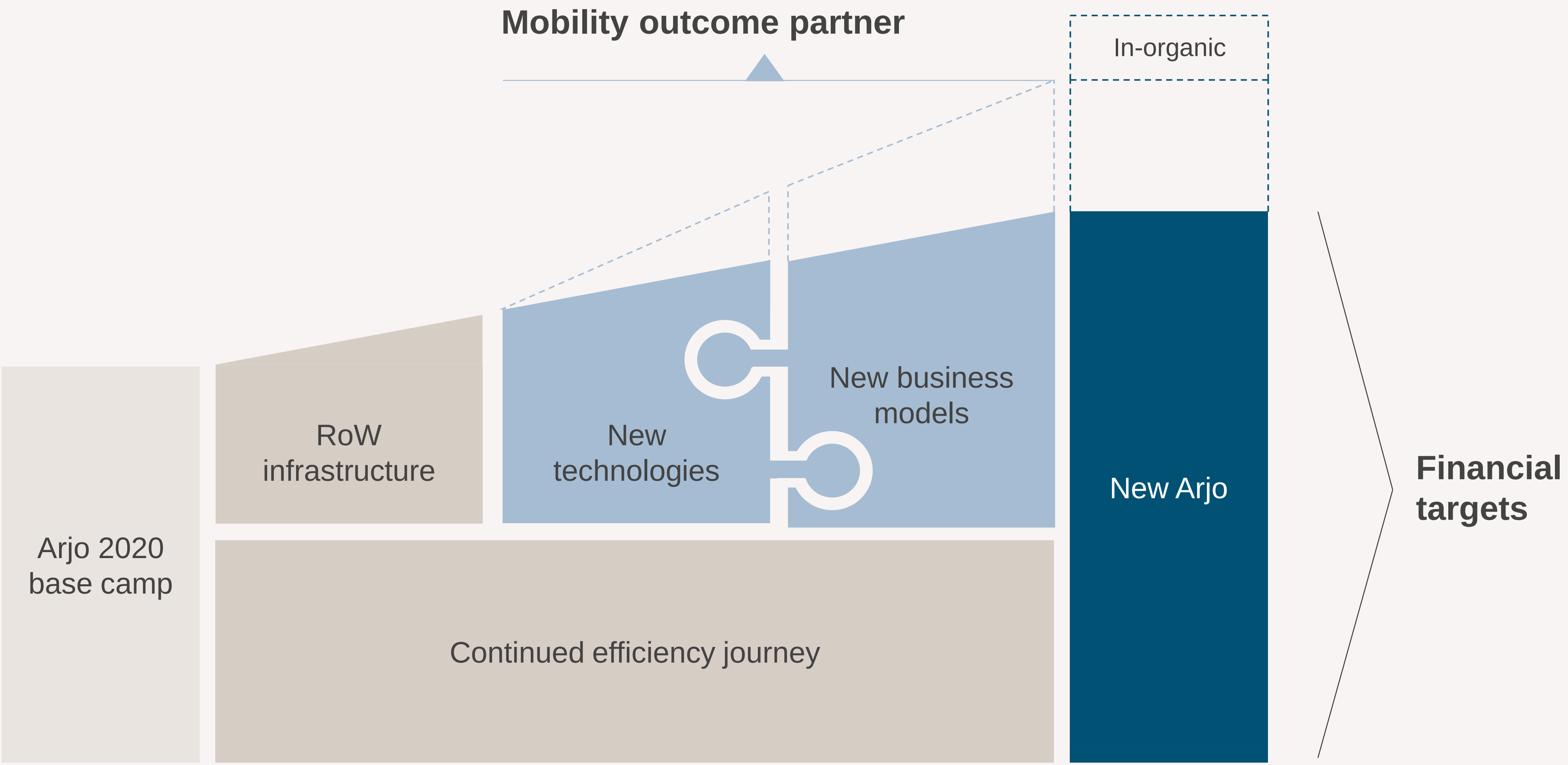
In summary:

