Q3

ARJO Q3 REPORT 2024

October 17, 2024

Joacim Lindoff, President & CEO
Niclas Sjöswärd, CFO

Agenda

Business update – Q3 2024

Financials in detail

Outlook 2024

Key takeaways

Q&A

Q3 highlights
Continued growth but weaker demand in Europe

Continued growth but lower than expected

- Continued solid demand within Service and Rental globally
- Lower demand for capital equipment in Europe
- Continued growth in US and Canada

Continued gross margin improvement

- Gross margin improvement despite lower capital volumes
- Good cost control continues
- Acceleration of planned initiatives to ensure progress

Healthy cash flow and cash conversion of 102%

2024 outlook of 3-5% net sales growth remains

Acquisition of Tech Med (FR) and GerroMed (DE)

Net sales organic growth
1.5%

Gross margin
42.0%

Adjusted EBITDA
434 MSEK

Cash conversion
102.0%

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North America
Q3 2024

Profitable growth journey in Canada continues

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

Another quarter of growth in the US

- Continued healthy development within Rental and Service, and increasing demand for Patient Handling equipment
- Lower DVT volumes as forecasted
- Outcome Programs still slow due to market environment, but improvement expected in Q4

Q3 org. net sales

+2.4%

YTD org. net sales

+4.9%

Global Sales
Q3 2024

Western European markets (-0.5% in Q3)

- Weaker demand for capital equipment in Western Europe, especially UK, France and Netherlands, during the quarter
- Low visibility related to capital spend in the coming quarters
- Rental and Service continues to develop well

Q3 org. net sales

-0.2%

YTD org. net sales

+2.4%

Global Sales
Q3 2024

Rest of the World markets (+2.5% in Q3)

- Healthy demand in Australia, Africa and India
- Significantly weaker development in China in the quarter, set to continue
- Japan behind plan but good momentum in new organizational setup
- Low capital sales in Poland in Q3 – awaiting EU funding

Q3 org. net sales

-0.2%

YTD org. net sales

+2.4%

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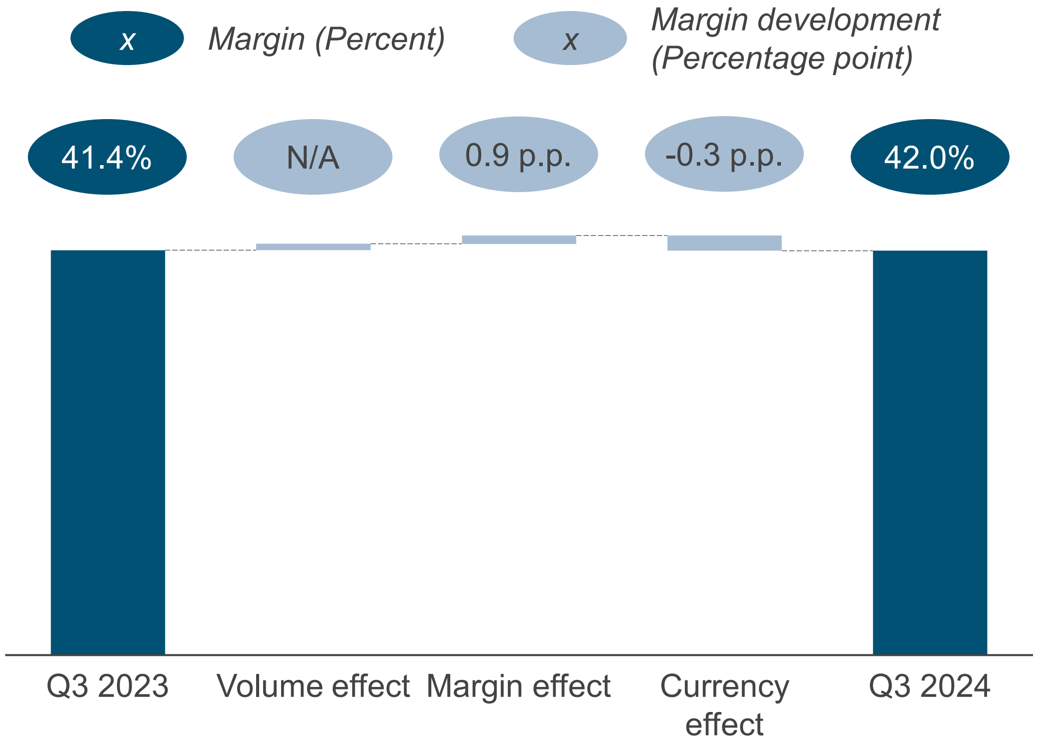
Q3 gross profit
Continued margin improvement

