

Annual remuneration report 2024

Introduction

This report describes how the principles of remuneration for senior executives at Arjo, adopted by the Annual General Meeting 2024, were implemented in 2024. The report also provides information on remuneration to the CEO and a summary of the company's application of the performance criteria for awarding variable cash remuneration.

Further information on executive remuneration is available in note 3 (Personnel) on pages 122-123.

Information on the work of the Remuneration Committee in 2024 is set out in the Corporate Governance Report available on pages 93-106.

Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and disclosed in note 3 on pages 122-123.

Key developments 2024

The CEO summarizes the company's overall performance in his statement on pages 10-11.

Guidelines for remuneration

The company's remunerations principles are to be designed to ensure for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainable business methods. Remuneration and other employment terms and conditions for senior executives is to be market-based and competitive in every market where the company is active so as to attract, develop and retain skilled and competent employees.

Individual levels of remuneration shall be based on experience, competence, responsibility and performance and market factors in the country in which the senior executive is employed.

The remuneration guidelines, adopted at the 2024 Annual General Meeting, and the auditor's report on whether the company followed these guidelines in 2024 are available on the company's website www.arjo.com. Remuneration guidelines are presented in their entirety on pages 110-112.

Total remuneration of CEO

In 2024, the CEO of Arjo received the following remuneration components; basic pay, variable cash remuneration, pension contributions and other benefits.

Basic pay includes vacation pay. Other remuneration, when paid, includes severance pay. Annual variable remuneration refers to remuneration earned and paid for the 2024 fiscal year. Long-term variable remuneration refers to remuneration earned and paid for the 2022-2024 fiscal years.

Share-based remuneration

The company does not have any share-based incentive plans.

Table 1 – Total remuneration of the CEO

The table below sets out the total remuneration (SEK) expensed for Arjo's CEO in 2024, 2023, 2022, 2021 and 2020.

Name of Director, position	Fiscal year	Fixed remuneration		Variable remuneration			Extraordinary items	Pension expenses	Total remuneration	Proportion of fixed/variable remuneration
		Basic pay	Other benefits	One-year variable	Multi-year variable					
CEO	2024	9,870,499	155,054	4,195,461	0	0	3,362,405	17,583,419	76/24	
	2023	9,539,498	124,776	4,618,688	0	0	2,771,212	17,054,174	73/27	
	2022	9,103,500	151,954	446,250	0 ²⁾	0	2,677,500	12,379,204	96/4	
	2021	8,618,999	1,171,304 ¹⁾	6,800,000	2,925,795	0	2,550,000	22,066,098	56/44	
	2020	8,130,000	1,082,492 ¹⁾	6,426,000	2,258,678	0	2,409,750	20,306,920	57/43	

1. Including variable vacation pay, but excluded from 2022.

2. Vested amount for 2022 from Arjo LTI programs 3-5, of which SEK 0 to be paid during 2023.

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Description of significant changes to the guidelines and consideration of the opinions of the shareholders

In accordance with the principles of remuneration, the Board may temporarily derogate from the guidelines, in whole or in part, if in specific cases there is special cause and a derogation is necessary to serve the company’s long-term interests. In 2024, the company essentially complied with the applicable remuneration guidelines adopted by the Annual General Meeting. One senior executive received a pension agreement with a 35 percent provision, and one senior executive received severance pay exceeding the guidelines but in line with local legislation. No derogation from the guidelines were made. No other derogations from the procedure for implementation of the guidelines were made. No opinions on the remuneration guidelines were presented.

Drafting and decision-making process

During the year, the Remuneration Committee gave the Board its recommendations concerning policies for the remuneration of senior executives. The recommendations included the proportion between fixed and variable remuneration, the size of possible pay increases and proposals on criteria for assessment of bonus outcomes. The Board discussed the Remuneration Committee’s proposals and decided in line with the Remuneration Committee’s recommendations. Remuneration of the CEO for the 2024 fiscal year was decided by the Board taking into account the Remuneration Committee’s recommendations. Remuneration of other senior executives was decided by the CEO in consultation with the Remuneration Committee. During 2024, the Remuneration Committee was convened on three occasions.

Table 2a - Performance of the CEO in the reported fiscal year

Set out in the table below is a description of how the criteria for payment of variable short-term compensation have been applied during the fiscal year.

Name of Director, position	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance
			b) Actual award/ remuneration outcome
Joacim Lindoff CEO	Adjusted earnings before interest, tax depreciation and amortization (EBITA) ¹⁾	65%	a) SEK 1,276 M b) SEK 1,762,041
	Working Capital (R12)	25%	a) 115 days b) SEK 1,921,374
	Sustainability CO ₂ reduction	10%	a) 1,654 tons CO ₂ b) SEK 512,046

1. Adjusted for exceptional items and translated at last year’s exchange rates.

Table 2b - Performance of the CEO in the reported fiscal year

Set out in the table below is a description of how the criteria for payment of variable long-term compensation have been applied during the fiscal year.

Name of Director, position	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance
			b) Actual award/ remuneration outcome
Joacim Lindoff CEO	Earnings per share (adjusted EPS) 2024 ²⁾ : Target 3.1 (average) (Program 2021–2025)	33.3%	a) SEK 1.78 b) SEK 0 (earned)
	Earnings per share (adjusted EPS) 2024 ²⁾ : Target: 3.1 (average) (Program 5 2022–2024)	33.3%	a) SEK 1.98 b) SEK 0 (estimated)
	Earnings per share (adjusted EPS) 2024 ²⁾ : Target 3.1 (average) (Program 6 2023–2025)	33.3%	a) SEK 2.26 b) SEK 0 (estimated)

2. Adjusted for exceptional items and translated at last year’s exchange rates.

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Comparative information on the change of remuneration and Arjo's performance

Table 3 – Change of remuneration and Arjo's performance over the last five reported fiscal years (RFY)

Annual change	2021 vs 2020	2022 vs 2021	2023 vs 2022	2024 vs 2023	2024
Joacim Lindoff, CEO	SEK +1,759,178	SEK -9,686,894	SEK +4,674,970	SEK +529,245	17,583,419
Arjo's performance					
Group operating profit	SEK +211 M	SEK -386 M	SEK +191 M	SEK +9 M	893
Group net sales	SEK -8 M	SEK +909 M	SEK +1,001 M	SEK +312 M	11,292
Average remuneration on a full-time equivalent basis of employees					
Arjo employees ³⁾	SEK +112,311	SEK -62,205	SEK -21,906	SEK -56,712	Average total remuneration is SEK 845,776
Arjo employees ⁴⁾ Actual number	192 vs 179	206 vs 192	188 vs 206	196 vs 188	196 employees

3. The average remuneration of a full-time equivalent includes all employees in Sweden (excluding the Management Team), annual basic pay during the year, pension contributions for the year and the outcome of variable pay paid in 2024.

4. Refers to all employees in Sweden (excluding Management Team).