Overall healthy market demand, and clear activities to mitigate cost impact

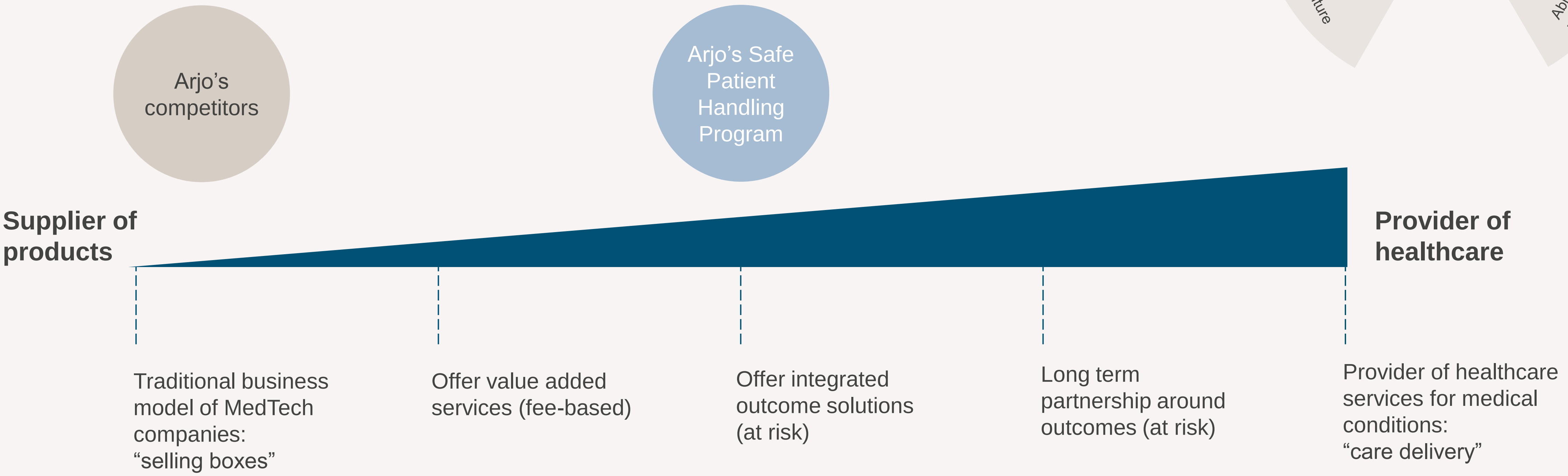
- Overall healthy market demand, yet more difficult to assess due to changing environment in the US
- Approx. 400 MSEK additional cost from Q4 2021-Q4 2022 driven by material, transportation and extraordinary inflation costs
- Clear plans in place, including tactical and strategic pricing initiatives, to mitigate impact and generate long-lasting positive effects

Key strategic initiatives for growth and profitability

Becoming a mobility outcome partner



Deep customer relationship formed through partnerships to improve outomes differentiates Arjo from competition



Major healthcare costs associated with reduced mobility - a significant opportunity for Arjo’s unique portfolio

Caregiver injuries

>75 BSEK

per year, in the US alone

Patient Handling
Hygiene

Arjo Move

Pressure injuries

>500 BSEK

per year globally

PIP Mattress portfolio
Patient Handling
BBI Provizio

Arjo Move

Venous leg ulcers

>300 BSEK

per year globally

WoundExpress

Further outcome program potential include:

Incontinence

Falls

Legacy MOVE

New additions to MOVE

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Financial and operational strain on healthcare leading to increased commercial adoption

- **Pressure injury prevention program in place** since 2022 with two pilots ongoing

- **High interest** but commercialization slower than originally anticipated due to the pandemic
  - Launched at a time when healthcare staff was under maximum pressure
  - Very high customer interest, yet difficult to prioritize implementation during the pandemic

- With current financial and operational strain on healthcare – not initiating outcome oriented action is starting to out-weigh the fear of change, leading to **increased commercial adoption**

Pressure injuries

>500 BSEK

per year globally

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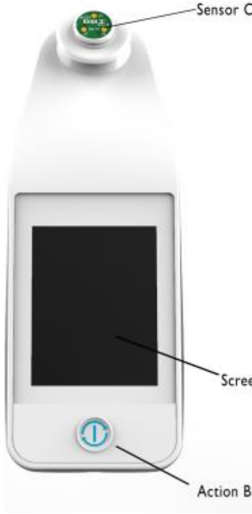
Provizio SEM scanner – enabling the transition from treatment to prevention

Globally, pressure injury prevalence in acute care is approx. 14.8%, and if anything is increasing

Provizio SEM scanner + disposable sensors



Sub epidermal moisture assessment to diagnose who is at risk of developing a pressure injury **3-5 days before conventional methods**

... Lion share for associated cost is derived from inability to invest effectively in prevention

Cost for pressure injuries management, conceptual spilt

>500 BSEK

Prevention e.g.,

Risk assessment
Mattresses
Mobility management

Treatment e.g.,

Mattresses
Dressings
Analgesics
Surgery

Collateral e.g.,

Litigation
Mobility reduction
Length of stay overhead

NOTE: Prevalence figures are sourced from a number of peer reviewed documents – figures vary also due to the lack of a consistent approach into the way the data is gathered and definitions used