- Another quarter with gross margin improvement y-o-y
- Margin expansion held back by lower capital equipment volumes, lower utilization in the Group's factories, and negative currency effects
- Acceleration of planned activities to adjust cost base according to current market developments

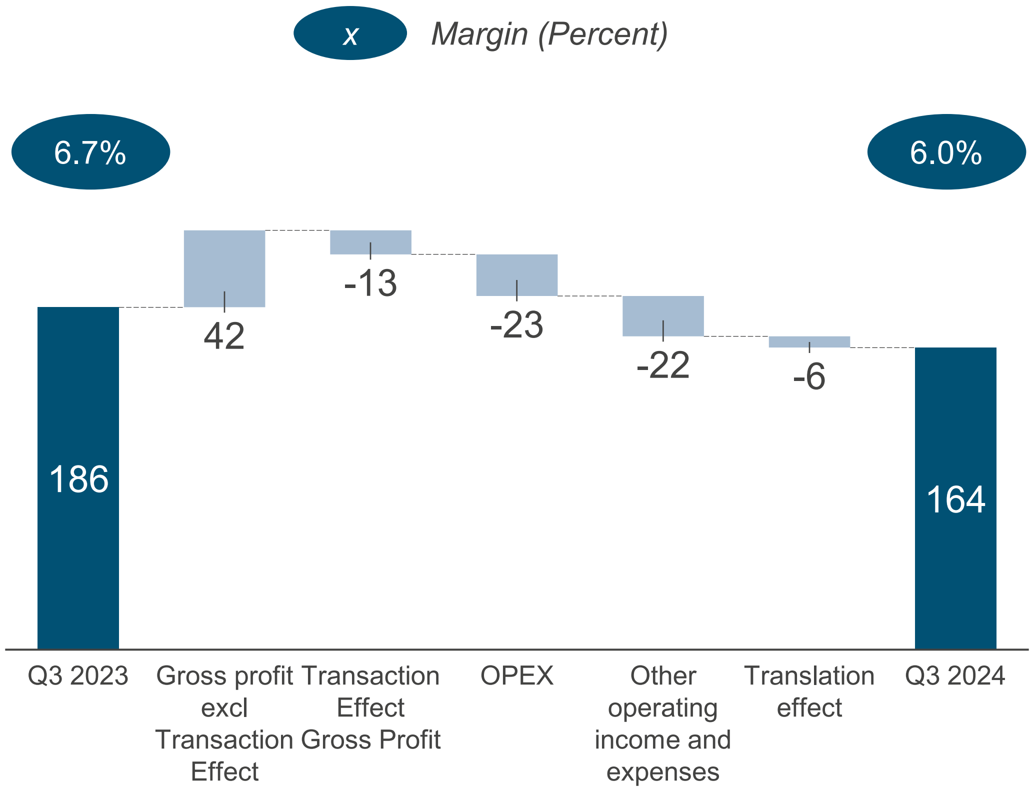
Gross profit bridge – Q3 2024 vs. Q3 2023 (MSEK)



Q3 adjusted EBIT
High activity level and solid cost control

- Adj. EBIT decreasing vs. Q3 2023, in part due to negative FX effects
- Continued good cost control across the value chain
- Negative impact from FX in other operating

