



Interim Report Q4 2023

Announcement no. 3/2024

## Sveinn Sölvason, President and CEO:

*"I'm very pleased to end the year on a solid quarter with organic growth of 9%, driven by continued strong performance in Prosthetics and Patient Care. Organic growth for the full year was 9% and in 2023 we have grown the business in all regions and business segments. We reached a major milestone in our journey to become an increasingly patient focused company, addressing chronic mobility challenges in a broader context, by acquiring FIOR & GENTZ in January 2024. With the acquisition we are entering the new but highly complementary product segment of lower limb neuro orthotics addressing the needs of patients with gait impairment due to neurological conditions. We look forward to continuing executing on our Growth'27 strategy in 2024 and reach even more patients across the world."*

## Financial performance Q4 2023

- Sales grew by 10% and amounted to USD 210 million and organic growth was 9%. In FY 2023, sales amounted to USD 786 million and organic growth was 9%.
- Prosthetics sales grew by 9% organic, Bracing & Supports (B&S) sales grew by 1% organic and Patient Care sales grew by 12% organic. In FY 2023, Prosthetics sales grew by 13% organic, Bracing & Supports sales grew by 3% organic and Patient Care sales grew by 8% organic. Growth is attributed to strong volume growth and positive product mix with a strong performance in our high-end solutions, in addition to some price increases.
- Gross profit was USD 129 million and gross profit margin was 61% compared to 61% in Q4 2022. In FY 2023, gross profit margin was 62% compared to 62% excluding special items in FY 2022. The gross profit margin was positively impacted by strong sales growth, favorable product mix, and lower freight cost but is adversely impacted by higher unit cost in manufacturing and time-lag in reimbursement.
- EBITDA grew by 12% and amounted to USD 37 million with an EBITDA margin of 18% of sales, unchanged compared to Q4 2022. In FY 2023, EBITDA margin was 18% of sales, unchanged from FY 2022. In addition to the items mentioned impacting gross profit, EBITDA was positively impacted by operational efficiency and savings from streamlining announced in the fall of 2022 but adversely impacted by FX and inflationary cost increases in SG&A expenses.
- Net profit grew by 49% and was USD 19 million with net profit margin of 9% of sales compared to 7% of sales in Q4 2022. In FY 2023, net profit grew by 36% and the net profit margin was 7% of sales compared to 6% of sales in FY 2022.
- Free cash flow was strong and amounted to USD 26 million or 13% of sales compared to 9% of sales in Q4 2022. In FY 2023, free cash flow amounted to 7% of sales compared to 5% of sales in FY 2022.
- NIBD/EBITDA before special items was 2.8x at the end of Q4 2023, within the target ratio of 2.0-3.0x.

## Other highlights

- Össur announced and closed the acquisition of FIOR & GENTZ on 16 January 2024. FIOR & GENTZ develops and distributes knee and ankle orthotic joints to create custom-made orthotics for patients with gait impairment due to neurological conditions.
- On 18 January 2024, Medicare published a draft proposal that would give K2 patients access to prosthetic knees and feet previously restricted to K3-K4 patients. The proposal represents a potentially significant shift in Medicare coverage, potentially opening access to high-quality mobility solutions to a larger part of the amputee population. Effective date is unknown.

## 2024 outlook

- Organic sales growth guidance is 5-8%\*, expected to be driven by continued strong volume growth and moderate price increases.
- EBITDA margin before special items guidance is 19-20%\*, expected to be driven by favorable product mix, increased efficiency in manufacturing and scalability.

	FY 2023	FY 2022	Q4 2023	Q4 2022	Guidance FY 2024
Sales growth, organic	9%	4%	9%	6%	5-8%*
EBITDA margin, before special items	18%	18%	18%	18%	19-20%*

\* Including estimated organic sales growth and EBITDA from FIOR & GENTZ, based on 2023 net sales of approx. USD 23 million and EBITDA margin of 30%.

USD millions	Q4 2023	Q4 2022	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
<b>Income Statement</b>							
Net sales	210	191	786	719	719	630	686
Gross profit	129	116	486	440	455	391	439
Operating expenses (excl. other income / exp.)	104	96	398	373	360	338	341
EBITDA	37	34	139	114	149	93	141
EBITDA before special items	37	34	139	128	149	93	150
EBIT	25	21	89	65	97	28	98
Net profit	19	13	59	43	66	8	69
<b>Sales Growth</b>							
Sales growth USD	% 10	2	9	0	14	(8)	12
Growth breakdown:							
Organic growth	% 9	6	9	4	10	(10)	5
Currency effect	% 1	(8)	(1)	(7)	3	0	(4)
Acquired/divested business	% 0	4	1	3	1	2	11
<b>Balance Sheet</b>							
Total assets	1,386	1,325	1,386	1,325	1,247	1,214	1,091
Equity	705	636	705	636	627	577	569
Net interest-bearing debt (NIBD)	395	404	395	404	363	381	302
<b>Cash Flow</b>							
Cash generated by operations	46	39	126	92	128	119	120
Free cash flow	26	17	52	35	74	68	63
<b>Key Ratios</b>							
Gross profit margin	% 61	61	62	61	63	62	64
EBIT margin	% 12	11	11	9	14	4	14
EBITDA margin	% 18	18	18	16	21	15	21
EBITDA margin before special items	% 18	18	18	18	21	15	22
Equity ratio	% 51	48	51	48	50	48	52
Net debt to EBITDA before special items*	2.8	3.2	2.8	3.2	2.4	4.1	2.0
Effective tax rate	% 21	21	23	23	24	38	24
Return on equity*	% 9	7	9	7	11	1	12
CAPEX / Net sales	% 4.9	3.8	5.4	3.6	3.7	3.8	4.6
Full time employees at period end	3,999	3,892	3,999	3,892	3,761	3,385	3,449
Full time employees on average	4,012	3,926	3,945	3,866	3,668	3,505	3,382
<b>Market</b>							
Market value of equity	1,713	2,035	1,713	2,035	2,724	3,380	3,340
Number of shares in millions	421	423	421	423	423	423	425
EPS in US cents	4.5	3.0	14.0	10.3	15.6	1.9	16.3
Diluted EPS in US cents	4.5	3.0	14.0	10.3	15.5	1.9	16.2

\* Financial ratios are based on operations for the preceding 12 months.