Sources: Dealey et al (2012), Padula et al (2019), Deloitte (2014); Guest et al (2018) ; Al Mutairi (2018)

A complete solution to effectively address pressure injuries

Significant R&D efforts (~85MSEK) in past years to revamp the entire Arjo Therapeutic surfaces portfolio

Arjo Pressure Injury Prevention

Risk Assessment	Intervention Therapeutic surfaces	Intervention Mobility management
SEM Scanner	Active Therapy Reactive Therapy Microclimate Management	Patient Handling Early mobilization

Arjo MOVE - Clinical Implementation Program

- Custom analysis together with key facility staff, clinical consultants assess needs and opportunities
- Implementation through guidance and training, equipment, processes and work routines
- Monitoring, support and measurement of success

Strong synergy where **Arjo holds firm category leadership**, continuous investment in next generation safe patient handling products and program delivery

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SEM technology increasingly recognized by international and national guidelines – with the tailwind of underlining policy changes

European Pressure Ulcer Advisory Panel (EPUAP) in 2019

National Pressure Ulcer Advisory Panel (NPUAP) in 2019

Pan Pacific Pressure Injury Association (PPPIA) in 2019

National Institute for Health and Care Excellence (NICE) in 2019

Also recognized by New Zealand PIP Spinal Cord Injury consensus statement (2021), Polish Wound Care Association local guideline (2022) and AORN Guideline for Perioperative PIP (2022)

Update of International Clinical Practice Guideline expected end of 2023 – and given KOL positioning we are confident that guidelines will become more supportive

Key milestones paving the way for adoption

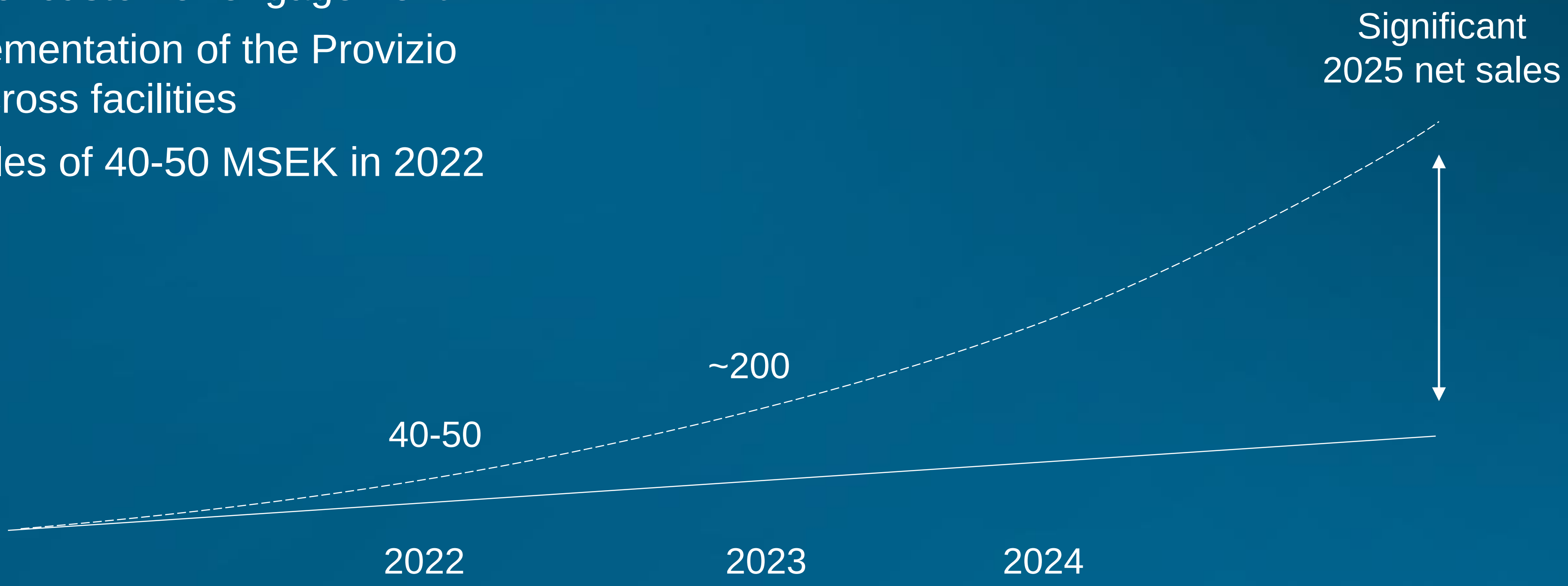
UK NHS funding mechanism changed to terminate cross care setting budget / outcome sub optimization