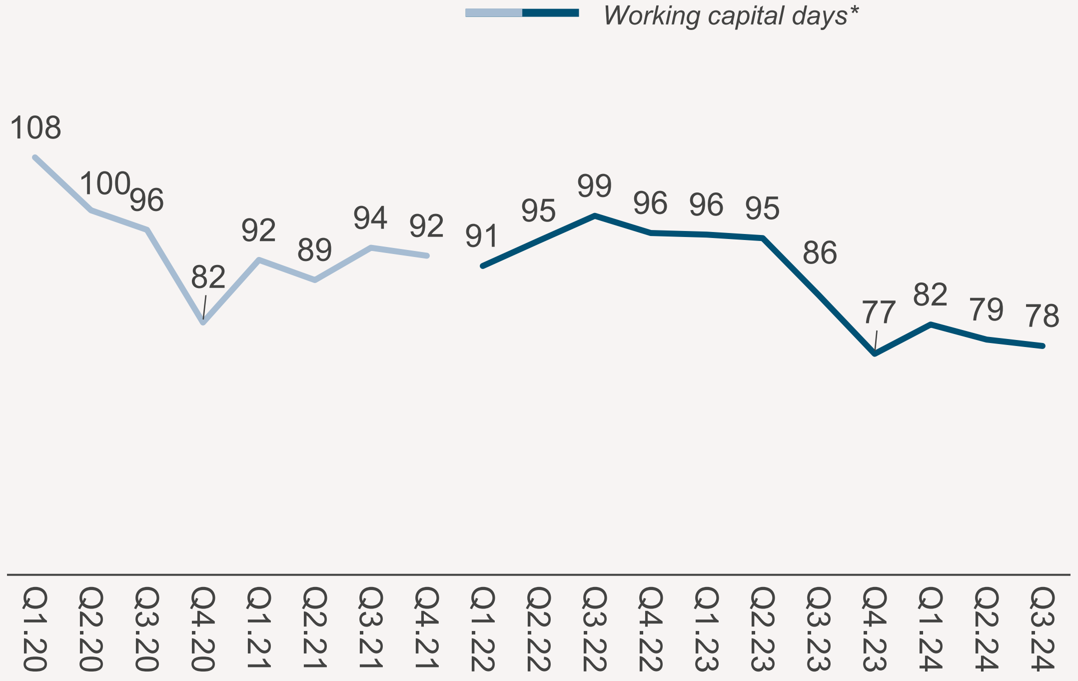
Adj. EBIT bridge – Q3 2024 vs. Q3 2023 (MSEK)



Q3 working capital and operating cash flow

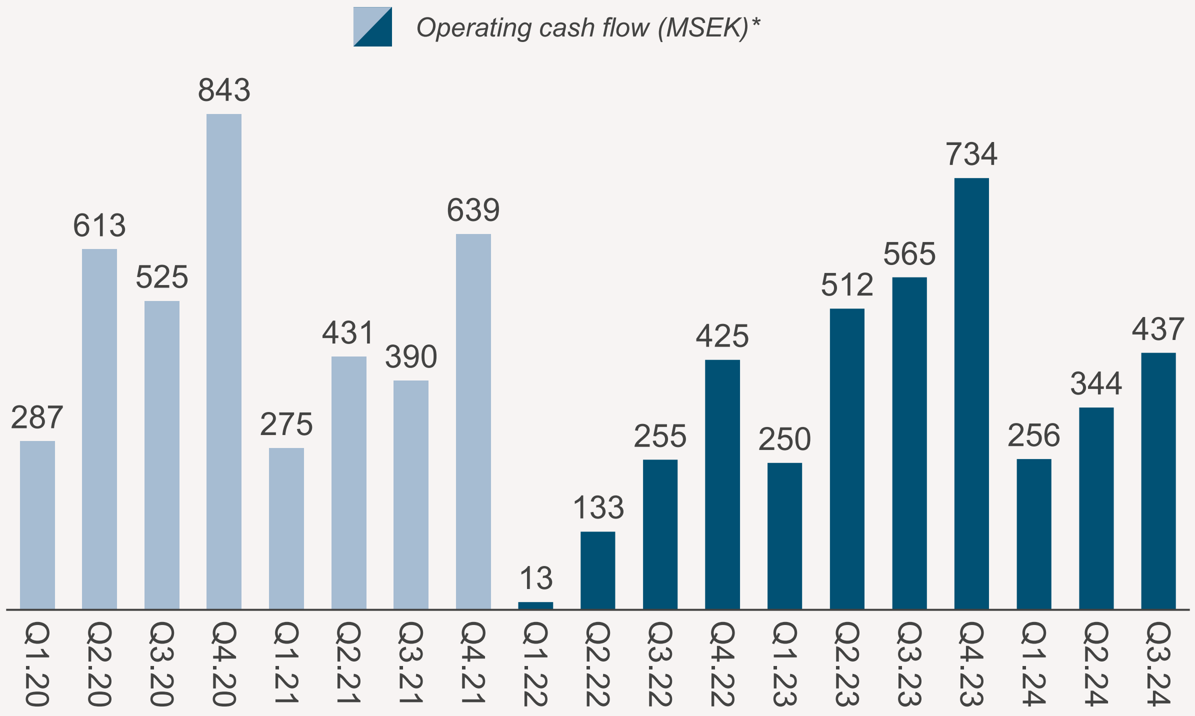
Positive working capital days trend continues