## Management's report

### Financial performance

#### Sales

#### Sales increased by 9% organic in Q4 2023

Sales in FY 2023 amounted to USD 786 million, compared to USD 719 million in FY 2022, corresponding to 9% organic growth, a 10% increase including acquisitions (local currency growth) and a 9% reported growth (USD growth). Sales in Q4 2023 amounted to USD 210 million compared to USD 191 million in Q4 2022, corresponding to 9% organic growth, a 9% increase including acquisitions (local currency growth) and a 10% reported growth (USD growth).

#### Positive FX impact of USD 2M in Q4 2023

Reported sales were USD 2 million higher in Q4 2023 due to changes in FX when comparing to Q4 2022, corresponding to about a 1%-point positive effect on the reported growth rate.

Sales by geographical segment (USD million)	Q4 2023	Organic growth*	Δ Acq. / div.	Δ Curr. Effect	USD growth	FY 2023	Organic growth	Δ Acq. / div.	Δ Curr. Effect	USD growth
Americas	101	5%	0%	0%	5%	384	8%	2%	(0%)	9%
EMEA	93	12%	0%	3%	16%	336	10%	1%	(0%)	10%
APAC	17	10%	0%	(1%)	9%	65	10%	0%	(4%)	6%
<b>Total</b>	<b>210</b>	<b>9%</b>	<b>0%</b>	<b>1%</b>	<b>10%</b>	<b>786</b>	<b>9%</b>	<b>1%</b>	<b>(1%)</b>	<b>9%</b>

Sales by business segment (USD million)	Q4 2023	Organic growth*	Δ Acq. / div.	Δ Curr. Effect	USD growth	FY 2023	Organic growth	Δ Acq. / div.	Δ Curr. Effect	USD growth
Prosthetics	103	9%	0%	2%	12%	398	13%	2%	(0%)	15%
Bracing & Supports	36	1%	0%	1%	2%	147	3%	0%	(1%)	2%
Internal product sales	(10)	17%	0%	1%	19%	(39)	27%	0%	(2%)	25%
<b>External sales</b>	<b>129</b>	<b>6%</b>	<b>0%</b>	<b>2%</b>	<b>8%</b>	<b>506</b>	<b>9%</b>	<b>1%</b>	<b>(0%)</b>	<b>10%</b>
Patient Care	82	12%	0%	1%	13%	280	8%	1%	(1%)	8%
<b>Total</b>	<b>210</b>	<b>9%</b>	<b>0%</b>	<b>1%</b>	<b>10%</b>	<b>786</b>	<b>9%</b>	<b>1%</b>	<b>(1%)</b>	<b>9%</b>

#### Strong growth in Prosthetics and Patient Care

Sales growth was strong in Prosthetics and Patient Care in Q4 2023, largely driven by volume growth and positive product mix. Sales growth in Bracing & Supports was modest. Sales growth was strong in all regions.

In Q4 2023, prosthetics sales amounted to USD 103 million and grew by 9% organic. In the quarter, sales of bionic products accounted for 24% of prosthetics sales compared to 25% in Q4 2022. Growth in Prosthetics was driven by strong volume growth, positive product mix and price increases. Performance was strong across product portfolio and continued strong performance in Bionics. Note that the Bionics ratio is compared to a strong Bionics sales quarter in Q4 2022, which was mainly driven by Power Knee™ sales that had recently been launched. Bracing and Supports (B&S) sales amounted to USD 36 million in Q4 2023 and grew by 1% organic. B&S growth in APAC was strong in the quarter but growth in EMEA and Americas was modest, mainly attributed to a good performance in OA solutions and price increases. Patient Care sales amounted to USD 82 million in Q4 2023 and grew by 12% organic. Solid performance in all markets, attributed to volume growth and positive solution mix.

**Limited reimbursement rate increase in Patient Care**

Around 90% of Össur product sales and services are reimbursed by public and private payers. Össur has implemented price increases in 2023 for Prosthetics and B&S products in line with regional development in reimbursement and/or inflation. Price increases in Patient Care are however decided by public and private payers, and in 2022, most payers did not increase their rates. In 2023 only some payers in some markets have increased reimbursement rates and, for example, selected markets in EMEA where Össur has substantial Patient Care operations, there have not been any material changes to reimbursement rates in 2023, temporarily impacting growth and margin development in those markets.

**Operations**

**Gross profit margin of 61% in Q4 2023**

Gross profit in FY 2023 amounted to USD 486 million or 62% of sales compared to USD 440 million or 61% of sales in FY 2022 (62% of sales excluding special items). In Q4 2023, gross profit amounted to USD 129 million or 61% of sales compared to USD 116 million or 61% of sales in Q4 2022. The gross profit margin was positively impacted by strong sales growth, favorable product mix, and lower freight cost but is adversely impacted by higher unit cost in manufacturing and time-lag in reimbursement.

Inflationary effects are evident in both labor and raw material cost, but freight cost declined by USD 5-6 million in FY 2023 compared to FY 2022. Freight cost declined in line with expectations, driven by lower freight rates and reduced volume shipped from Asia, although slightly below the initial estimated decrease of USD 6-7 million as reduced freight cost was partly offset by temporary use of more expensive means of freight for some raw materials in line with strong sales performance.

Unit cost has been increasing at a faster rate than price increases in recent years, due to inflation and supply chain challenges. However, with lower freight cost and increasing productivity, unit cost began to normalize during the year, although it is still above normalized levels. Össur has initiated focused initiatives to increase productivity in manufacturing and further lower unit cost in 2024.

**Operating expenses**

**OPEX ratio of 49% in Q4 2023**

Operating expenses amounted to USD 396 million or 50% of sales in FY 2023, compared to USD 375 million or 52% of sales in FY 2022 (51% of sales excluding special items). Operating expenses amounted to USD 104 million or 49% of sales in Q4 2023, compared to USD 95 million or 50% of sales in Q4 2022.