Several EU countries passing policy pushing for digitalization of care processes that can improve both quality / objectiveness and improve reporting efficiency

Interest of the major industry insurance companies to base premiums on adherence or lack thereof to established best practice

Accelerated SEM scanner commercialization

- Increased pace of customer engagement
- **Structural** implementation of the Provizio SEM scanner across facilities
- Expected net sales of 40-50 MSEK in 2022



With commercial progress on hold awaiting RCT, we have strenghtened our organisation to deliver

1%

of the western population will suffer from a venous leg ulcer during their lifetime

Venous leg ulcers

>300 BSEK

per year globally

WoundExpress is a self administered treatment, applied away from the wound – unlike all other VLU compression therapies

- Shown to **accelerate wound healing** on hard-to-heal ulcers ~60% reduction in 16 weeks
- Showed to significantly **lower pain levels**
- **Provides therapy away from wound** increasing comfort and compliance
- **Can be used at home** by the patient without need for nurse support

Randomized Controlled Trial (RCT) critical to accelerate commercial adoption

Background

- RCT ongoing since 2020
- Recruitment of patients severely affected by the pandemic – as patients were many times deemed high risk and hence asked to stay away from wound clinics

Current state

- Significant expansion of geographical scope – RCT now includes 8 sites across 6 countries
- Protocol now includes Mixed Arterial and Venous Ulcers, ultimately increasing the treatment scope and inclusion criteria for the RCT

RCT results publication now planned by end of Q2 2023

NOTES: Mean duration of wounds prior to inclusion in the evaluations was 45 months
Source: WoundExpress Validation Study (2019-2020) ; Huntleigh Diagnostics ; Corporate Development & Projects

WoundExpress’ potential is not confined to being an adjunct therapy for VLUs – we are exploring its effectiveness for other therapy areas

Currently Wound Express is used as an **adjunct therapy for VLUs …**

… we are assessing effective-ness on **other wound types** with good early indications- MLU’s now included in RCT scope …

… we believe it is effective as a **stand-alone therapy** …

...as well as its potential as a **prophylactic measure**

>300 BSEK

WE as treatment

WE as prevention

Original RCT scope

Additional scope of altered RCT

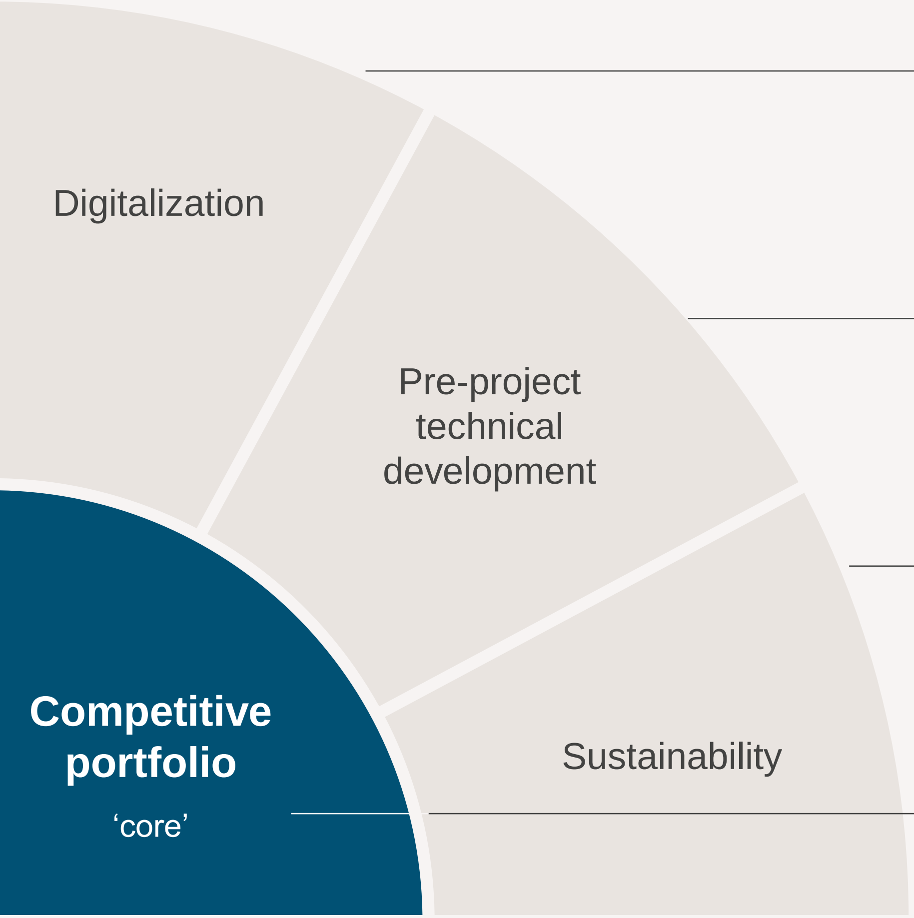
*: Mixed aetiology leg ulcer both have a venous and an arterial component
Source: Guest et al. (2016 ; 2017) ; Corporate Development & Projects ; Huntleigh Diagnostics

