

Q1

ARJO Q1 REPORT 2024

April 18, 2024

Joacim Lindoff, President & CEO
Niclas Sjöswärd, CFO

Agenda

Business update – Q1 2024

Financials in detail

Outlook 2024

Key takeaways

Q&A



Q1 highlights

A solid start to the year

Growth across most major markets

- Positive capital sales development in North America and RoW
- High demand for Service and Rental globally

Continued gross margin improvement y-o-y

- Higher volumes in Service and Patient Handling
- Negative impact from medical beds and forecasted salary increases
- Price adjustments generating expected effect – focused efforts continue

Adj. EBIT improving with 13%

Solid cash flow – leverage remains on 2023 year-end level

Climate goals approved by Science Based Targets initiative

Net sales
grew organically by

4.3%



Gross margin
amounted to

43.5%



Adjusted EBITDA
amounted to

502 MSEK



Cash
conversion

54.2%



North America

Q1 2024

Continued positive trend in the US

- Net sales grew almost 10% vs. Q1 2023
- Solid development in Patient Handling, Rental and Service
- Outcome Programs still slow due to market environment
– gradual improvement expected in 2024 in both Patient Handling and Pressure Injury Prevention

Strong development in Canada

- Profitable growth journey continues
- Service, Rental and Capital all perform well
- Healthy mix of acute care vs. long-term care sales

Change of leadership in US and Canada respectively, reporting to CEO

Q1 org. net sales

+9.9%

Global Sales

Q1 2024

Western European markets (-0.5% in Q1)

- Capital sales on par with last year, as expected
- Rental and Service continuing to perform well
- Healthy net sales development in markets like Belgium, Italy and Ireland
- Positive UK performance despite market turbulence
- Somewhat weaker quarter in Germany and Netherlands
- Lower sales in our Diagnostics business, versus a strong Q1 2023
- Price adjustments to mitigate cost pressure continues

Q1 org. net sales

+2.4%

Global Sales

Q1 2024

Rest of the World markets (+11.4% in Q1)

- Strong growth in many markets such as Australia, Singapore, New Zealand and India
- Healthy demand for capital equipment, with continued step by step improvements in product mix
- Continued improvements in service and rental activities
- Gradual change of go-to-market approach in Japan to ensure more efficient market penetration