Main driver of OPEX in the quarter are inflation and labor cost, including variable compensation in line with strong sales performance, but those were offset by cost saving initiatives announced in Q3 2022 to support further growth and profitability. Total annual cost savings amount to USD 15 million which started to materialize from the beginning of 2023, of which one-third was reinvested in emerging markets and digital initiatives.

**EBITDA**

**EBITDA margin of 18% in Q4 2023**

In FY 2023, EBITDA amounted to USD 139 million or 18% of sales compared to EBITDA before special items of USD 128 million or 18% of sales in FY 2022. In Q4 2023, EBITDA amounted to USD 37 million or 18% of sales compared to EBITDA of USD 34 million or 18% of sales in Q4 2022.

In addition to the items mentioned impacting gross profit, EBITDA was positively impacted by operational efficiency and savings from streamlining announced in the fall of 2022 but adversely impacted by inflationary cost and labor cost increases in SG&A expenses.

Currency impact on the EBITDA margin including hedging was negative by about 50 basis points in the quarter and negative by about 30 basis points for FY 2023.

## Financial items, income tax and net profit

Net financial expenses in FY 2023 amounted to USD 17 million, compared to USD 9 million in FY 2022. Net financial expenses in Q4 2023 amounted to USD 3 million, compared to USD 5 million in Q4 2022.

### Effective tax rate of 21% in Q4 2023

Income tax amounted to USD 17 million in FY 2023, corresponding to a 23% effective tax rate compared to USD 13 million in FY 2022, corresponding to a 23% effective tax rate. Income tax amounted to USD 5 million in Q4 2023, corresponding to a 21% effective tax rate compared to USD 3 million in Q4 2022, corresponding to a 21% effective tax rate.

### Net profit margin of 9% in Q4 2023

Net profit in FY 2023 amounted to USD 59 million or 7% of sales compared to USD 43 million or 6% of sales in FY 2022. Diluted earnings per share in FY 2023 amounted to 14.0 US cents compared to 10.3 in FY 2022. Net profit in Q4 2023 amounted to USD 19 million or 9% of sales compared to USD 13 million or 7% of sales in Q4 2022. Diluted earnings per share in Q4 2023 amounted to 4.5 US cents compared to 3.0 in Q4 2022.

## Cash flow

### Cash generated by operations

### Cash generation was 22% of sales in Q4 2023

Cash generated by operations amounted to USD 126 million or 16% of sales in FY 2023, compared to USD 92 million or 13% of sales in FY 2022. Cash generated by operations amounted to USD 46 million or 22% of sales in Q4 2023, compared to USD 39 million or 21% of sales in Q4 2022.

Cash generation was strong in the quarter with positive impact from working capital as inventory started to come down. Inventory levels however remain high, mainly consisting of bionic raw material to secure production of Bionics in addition to build-up of high-volume, low-cost, B&S products in the last two years due to the worldwide supply chain challenges. Inventory levels are currently being lowered in Bracing & Supports, and overall inventory is expected to gradually normalize.

### Capital expenditures

### CAPEX was 5% of sales in Q4 2023

Capital expenditures in FY 2023 amounted to USD 42 million or 5% of sales, compared to USD 26 million or 4% of sales in FY 2022. Capital expenditures in Q4 2023 amounted to USD 10 million or 5% of sales, compared to USD 7 million or 4% of sales in Q4 2022.

CAPEX in the quarter and full year are above a normalized level as investments were made in the Össur Leg concept and expanding in some key locations to support further growth.

### Free cash flow

### Free cash flow was 9% of sales in Q4 2023

Free cash flow in FY 2023 amounted to USD 52 million or 7% of sales, compared to USD 35 million or 5% of sales in FY 2022. Free cash flow in Q4 2023 amounted to USD 26 million or 13% of sales, compared to USD 17 million or 9% of sales in Q4 2022.

### Bank balances and cash equivalents

### Cash and undrawn facilities amounted to USD 134 million

Bank balances and cash equivalents amounted to USD 73 million at the end of Q4 2023 and USD 61 million of existing facilities were undrawn. Bank balances and cash equivalents in addition to undrawn credit facilities at the end of Q4 2023, therefore, amounted to USD 134 million.

## Capital structure

### Net-interest bearing debt

**NIBD/EBITDA at  
2.8x**

Net interest-bearing debt, including lease liabilities, amounted to USD 395 million at year-end 2023 compared to USD 404 million at year-end 2022. Net interest-bearing debt to EBITDA before special items corresponded to 2.8x at year-end 2023, within the target range of 2.0-3.0x.

### Share buybacks and treasury shares

**Share buybacks  
continue to be  
paused**

The purpose of the share buyback program is to reduce the Company's share capital and adjust the capital structure with a desired capital level of 2.0-3.0x net interest-bearing debt to EBITDA before special items, by distributing capital to shareholders in line with the Company's Capital Structure and Capital Allocation Policy. The buyback program is currently paused as the leverage ratio is at the upper end of the target range of 2.0-3.0x. The leverage ratio is expected to be slightly above the target range after the acquisition of FIOR & GENTZ on 16 January 2024.

At the end of Q4 2023, treasury shares totaled 701,647.

## Financial guidance

	Guidance FY 2024	Actual FY 2023
Sales growth, organic	5-8%	9%
EBITDA margin, before special items	19-20%	18%
<b>For modeling purposes:</b>		
Special items, in USD million	1	0
CAPEX as % of sales	3-4%	5%
Effective tax rate	23-24%	23%

Organic sales growth is expected to be in the range of 5-8%. Continued strong performance is expected in all our business segments and regions, attributed to strong volume growth in Prosthetics and Patient Care, positive solutions mix, impact from new product launches, and some price increases in Prosthetics and B&S. Minimal reimbursement rate increases are currently expected in 2024. No impact from the new Medicare proposal for prosthetics coverage in the United States has been assumed in the organic growth guidance for 2024, given that the proposal is not in effect and timelines are uncertain.