Evidence results from RCT to unlock additional growth

- Randomized Controlled Trial (RCT) multisite double blinded – delayed 18 months due to Covid-19, now finalizing end of Q2 2023
- RCT evidence to drive launch in the US during H2 2023
- FDA approval and CMS reimbursement secured
- Continued work on unlocking more market segments by adapting technology and presenting strong health economic arguments
- Minor part of projected WoundExpress net sales included in financial targets

>400 MSEK
2027 net sales upside

Longer term Product Development ambition expands into new dimensions - customer value adding solutions across portfolio



Digitalization of product ecosystem and commercial model

Research driven 'innovation' for future product roadmaps

Sustainability of our products as a stand alone value driver

5-10 year portfolio vision ensuring a competitive position

A number of significant product launches to contribute to growth and profitability in the coming years

Hygiene
2023

Patient Handling
2023-25

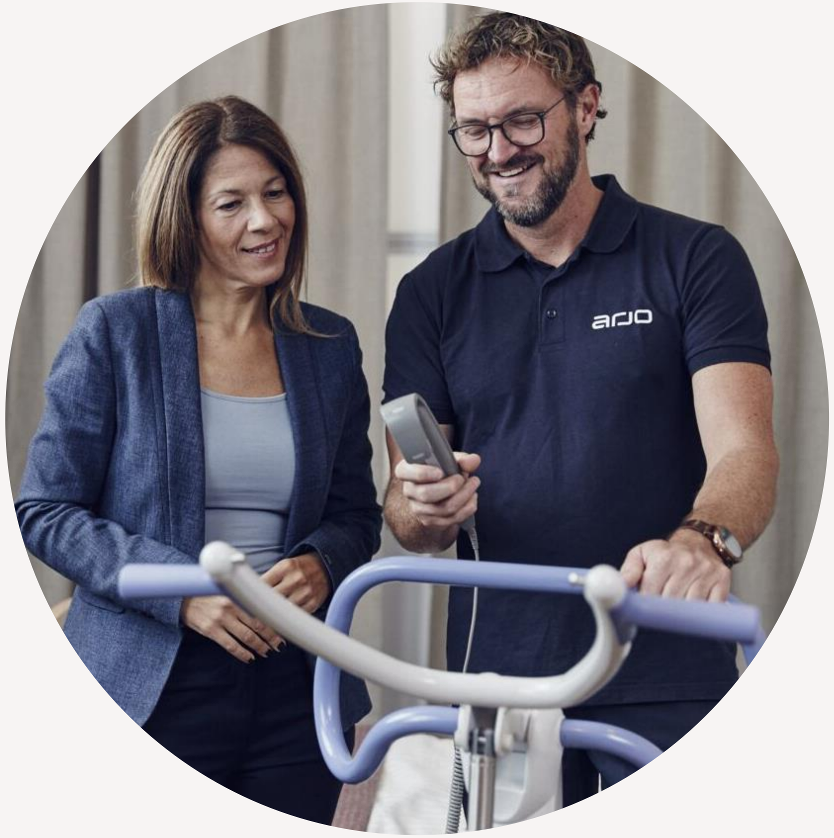
Pressure Injury Prevention
2024 ➡

R&D spend to remain at approx. **2.5-3% of net sales** per year

Program development and health economics in addition to above

Core rental as a growth engine

- **Positive core rental trend further intensified by external factors** – enables facilities to meet the changing needs of a diverse patient population with a more flexible financial setup
- **Positive market share development** in the US
- Step-by-step development of European rental business
- **Operational efficiency gains** driven by higher volumes