Q1 org. net sales

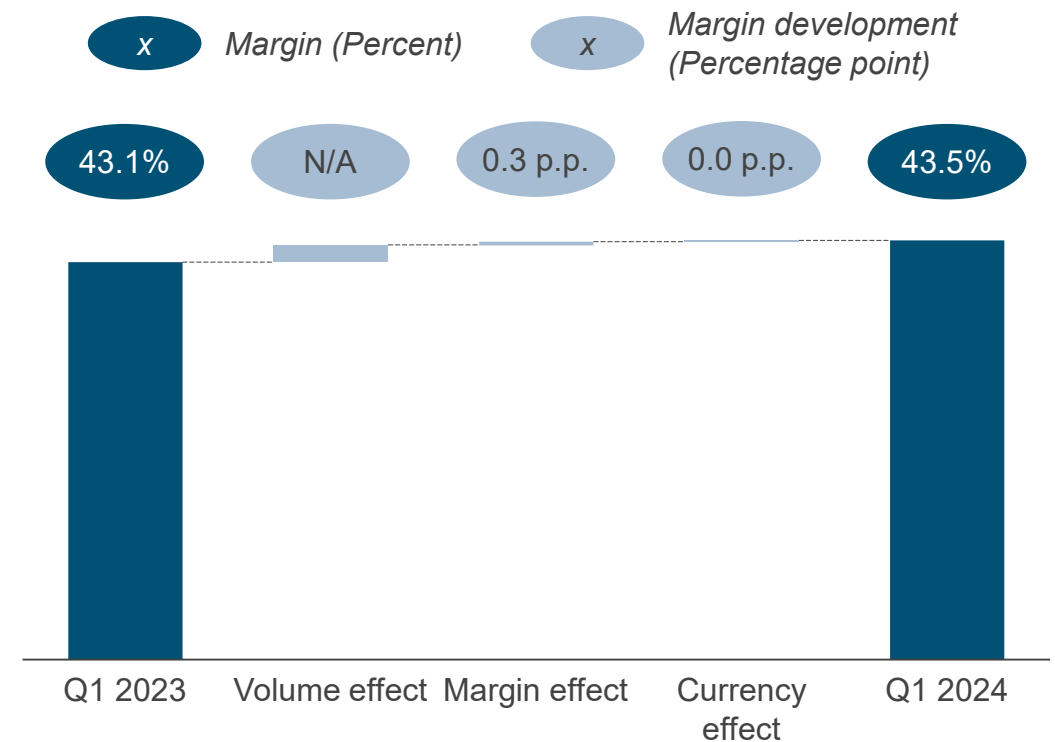
+2.4%

Q1 gross profit

Improvement journey continues

- Continued gross margin improvement y-o-y
- Healthy volumes in Patient Handling and Service
- Lower medical beds margins in quarter, mainly from Supply Chain and isolated project in RoW, but activities and plans in place to improve in coming quarters
- Negative impact from salary increases as expected
- Contribution from price adjustments according to plan – strong focus continues

Gross profit bridge – Q1 2024 vs. Q1 2023 (MSEK)