The organic sales growth guidance includes estimated organic sales growth from FIOR & GENTZ which was acquired in January 2024, based on 2023 net sales of approx. USD 23 million. The addition of FIOR & GENTZ will be accretive to organic sales growth when compared to historical organic growth rates, as was the case for Naked Prosthetics which was acquired in 2022.

EBITDA margin before special items is expected to be in the range of 19-20%. The EBITDA margin is expected to be positively impacted by sales growth across all our segments and markets, favorable product mix with continued strong performance in high-end solutions, focused initiatives to increase productivity in manufacturing resulting in further normalization of unit cost, operational efficiency, less inflationary increase on cost when compared to 2023, although similar payroll increases are expected in 2024 as in 2023, and accretive impact from the acquisition of FIOR & GENTZ.

Special items are expected to be around USD 1 million in relation to the acquisition of FIOR & GENTZ, to be expensed in the first quarter of 2024.

At current foreign exchange rates, keeping all other factors constant, the EBITDA margin before special items is expected to be negatively impacted by about 10 basis points in 2024 when compared to 2023. Additional information on foreign exchange assumptions can be found in the next section.

### Foreign exchange

Sales are particularly exposed to fluctuations in the EUR against the USD. In addition to the EUR, the ISK has a relatively high impact on operating results as a substantial part of manufacturing, R&D and some corporate functions are based in Iceland whereas sales in ISK are minor. Split of sales and costs by main currencies can be found in note 4 of the accompanying Condensed Interim Consolidated Financial Statements.

All else being equal, a +/- 5% movement in EUR/USD is estimated to have an annual impact on EBITDA in the range of +/- USD 2.5-3.1 million when unhedged. The same movement in ISK/USD is estimated to have an annual impact on EBITDA in the range of +/- USD 3.3-3.9 million when unhedged. Össur utilizes forward contracts to hedge approximately 50% of the estimated net currency exposure in ISK.

Currency overview USD	EUR	ISK
Average exchange rate FY 2023	1,0814	0,0073
Closing rate 29 January 2024	1,0871	0,0073
Estimated average exchange rate for FY 2024*	1,0827	0,0072
Change in estimated exchange rate FY 2024 compared to last year's average	3%	-2%

\*Estimated average exchange rate is calculated as the closing rate on 29 January 2024.

### Other highlights

#### Acquisition of FIOR & GENTZ and share capital increase

Össur announced and closed the acquisition of FIOR & GENTZ on January 16. FIOR & GENTZ develops and distributes knee and ankle orthotic joints to create innovative custom-made orthotics for patients with gait impairment due to neurological conditions. In 2023, Fior & Gentz reached total sales of approx. USD 23 million, up 16% from the year before, and EBITDA margin is 30%. In the period 2020 to 2023, sales grew annually 14% on average.

In connection with the acquisition, the Board of Directors of Össur has resolved to utilize the authorization in Article 5, paragraph 1, of the Articles of Association to issue 6,636,122 new shares in Össur, raising the total share capital in nominal value by 1.6% from ISK 421,000,000 to ISK 427,636,122.

The effective date for the financials of Fior & Gentz is 1 January 2024 although the transaction is signed and closed on 16 January 2024. As part of the transaction, Össur will from Q1 2024 be renaming its Prosthetics sales segmentation to Prosthetics & Neuro Orthotics where Fior & Gentz's sales will be included.

Further information can be found in Össur's company announcement no. 1/2024.

### **Medicare's new prosthetics coverage proposal**

Medicare announced on January 18 a new proposal for prosthetics coverage in the United States. The draft would give K2 patients access to knees and feet that have historically been limited to K3 patients. It includes guidance on what criteria would need to be satisfied to provide K2 patients these more sophisticated knees and feet. If implemented, the proposal would increase some K2 patients' access to devices better suited for their clinical needs than those currently available to them. In addition, it would positively impact both patient care providers and device manufacturers. Importantly, the proposal suggests providing K2 patients access to both microprocessor-controlled knees and feet (Bionics), plus a wide range of K3 mechanical knees and feet previously unavailable to them. The proposal gives licensed and certified prosthetists in the United States the chance to offer less-mobile patients vital functional improvements through more sophisticated components that improve both safety and mobility.

While the proposal is still in draft form, it represents a potentially significant shift in Medicare coverage policy, potentially opening access to high-quality mobility solutions to a larger part of the amputee population. The draft proposal is open for public comments until 2 March. It is not possible to predict with accuracy at this time when it is likely to be finalized.

It is estimated that Medicare accounts for more than one-fourth of total prosthetic reimbursement in the United States. K2 patients constitute a material percentage of people living with lower limb amputation. K2 patients are less mobile, limited community ambulators who generally walk at a fixed cadence. K3 patients are more mobile, unlimited community ambulators capable of walking at different speeds.

### **Danske Bank and Nordea credit facilities amended to a sustainability-linked format**

Össur has successfully amended its credit facilities agreement with Danske Bank and Nordea to a format where interest rates are linked to Össur's sustainability efforts, such as reaching more patients and emissions reduction efforts in own operations and the value chain. The integration of sustainability into Össur's capital structure is a demonstration of our sustainability strategy and commitment, Responsible for Tomorrow®. We believe that sustainable growth is the only way to build a successful and responsible business for the benefit of future generations.



## Conference call and financial calendar

### Conference call details

Össur will host a conference call on 30 January 2024 at **9:00 CET / 8:00 GMT / 4:00 ET**.

Link to the webcast and registration link to actively participate in the Q&A session of the call, can be found on Össur's Investor Relations website: [www.ossur.com/investors](http://www.ossur.com/investors).

### Financial calendar

Annual General Meeting 2024	13 March 2024
Interim report Q1 2024	23 April 2024
Interim report Q2 2024	23 July 2024
Interim report Q3 2024	22 October 2024
Interim report Q4 2024 and Annual Report 2024	5 February 2025
Annual General Meeting 2025	12 March 2025

## For further information

### Contact details

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### Össur corporate announcements by e-mail

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### About Össur

Össur (Nasdaq Copenhagen: OSSR) is a leading global provider of innovative mobility solutions that help people live a Life Without Limitations®. For over 50 years, Össur has had a strong purpose rooted in positively impacting people's health and well-being. A recognized "Technology Pioneer", Össur focuses on improving people's mobility through the delivery of solutions that advance patient care. Significant investment in research and development has led to over 2,000 patents, award-winning designs, successful clinical outcomes, and steady growth. Össur is committed to sustainable business practices and is signatory to the UN Global Compact, UN Women's Empowerment Principles, and contributes to the UN Sustainable Development Goals. Össur operates globally and has around 4,000 employees.