Service business
– driving topline and profitability

- Service as a business, included in full sales approach
- Continuing solid momentum from 2022 – with potential upside if new capital goods investments are held back
- Development of offering around preventative maintenance and uptime/value-add for customers
- Large price component on both parts and labor

EU MDR compliance
- a key competitive advantage for Arjo

EU-MDR

Arjo well positioned to gain market share

- Arjo's MDR certification process running according to plan
- All Arjo products and related processes to be MDR compliant on time

Generally very slow progress to MDR certification* for MedTech companies in Europe

- To date, MDR certificates have not been issued yet for >85% devices (>500 000 devices) previously certified under the MDD
- The majority of devices on the market is yet to transition to the MDR in less than two years that remains until 2024
- Currently, the time to certification with a MDR designated Notified Body is taking 13-18 months

Potential effects for Arjo

- Sales opportunity
- Additional cost pressure for competitors
- M&A opportunities

(*) www.medtecheurope.org

Continued strong focus on acquisitions and partnerships to further strengthen portfolio and offering in line with strategic direction

Infrastructure and geo expansion

Local “bolt-ons” in for example rental and service to expand footprint

Category leadership

Expand the portfolio with existing products and solutions, and/or emerging technologies to maintain or establish category leadership

Larger strategic opportunities

More transformative acquisitions, which can help build strong outcome offerings within existing or new categories

Not included in updated financial targets

Updated financial targets 2023-2025

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Updated financial targets 2023-2025

Organic sales growth
2023-2025
3-5% annually

Adj. EBITDA margin
~23%
from full year 2025

Annual
cash conversion
>80%

Dividend Policy
The aim is for the dividend to correspond to **30-60% of net income after tax**

Organic sales growth of 3-5% annually in 2023-2025
Gradual improvement expected throughout the period

Organic sales growth 2023-2025

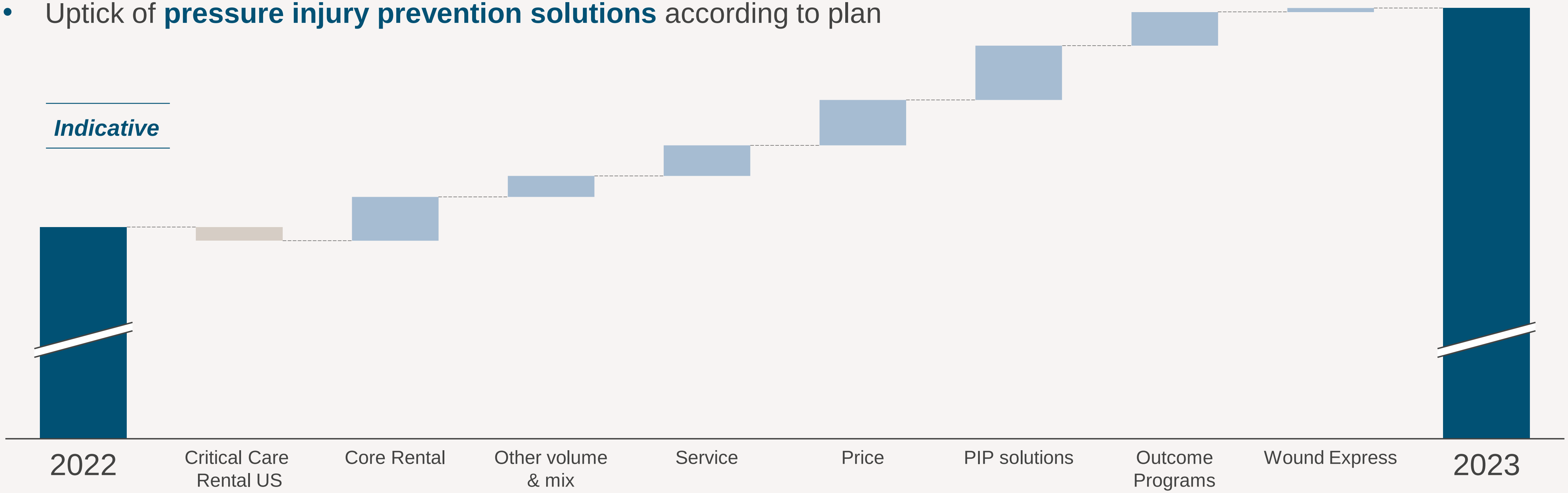
3-5% annually

- Balanced target setting due to short-term market challenges, especially in the US
- Overall continued healthy customer demand on many major markets
- Effect from further price increases mainly in 2023, but also in 2024 and 2025
- Continued solid development of service and rental
- Solutions for pressure injury prevention a key driver, with further potential
- Launches of new products and value adding solutions for customers
- Introduction of new technologies, i.e. WoundExpress