Working capital days – Q1.20-Q3.24



Healthy operating cash flow

Operating cash flow – Q1.20-Q3.24

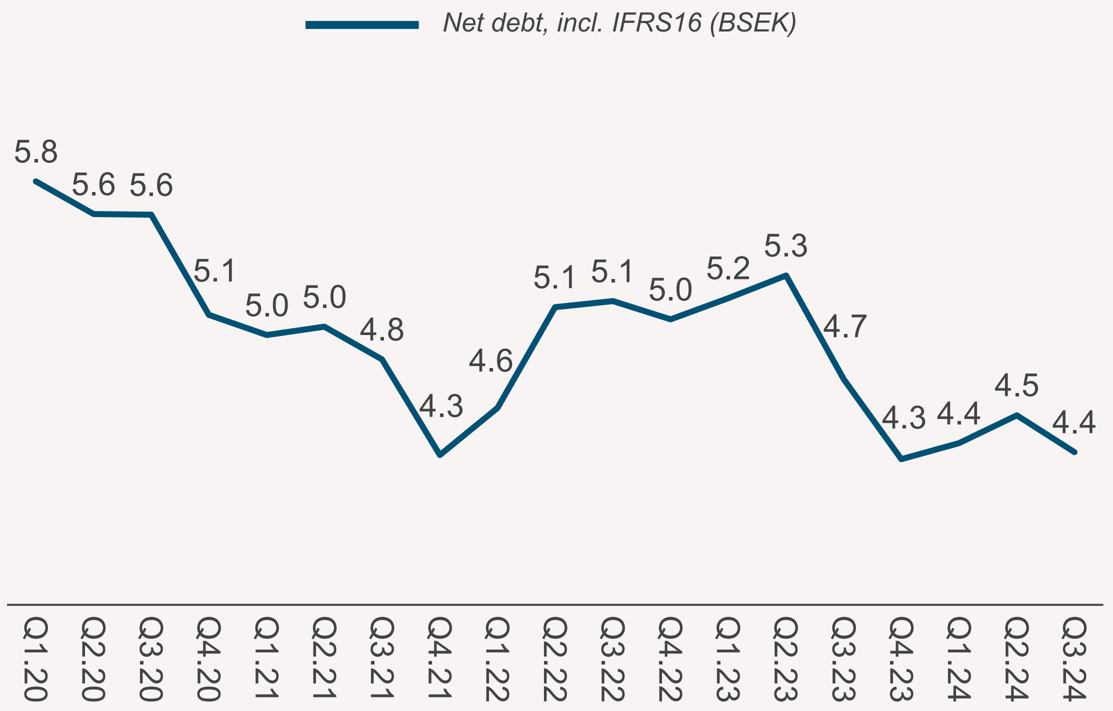


*Periods with light blue line/bars not restated with new internal profit model

Q3 net debt and leverage

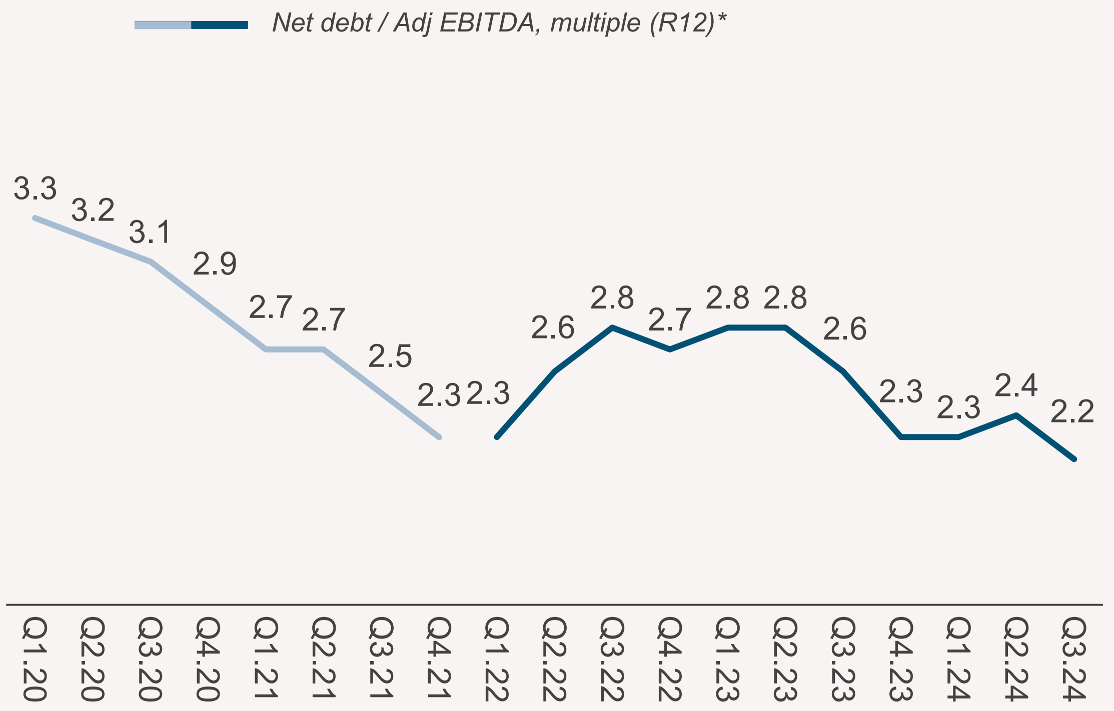
Decreasing net debt

Net debt – Q1.20-Q3.24



Continued leverage improvement – all time low

Leverage – Q1.20-Q3.24



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

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Two acquisitions strengthening our positions in rental and diagnostics in Europe

- Acquisition of French diagnostics distribution company Tech Med and German rental provider GerroMed
- Combined purchase price of approximately 70 MSEK
- Smaller positive contribution expected from 2025 onwards
- Good examples of focus area for future M&A activity

Outlook 2024

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

Key takeaways

- Continued growth and gross margin improvement
- Q3 held back by weaker demand in Europe – low visibility regarding capital spend in Europe the coming quarters
- Acceleration of activities to adapt cost base and secure profitability improvements both short and long term
- High activity level and strengthened order book going into Q4 – outlook of 3-5% organic growth for the full year remains
- Capital Markets update in Stockholm in conjunction with Q4/FY report on January 30th 2025

Q&A

Financial calendar

Year-end Report 2024	January 30, 2025
Capital Market update	January 30, 2025
Annual and Sustainability Report 2024	April 2025
Interim Report Jan-Mar 2025	April 29, 2025
Annual General Meeting 2025	April 29, 2025

Further questions

Maria Nilsson
EVP, Communication & Public Relations
+46 734 244 515
maria.nilsson@arjo.com

Sara Ehinger
VP, Investor Relations & Corporate Communications
+46 723 597 794
sara.ehinger@arjo.com

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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