[www.ossur.com](http://www.ossur.com)

### Forward-looking statements

This company announcement includes "forward-looking statements" which involve risks and uncertainties that could cause actual results to differ materially from results expressed or implied by these statements. Össur hf. undertakes no obligation and does not intend to update these forward-looking statements to reflect events or circumstances occurring after this company announcement. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this company announcement. All forward-looking statements are qualified in their entirety by this cautionary statement.

**Össur hf.**

**Condensed Interim Consolidated  
Financial Statements**

**31.12.2023**

Össur hf

Grjóthálsi 5

110 Reykjavík

Id-no. 560271-0189

## Statement by the Board of Directors and President and CEO

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The Condensed Interim Consolidated Financial Statements of Össur hf. for the period from 1 January 2023 to 31 December 2023 consist of the Financial Statements of Össur hf. and its subsidiaries. The Condensed Interim Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards for Interim Financial Reporting, IAS 34, as adopted by the EU. The Condensed Interim Consolidated Financial Statements are neither audited nor reviewed by the Company's auditors.

The total sales of the Össur Consolidation amounted to USD 785.7 million and the net profit amounted to USD 58.8 million. Össur's Consolidated total assets amounted to USD 1,385.7 million at the end of period, liabilities were USD 680.7 million, and equity was USD 705.0 million.

It is our opinion that these Condensed Interim Consolidated Financial Statements present all the information necessary to give a true and fair view of the Company's financial position at 31 December 2023 and financial performance and cash flow for the period ended 31 December 2023.

The Board of Directors and the President and CEO of Össur hf. have today discussed the Condensed Interim Consolidated Financial Statements for the period from 1 January 2023 to 31 December 2023 and confirm them by means of their signatures.

Reykjavík, 30 January 2024

### Board of Directors

Niels Jacobsen  
Chairman of the Board

Svafa Grönfeldt  
Vice Chairman of the Board of Directors

Arne Boye Nielsen  
Member of the Board of Directors

Alberto Esquenazi  
Member of the Board of Directors

Guðbjörg Edda Eggertsdóttir  
Member of the Board of Directors

### President and CEO

Sveinn Sölvason

## Consolidated Income Statement

All amounts in USD '000	Notes	2023	2022	Q4 2023	Q4 2022
Net sales	3	785,683	718,650	210,197	190,944
Cost of goods sold		(300,110)	(278,902)	(81,646)	(75,008)
<b>Gross profit</b>		<b>485,573</b>	<b>439,748</b>	<b>128,551</b>	<b>115,936</b>
Other income / (expenses)		1,927	(2,296)	302	1,252
Sales and marketing expenses		(293,080)	(266,056)	(76,933)	(68,049)
Research and development expenses		(38,142)	(34,024)	(10,110)	(8,864)
General and administrative expenses		(66,891)	(72,529)	(17,179)	(19,047)
<b>Earnings before interest and tax (EBIT)</b>		<b>89,387</b>	<b>64,844</b>	<b>24,631</b>	<b>21,228</b>
Financial income		4,608	1,306	951	209
Financial expenses		(20,720)	(12,947)	(5,001)	(3,786)
Net exchange rate difference		(666)	2,612	788	(1,566)
Net financial expenses		(16,778)	(9,029)	(3,262)	(5,143)
Share in net profit of associates		3,398	357	2,799	87
<b>Earnings before tax (EBT)</b>		<b>76,007</b>	<b>56,172</b>	<b>24,169</b>	<b>16,172</b>
Income tax		(17,206)	(12,962)	(5,154)	(3,413)
<b>Net profit</b>		<b>58,801</b>	<b>43,210</b>	<b>19,015</b>	<b>12,759</b>
Attributable to:					
Owners of the Company		58,389	42,513	18,995	12,904
Non-controlling interests		412	697	20	(145)
<b>Net profit</b>		<b>58,801</b>	<b>43,210</b>	<b>19,015</b>	<b>12,759</b>
<b>Earnings per share</b>					
Basic earnings per share (US cent)		14.0	10.3	4.5	3.0
Diluted earnings per share (US cent)		14.0	10.3	4.5	3.0

## Consolidated Statement of Comprehensive Income

All amounts in USD '000	2023	2022	Q4 2023	Q4 2022
<b>Net profit</b>	58,801	43,210	19,015	12,759
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Change in cash flow hedges	963	(1,431)	(642)	(1,322)
Fair value changes of financial liabilities	93	0	93	0
Exchange differences on translating foreign operations	4,839	(23,968)	7,566	15,485
Income tax	811	(208)	1,439	1,368
<b>Other comprehensive income, net of income tax</b>	<b>6,706</b>	<b>(25,607)</b>	<b>8,456</b>	<b>15,531</b>
<b>Total comprehensive income</b>	<b>65,507</b>	<b>17,603</b>	<b>27,471</b>	<b>28,290</b>
Attributable to:				
Owners of the Company	65,095	16,906	27,451	28,435
Non-controlling interests	412	697	20	(145)
<b>Total comprehensive income</b>	<b>65,507</b>	<b>17,603</b>	<b>27,471</b>	<b>28,290</b>

## Consolidated Balance Sheet

### Assets

All amounts in USD '000	Notes	31.12.2023	31.12.2022
Property, plant and equipment	5	64,386	54,189
Right of use assets	6	121,673	125,131
Goodwill	7	690,855	680,400
Other intangible assets	8	65,841	62,003
Investment in associates		20,532	13,751
Other financial assets		4,530	3,719
Deferred tax assets		41,888	37,320
<b>Non-current assets</b>		<b>1,009,706</b>	<b>976,514</b>
Inventories		136,226	132,127
Accounts receivables		127,844	112,372
Other assets		39,253	27,717
Cash and cash equivalents		72,653	76,631
<b>Current assets</b>		<b>375,976</b>	<b>348,847</b>
<b>Total assets</b>		<b>1,385,682</b>	<b>1,325,361</b>