Supported by in-organic agenda (not included)

Key net sales drivers in 2023

- Continued **good underlying growth** on main markets
- Uncertainty and **short-term challenges expected to remain** – US assessment based on current information
- Good development on core rental and service
- Negative effect from **US Critical Care Rental** in Q1 2023, full year lower than 2018/2019 average
- **Tactical and strategic pricing initiatives** to account for a good part of 2023 growth
- Uptick of **pressure injury prevention solutions** according to plan



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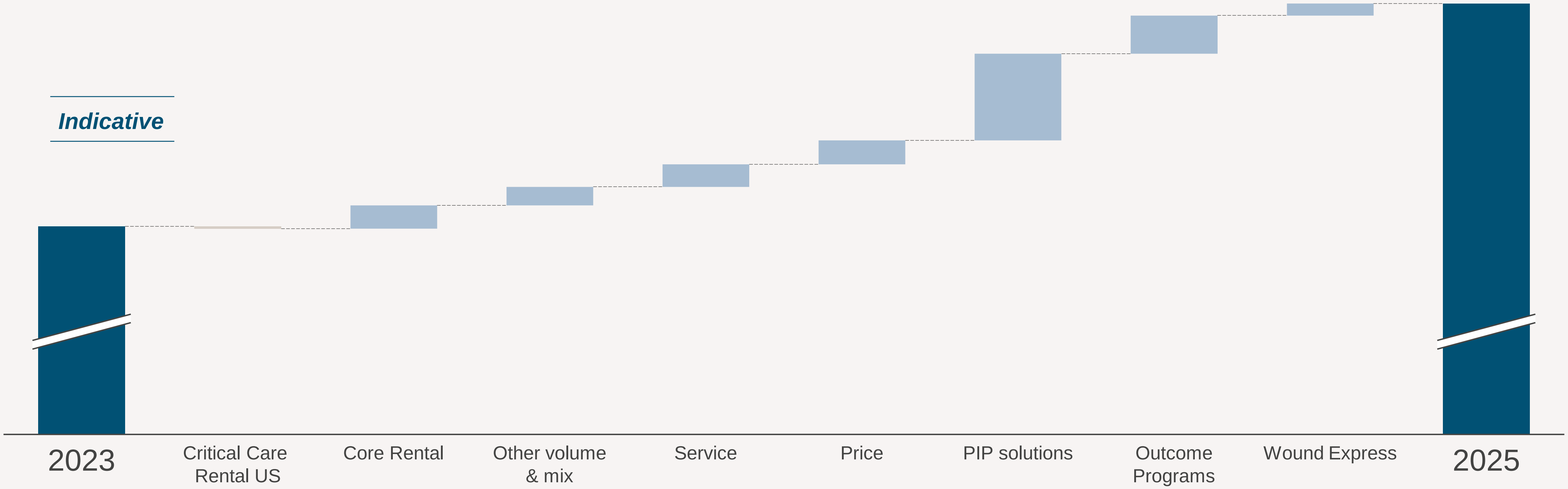
Key net sales drivers in 2024-2025

- Continued **positive demand** situation for capital equipment on key markets
- Solutions for **more efficient healthcare**, i.e. prevention
- **Core rental and service** remain key drivers
- New products and **value adding customer solutions** to contribute to volume growth
- Significant effect from **pressure injury prevention solutions** in 2024-2025 per plan



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Adj. EBITDA margin of ~23% from full year 2025