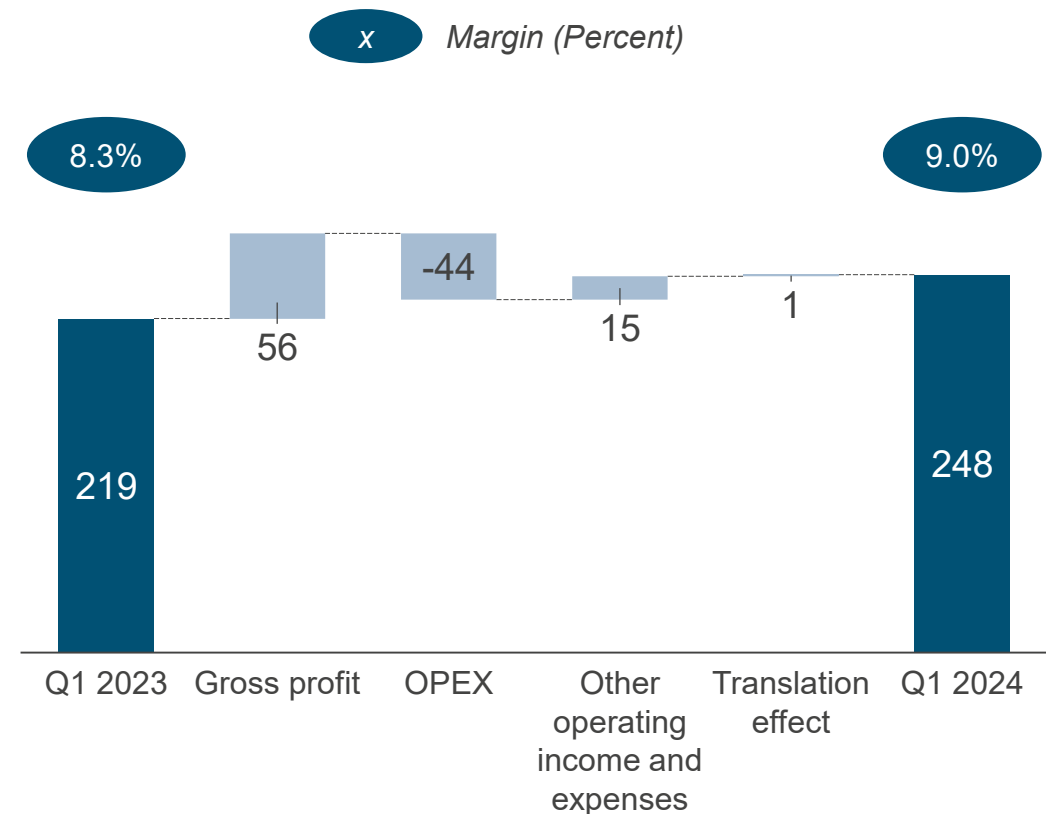


Q1 adjusted EBIT

High activity level and solid cost control

- Adj. EBIT increased by 13% vs. Q1 2023
- OPEX development according to plan
- Continued good cost control across the value chain
- Salary increases partly impacting Q1 – with remaining part in Q2
- High activity levels to support continued growth agenda

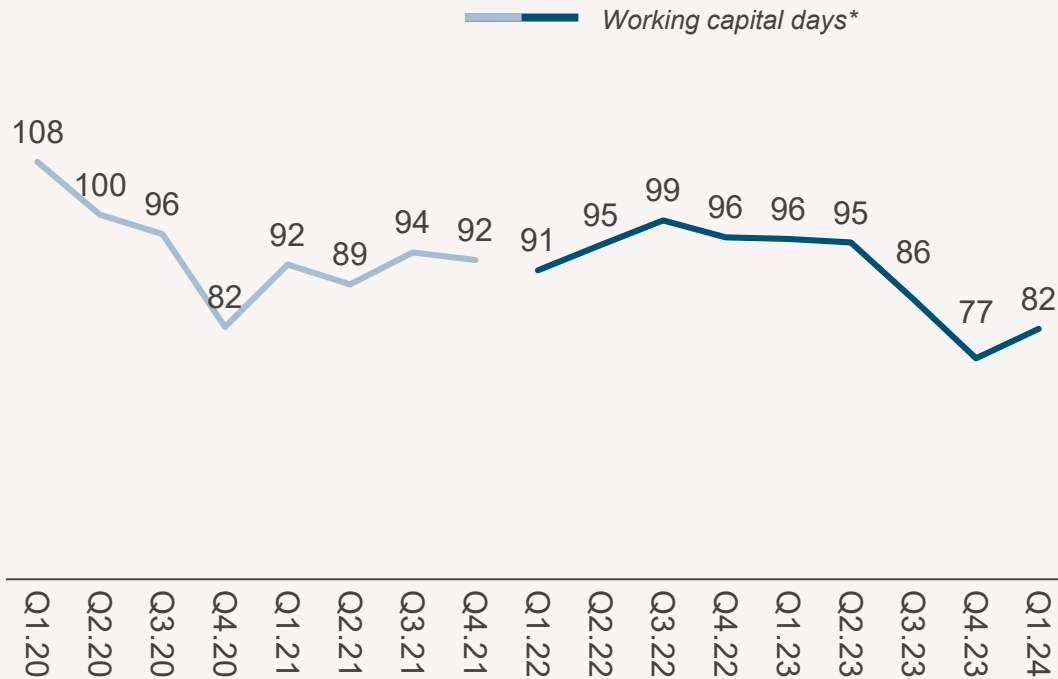
Adj. EBIT bridge – Q1 2024 vs. Q1 2023 (MSEK)