## Consolidated Balance Sheet

### Equity and liabilities

All amounts in USD '000		31.12.2023	31.12.2022
Issued capital and share premium		66,260	66,211
Reserves		(64,045)	(70,467)
Retained earnings		699,667	639,961
Shareholders equity		701,883	635,704
Non-controlling interest		3,123	(194)
<b>Total equity</b>		<b>705,005</b>	<b>635,510</b>
Borrowings		311,802	277,709
Lease liabilities	6	112,605	116,376
Deferred tax liabilities		28,777	29,596
Provisions		6,666	5,808
Deferred income		7,277	6,042
Other financial liabilities		17,351	17,314
<b>Non-current liabilities</b>		<b>484,478</b>	<b>452,844</b>
Borrowings		21,533	62,068
Lease liabilities	6	21,793	24,770
Accounts payable		30,749	28,653
Income tax payable		12,138	11,012
Provisions		11,322	19,325
Accrued salaries and related expenses		50,068	42,005
Other financial liabilities		9,583	18,524
Other liabilities		39,012	30,651
<b>Current liabilities</b>		<b>196,198</b>	<b>237,007</b>
<b>Total liabilities</b>		<b>680,676</b>	<b>689,851</b>
<b>Total equity and liabilities</b>		<b>1,385,682</b>	<b>1,325,361</b>

## Consolidated Statement of Cash Flow

All amounts in USD '000	Notes	2023	2022	Q4 2023	Q4 2022
Earnings before interests and tax (EBIT)		89,387	64,844	24,631	21,228
Depreciation and amortization	5, 6, 8	49,920	49,365	12,856	12,378
Change in inventories		(2,268)	(28,620)	4,952	(3,128)
Change in receivables		(16,370)	(13,197)	(1,534)	219
Change in payables		14,896	10,942	8,953	10,910
Change in provisions		(7,365)	11,583	(438)	(2,649)
Other operating activities		(2,214)	(2,952)	(2,968)	203
<b>Cash generated from operations</b>		<b>125,986</b>	<b>91,965</b>	<b>46,452</b>	<b>39,161</b>
Interest received		4,733	1,581	315	199
Interest paid		(16,046)	(13,112)	(840)	(5,876)
Income tax paid		(20,349)	(19,663)	(9,151)	(9,300)
<b>Net cash generated from operating activities</b>		<b>94,324</b>	<b>60,771</b>	<b>36,776</b>	<b>24,184</b>
Purchase of fixed and intangible assets	5, 8	(42,278)	(25,942)	(10,288)	(7,216)
Acquisition of subsidiaries, net of cash in acquired entities		(11,903)	(41,784)	(6,733)	(897)
Other investing activities		(2,966)	1,465	(3,474)	347
<b>Cash flows used in investing activities</b>		<b>(57,147)</b>	<b>(66,261)</b>	<b>(20,495)</b>	<b>(7,766)</b>
Proceeds from long-term borrowings		0	52,833	0	52,286
Repayments of long-term borrowings		(13,202)	(65,797)	(6,166)	(59,546)
Changes in revolving credit facility		(1,575)	48,588	(3,008)	2,631
Payments of lease liabilities	6	(25,423)	(21,264)	(5,330)	(5,392)
Dividends from subsidiaries paid to non-controlling interests		(759)	(630)	(759)	(629)
Purchased treasury shares		0	(9,941)	0	(724)
<b>Cash flows (used in)/generated from financing activities</b>		<b>(40,959)</b>	<b>3,789</b>	<b>(15,263)</b>	<b>(11,374)</b>
<b>Net change in cash</b>		<b>(3,782)</b>	<b>(1,702)</b>	<b>1,018</b>	<b>5,044</b>
Exchange rate effects on cash held in foreign currencies		(196)	(6,864)	1,279	4,789
<b>Cash and cash equivalents at beginning of period</b>		<b>76,631</b>	<b>85,197</b>	<b>70,356</b>	<b>66,798</b>
<b>Cash and cash equivalents at end of period</b>		<b>72,653</b>	<b>76,631</b>	<b>72,653</b>	<b>76,631</b>



## Consolidated Statement of Changes in Equity

All amounts in USD '000	Share capital	Share premium	Other reserves	Retained earnings	Share-holders equity	Non-controlling interests	Total equity
<b>Balance at 1 January 2022</b>	<b>4,795</b>	<b>70,776</b>	<b>(45,917)</b>	<b>591,932</b>	<b>621,586</b>	<b>5,009</b>	<b>626,595</b>
Net profit				42,513	42,513	697	43,210
Change in cash flow hedges			(1,141)		(1,141)		(1,141)
Transl. diff. of shares in subsidiaries			(24,466)		(24,466)		(24,466)
Total comprehensive income	0	0	(25,607)	42,513	16,906	697	17,603
Payment of dividends					0	(630)	(630)
Share option charge for the period			2,221		2,221		2,221
Share option vested during the period	1	579	(1,164)	245	(338)		(338)
Purchase of treasury shares	(16)	(9,925)			(9,941)		(9,941)
Change in non-controlling interests				5,270	5,270	(5,270)	0
<b>Balance at 31 December 2022</b>	<b>4,781</b>	<b>61,430</b>	<b>(70,467)</b>	<b>639,961</b>	<b>635,704</b>	<b>(194)</b>	<b>635,510</b>
Net profit				58,389	58,389	412	58,801
Change in cash flow hedges			770		770		770
Fair value changes of financial liabilities			70		70		70
Transl. diff. of shares in subsidiaries			5,866		5,866		5,866
Total comprehensive income	0	0	6,706	58,389	65,095	412	65,507
Payment of dividends					0	(759)	(759)
Put option for minority share in subsidiary			(825)		(825)		(825)
Share option charge for the period			1,759		1,759		1,759
Share option vested during the period	0	49	(1,218)	1,088	(81)		(81)
Change in non-controlling interests				229	229	3,665	3,894
<b>Balance at 31 December 2023</b>	<b>4,781</b>	<b>61,479</b>	<b>(64,045)</b>	<b>699,667</b>	<b>701,883</b>	<b>3,123</b>	<b>705,005</b>