Target of ~23% remains, but postponed due to extraordinary cost development

Adj. EBITDA margin

~23%

from full year 2025

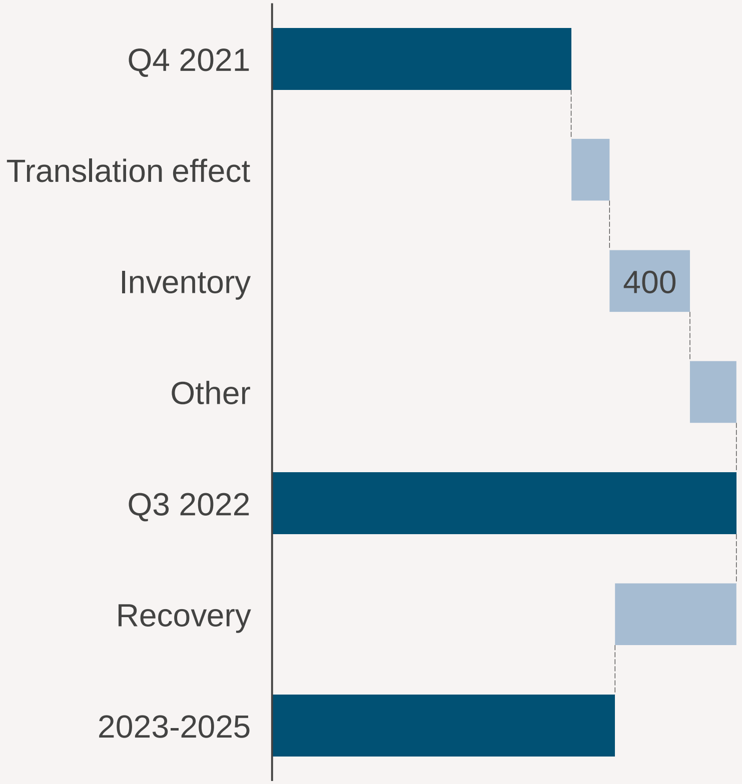
- Target of ~23% EBITDA remains, but delayed due to extraordinary cost of approx. +400 MSEK in 2022 and continued inflationary pressure in 2023
- Gradual improvement of gross margin to be driven by both tactical and strategic price increses, improved product mix development, PIP development and operational leverage in supply chain
- Estimated inflationary effects accounted for in 2023 – anticipated to normalize in 2024-2025
- OPEX as percentage to net sales to start to decrease again from 2024, driven by growing topline, Commercial Excellence activities, shared service initiatives and continued solid cost control
- Gradual improvement of EBITDA from 2023 and onwards

Annual cash conversion of >80%

Annual
cash conversion
>80%

- Target remains in line with previous level
- Recovery of inventory efficiency levels combined with further planned improvements
- Continued positive development in Accounts receivable
- Continued solid Payables management

Working capital and cash conversion outlook 2022-2025



2022 build-up largely driven by Macroeconomic factors, e.g. affecting inventory in terms of:

- More semi-finished products due to material and product shortage
- Build-up of stocks due to logistic delays and material shortage

Extraordinary build-up expected to gradually go down, e.g. through excess stocks consumption, positively affecting cash conversion

Key activities to improve working capital and cash conversion

Inventory

- **Consume excess stock** built up due to Macroeconomic factors
- Continue **optimization of shipment flows**
- Significant stabilization of external flows expected

Accounts receivable

- **Good traction and focus** to continue
- Continue **close collaboration with customers** around credit term compliance
- Upgrade digital credit collection tools

Accounts payable

- Continue **close collaboration with suppliers** around credit term compliance
- Increase digitalization for increased efficiency in all purchasing processes

Potential risks and opportunities

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Selection of potential risks and opportunities due to current environment

Risks and related actions

Staff shortages in healthcare

- Solutions for caregiver injury reduction and pressure injury prevention
- Less labour intensive care
- Outcome programs

Lower capital goods investments in healthcare globally

- Rental offering
- Service development
- Financing options and risk sharing

Margin erosion due to inflation

- Tactical and strategic pricing
- Efficiency initatives both on COGS and OPEX
- Outcome programs

Opportunities and related actions

MDR as competitive advantage

- Fully MDR compliant on time
- Utilize for further sales and M&A opportunities

New pressure injury prevention solutions

- Financial and operational strain on healthcare leading to increased commercial adoption
- Policy tailwind and strengthened guidelines

Increasing need for clinical and financial outcomes

- Well positioned to take leadership in outcome based solutions
- Strong market position in premium segment

N.B. Geopolitical risks not listed, but followed closely

Q&A

Summary and closing remarks

Key takeaways from today

- Q3 2022 performance: Solid underlying growth but challenges remain
- Healthy demand across many markets – but volatile situation in the US
- Significant cost pressure in 2022 expected to last into 2023 – tactical and strategic pricing and efficiency initiatives to mitigate impact
- Our long-term strategy is more relevant than ever with outcome-based solutions increasingly in focus
- Updated financial targets 2023-2025


Thank you!
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Forward looking information

This document contains forward-looking information based on the current expectations of Arjo’s management. Although management deems that the expectations presented by such forward-looking information are reasonable, no guarantee can be given that these expectations will prove correct. Accordingly, the actual future outcome could vary considerably compared with what is stated in the forward-looking information, due to such factors as changed conditions regarding business cycles, market and competition, changes in legal requirements and other political measures, and fluctuations in exchange rates.