Q1 working capital and operating cash flow

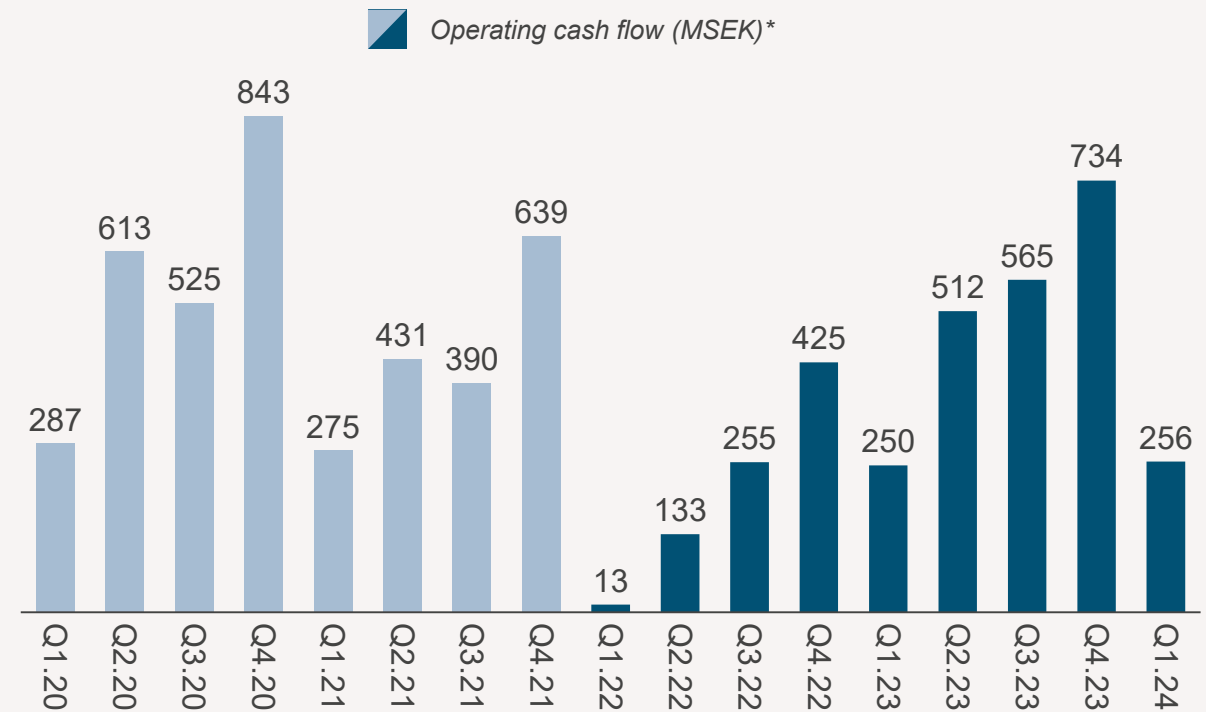
Slight working capital days uptick after low Q4

Working capital days – Q1.20-Q1.24



Operating cash flow in parity with last year

Operating cash flow – Q1.20-Q1.24



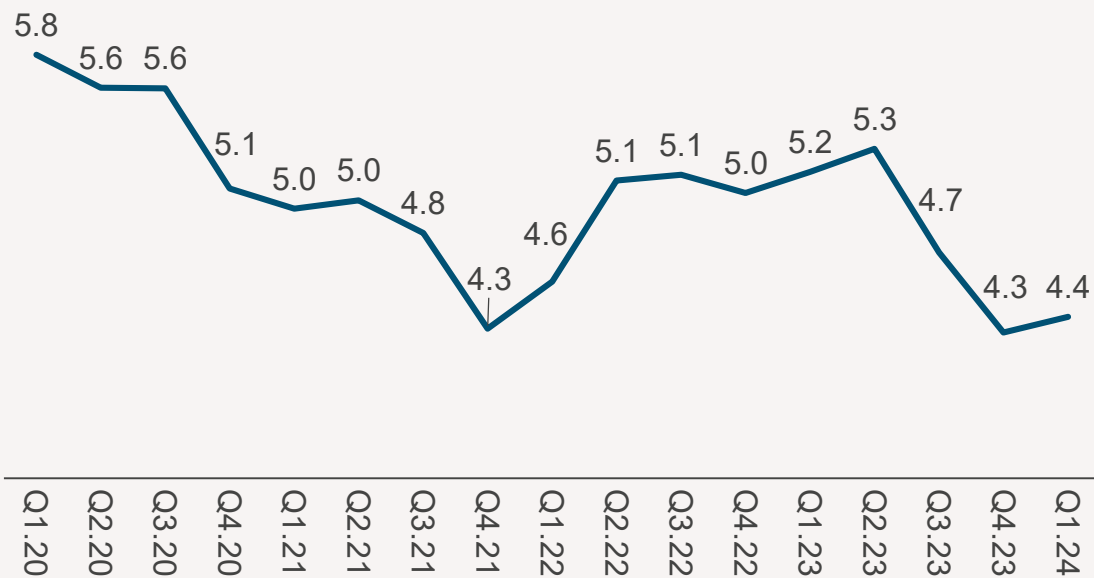
*Periods with light blue line/bars not restated with new internal profit model