## Notes to the Consolidated Financial Statements

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### 1. Summary of Significant Accounting Policies

#### Statement of compliance

The Condensed Interim Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) for Interim Financial Reporting, IAS 34 as adopted by the EU. The Condensed Interim Consolidated Financial Statements are presented in accordance with the new and revised IFRS accounting standards and new interpretations (IFRIC), applicable for the period. New and amended IFRS accounting standards that are effective for the current year have minor impact on the Company's Financial Statements. The Company has not early applied new and revised IFRS accounting standards that have been issued but are not yet effective. The Financial Statements are presented in USD, which is the Company's functional currency. They do not include all of the information required for full Annual Financial Statements and should be read in conjunction with the Company's Annual Financial Statements for the period ended 31 December 2023. The Company's Annual Consolidated Financial Statements can be found on the Company's website [www.ossur.com](http://www.ossur.com).

#### Basis of preparation

The Condensed Interim Consolidated Financial Statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The Condensed Interim Consolidated Financial Statements are presented in US dollars and all values are rounded to the nearest thousand ('000), except when otherwise indicated. This rounding may have impact on the total sum. The accounting policies adopted are consistent with those followed in the preparation of the Company's Annual Consolidated Financial Statements for the period ended 31 December 2023.

## Notes to the Consolidated Financial Statements

### 2. Quarterly statements

	Full year 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Net sales	785,683	210,197	192,920	201,353	181,212
Cost of goods sold	(300,110)	(81,646)	(73,890)	(75,409)	(69,164)
<b>Gross profit</b>	<b>485,573</b>	<b>128,551</b>	<b>119,030</b>	<b>125,944</b>	<b>112,049</b>
Gross profit margin	62%	61%	62%	63%	62%
Other income	1,927	302	137	430	1,058
Sales and marketing expenses	(293,080)	(76,933)	(71,712)	(73,272)	(71,163)
Research and development expenses	(38,142)	(10,110)	(8,884)	(9,414)	(9,734)
General and administrative expenses	(66,891)	(17,179)	(14,577)	(18,666)	(16,470)
<b>EBIT</b>	<b>89,387</b>	<b>24,631</b>	<b>23,994</b>	<b>25,023</b>	<b>15,739</b>
Net financial expenses	(16,778)	(3,262)	(5,923)	(5,128)	(2,465)
Share in net profit of associates	3,398	2,799	(67)	682	(16)
<b>EBT</b>	<b>76,007</b>	<b>24,169</b>	<b>18,004</b>	<b>20,577</b>	<b>13,257</b>
Income tax	(17,206)	(5,154)	(4,131)	(4,705)	(3,216)
<b>Net profit</b>	<b>58,801</b>	<b>19,015</b>	<b>13,873</b>	<b>15,872</b>	<b>10,041</b>
EBITDA	139,307	37,487	36,271	37,372	28,177
EBITDA margin	18%	18%	19%	19%	16%

There were no special items in the year 2023.

### 3. Net Sales

	2023	2022	Q4 2023	Q4 2022
<b>Sales by geographical segment:</b>				
Americas	384,057	350,749	100,571	95,390
EMEA	336,278	306,013	92,774	80,128
APAC	65,348	61,888	16,853	15,426
<b>Total</b>	<b>785,683</b>	<b>718,650</b>	<b>210,197</b>	<b>190,944</b>
<b>Sales by business segment:</b>				
Prosthetics	398,039	346,522	102,523	91,843
Bracing & Supports	146,500	143,121	36,117	35,257
Internal product sales	(38,952)	(31,083)	(10,132)	(8,519)
External product sales	505,587	458,560	128,508	118,581
Patient Care	280,096	260,090	81,689	72,363
<b>Total</b>	<b>785,683</b>	<b>718,650</b>	<b>210,197</b>	<b>190,944</b>

Presentation of sales by business segment has been changed in 2023, resulting in restatement of comparatives.

## Notes to the Consolidated Financial Statements

### 4. Sales and expenses split by main currencies

	2023			Q4 2023		
	LCY	USD	%	LCY	USD	%
<b>Sales</b>						
USD	346,755	346,755	44%	91,822	91,822	44%
EUR	173,902	188,065	24%	45,605	49,081	23%
ISK	503,403	3,659	0%	145,632	1,049	0%
Nordic curr. (SEK, NOK, DKK)		93,268	12%		29,005	14%
Other (GBP, AUD, CAD & Other)		153,936	20%		39,240	19%
<b>Total</b>		<b>785,683</b>	<b>100%</b>		<b>210,197</b>	<b>100%</b>
<b>COGS and OPEX</b>						
USD	308,819	308,819	44%	76,809	76,809	41%
EUR	135,361	146,369	21%	37,771	40,650	22%
ISK	9,959,251	72,122	10%	2,846,413	20,497	11%
Nordic curr. (SEK, NOK, DKK)		85,118	12%		24,905	13%
Other (GBP, MXN, CAD & Other)		83,868	12%		22,705	12%
<b>Total</b>		<b>696,296</b>	<b>100%</b>		<b>185,566</b>	<b>100%</b>

	2022			Q4 2022		
	LCY	USD	%	LCY	USD	%
<b>Sales</b>						
USD	320,039	320,039	45%	88,518	88,518	46%
EUR	154,664	162,914	23%	41,803	42,659	22%
ISK	337,268	2,483	0%	107,852	752	0%
Nordic curr. (SEK, NOK, DKK)		93,413	13%		24,928	13%
Other (GBP, AUD, CAD & Other)		139,801	19%		34,087	18%
<b>Total</b>		<b>718,650</b>	<b>100%</b>		<b>190,944</b>	<b>100%</b>
<b>COGS and OPEX</b>						
USD	312,567	312,567	48%	84,585	84,585	50%
EUR	108,448	114,789	17%	28,526	29,110	17%
ISK	8,787,768	65,084	10%	2,381,020	16,593	10%
Nordic curr. (SEK, NOK, DKK)		84,630	13%		22,069	13%
Other (GBP, MXN, CAD & Other)		76,736	12%		17,359	10%
<b>Total</b>		<b>653,806</b>	<b>100%</b>		<b>169,716</b>	<b>100%</b>

Currency split is derived by using best available information at each time.

## Notes to the Consolidated Financial Statements

### 5. Property, plant and equipment

<b>2023</b>	<b>Buildings &amp; sites</b>	<b>Machinery &amp; equipment</b>	<b>Fixtures &amp; office equip.</b>	<b>Computer equipment</b>	<b>Total</b>
<b>Cost</b>					
At 1 January	2,257	69,427	46,356	13,928	131,968
Reclassification	(1,680)	0	1,680	0	0
Additions	0	8,902	15,540	4,791	29,233
Business Combinations	0	82	29	0	111
Eliminated on disposal	0	(4,098)	(3,846)	(280)	(8,224)
Fully depreciated assets	0	(3,258)	(3,624)	(3,795)	(10,677)
Exchange rate differences	19	646	1,116	297	2,078
<b>At 31 December 2023</b>	<b>596</b>	<b>71,701</b>	<b>57,251</b>	<b>14,941</b>	<b>144,489</b>
<b>Depreciation</b>					
At 1 January	474	41,900	26,129	9,276	77,779
Reclassification	(352)	0	352	0	0
Charge for the period	18	8,645	5,445	3,518	17,626
Eliminated on disposal	0	(3,131)	(2,589)	(234)	(5,954)
Fully depreciated assets	0	(3,258)	(3,624)	(3,795)	(10,677)
Exchange rate differences	3	306	859	161	1,329
<b>At 31 December 2023</b>	<b>143</b>	<b>44,462</b>	<b>26,572</b>	<b>8,926</b>	<b>80,103</b>
<b>At 31 December 2023</b>	<b>453</b>	<b>27,239</b>	<b>30,679</b>	<b>6,015</b>	<b>64,386</b>
Depreciation classified by functional category:					
	<b>2023</b>	<b>2022</b>	<b>Q4 2023</b>	<b>Q4 2022</b>	
Cost of goods sold	9,129	8,945	2,658	2,243	
Sales and marketing expenses	4,549	4,866	1,163	1,245	
Research and development expenses	673	741	199	166	
General and administrative expenses	3,275	3,170	819	835	
<b>Total</b>	<b>17,626</b>	<b>17,722</b>	<b>4,839</b>	<b>4,489</b>	

## Notes to the Consolidated Financial Statements

### 6. Leases

#### Right of use assets

<b>2023</b>	<b>Buildings &amp; sites</b>	<b>Machinery &amp; equipment</b>	<b>Total</b>
At 1 January	122,647	2,484	125,131
Additions and renewals	15,033	2,077	17,110
Depreciation charge for the period	(20,566)	(1,934)	(22,500)
Eliminated on disposal and termination	(562)	(24)	(586)
Exchange rate differences	2,415	103	2,518
<b>At 31 December 2023</b>	<b>118,967</b>	<b>2,706</b>	<b>121,673</b>

Depreciation classified by functional category:	<b>2023</b>	<b>2022</b>	<b>Q4 2023</b>	<b>Q4 2022</b>
Cost of goods sold	8,982	8,471	2,241	1,958
Sales and marketing expenses	4,491	4,235	1,121	979
Research and development expenses	2,695	2,541	673	587
General and administrative expenses	6,332	5,930	1,569	1,764
<b>Total</b>	<b>22,500</b>	<b>21,177</b>	<b>5,604</b>	<b>5,288</b>

#### Lease liabilities

In January 2023, a buyout agreement for one of the Company's main locations was signed and the remaining contractual payment made, totaling USD 5.0 million.

### 7. Goodwill

	<b>31.12.2023</b>	<b>31.12.2022</b>
At 1 January	680,400	644,153
Business combinations	2,241	54,229
Exchange rate differences	8,214	(17,982)
<b>At 31 December</b>	<b>690,855</b>	<b>680,400</b>

## Notes to the Consolidated Financial Statements

### 8. Other intangible assets

<b>2023</b>	<b>Cust./distrib. relationships</b>	<b>Patents</b>	<b>Trademarks</b>	<b>Software and other</b>	<b>Total</b>
<b>Cost</b>					
At 1 January	36,939	25,009	2,803	50,242	114,993
Additions	109	3,548	52	712	4,421
Additions - internally generated	0	0	0	8,624	8,624
Fully amortized assets	(3,278)	(500)	0	(5,388)	(9,166)
Exchange rate differences	484	286	16	56	842
<b>At 31 December 2023</b>	<b>34,254</b>	<b>28,343</b>	<b>2,871</b>	<b>54,246</b>	<b>119,714</b>
<b>Amortization</b>					
At 1 January	27,039	6,857	501	18,593	52,990
Charge for the period	1,740	1,376	86	6,592	9,794
Fully amortized assets	(3,278)	(500)	0	(5,388)	(9,166)
Exchange rate differences	175	47	1	32	255
<b>At 31 December 2023</b>	<b>25,676</b>	<b>7,780</b>	<b>588</b>	<b>19,829</b>	<b>53,873</b>
<b>At 31 December 2023</b>	<b>8,578</b>	<b>20,563</b>	<b>2,283</b>	<b>34,417</b>	<b>65,841</b>
Amortization classified by functional category:					
	<b>2023</b>	<b>2022</b>	<b>Q4 2023</b>	<b>Q4 2022</b>	
Cost of goods sold	628	143	217	33	
Sales and marketing expenses	5,724	6,512	1,340	1,381	
Research and development expenses	1,377	1,365	362	383	
General and administrative expenses	2,065	2,446	494	804	
<b>Total</b>	<b>9,794</b>	<b>10,466</b>	<b>2,413</b>	<b>2,601</b>	