Q1 net debt and leverage

Slight increase in Net Debt in Q1

Net debt – Q1.20-Q1.24

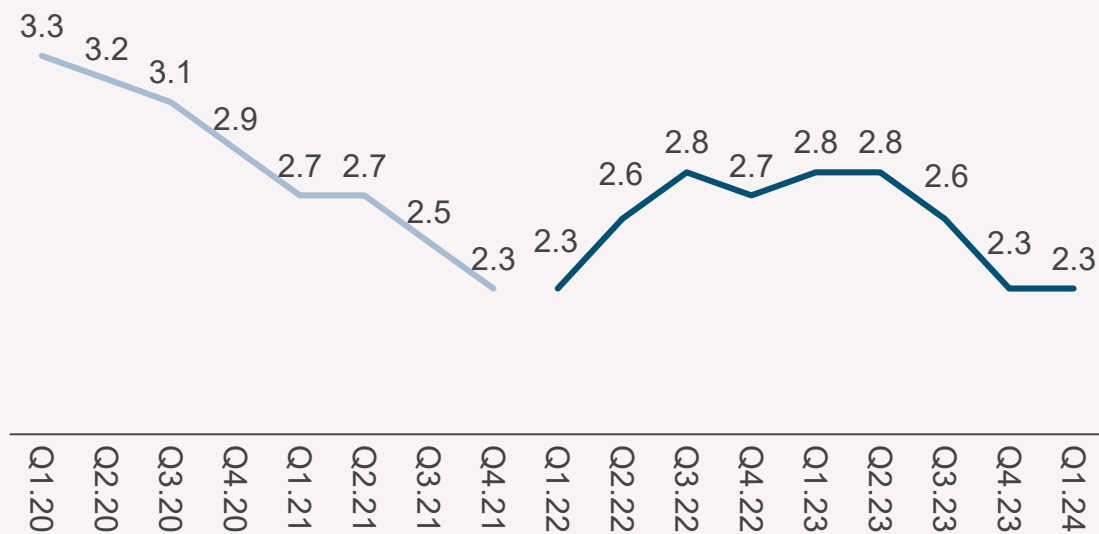
Net debt, incl. IFRS16 (BSEK)



Leverage flat since Q4

Leverage – Q1.20-Q1.24

Net debt / Adj EBITDA, multiple (R12)*



*Periods with light blue line not restated with new internal profit model. Net debt not affected by new model.

Update on WoundExpress randomized controlled trial (RCT)

- Recruitment of patients in expanded protocol completed
- Last patient last visit June/July 2024 according to plan and previous communication
- Study aimed to be published mid-2025 based on timeline from 3rd party on mainly publication
- Launch activities to be initiated early 2025 in major markets
- Net sales expectations 2025-2026 in line with previous communication



Outlook 2024

Organic net sales growth for 2024 is expected to be within the Group's target interval of 3-5%

Key takeaways

- Solid start to 2024 with continued good traction in most areas
- Positive development of capital equipment in North America
- Continued positive trend in Service and Rental globally
- US trending in the right direction – step by step improvements expected to continue
- Continued profitability improvement – focused activities across the Group
- Solid operating cash flow – efforts to lower net debt over time continues
- Continued strategy implementation to support long-term profitable growth

Q&A

Financial calendar

Annual General Meeting 2024

April 18, 2024

Interim Report Jan-Jun 2024

July 12, 2024

Interim Report Jan-Sep 2024

October 17, 2024

Further questions

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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.

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