



Remuneration Report

2023

Remuneration Report

In this Remuneration Report we outline the remuneration of the Board of Directors and Executive Management in 2023. The remuneration is based on the Remuneration Policy, which was approved at the Annual General Meeting 10 March 2023.

Governance

The Board established a Remuneration Committee in 2022, which is composed of the Chairman of the Board and the Chairman of the Audit Committee. According to the Remuneration Committee's terms of reference, its main objective is to prepare recommendations to the Board in relation to the Remuneration Policy and remuneration for the Board, the President and CEO and other members of the Executive Management.

Main activities in 2023

A new Remuneration Policy was approved at the Annual General Meeting 10 March 2023.

The Policy was updated to increase transparency on the Company's objectives and practices and how they link to remuneration to the Board and the Executive Management. The main changes include:

- Board Committee fee to the members of the Audit Committee
- Non-financial performance metrics for Short-Term Incentives
- New type of long-term incentive program for the Executive Management; performance share units (PSUs)
- Possibility to offer compensation as a part of sign-on arrangement during recruitment

Remuneration Principles

Össur has a competitive compensation structure in place to retain employees, encourage individual performance, and reach objectives that are in the interest of the shareholders. Össur's compensation philosophy is to attract, motivate and retain talented employees and offer remuneration that reflects the market value of the job, considering the job's complexity and responsibilities.

Össur aims to attract and retain exceptional employees for the long-term. To the extent possible, the remuneration of managers and other employees shall be harmonized and fair, considering their responsibilities, local trends, performance and other relevant factors. Pay programs, practices, and pay targets are comparable within the industries and geographies where Össur competes for talent. Remuneration consists of a fixed salary, pension contribution, bonuses, other benefits and share based incentives, which are reviewed regularly against external benchmarks.



Overall Group Performance 2023

In 2023 we had a strong financial performance underpinned by positive momentum in all regions and business segments. Organic sales growth was strong, especially within Prosthetics and Patient Care. Growth in those segments was driven by volume, further emphasizing our ability to provide even more patients with high-end products and high-quality care during the year. Sales amounted to USD 780 million, with 9% organic growth, and the EBITDA margin was 18%.

We held our Capital Markets Day in Copenhagen in March 2023 where we introduced our Growth'27 strategy and ambition of 7-10% average local currency growth over the Growth'27 period of FY 2023-2027.

The remuneration to the Board of Directors, the President & CEO and the Executive Management is based on and is fully in line with Össur's Remuneration Policy. Furthermore when taking the overall group performance in 2023 into account, the Board of Directors considers the remuneration to be fair.



Remuneration of the Board of Directors

The Board of Directors fee is approved annually at the Annual General Meeting. The Board of Directors' remuneration is a fixed board fee and is not based on incentives. The Chairman receives a fee that is 3 times the base board fee and the Vice Chairman receives a fee that is 2 times the base board fee. Members of the Audit Committee receive an additional base fee and the Audit Committee chair receives a fee that is 2 times the additional base fee. There are no fees for members of the Remuneration and Nomination Committee. Members of the Board of Directors do not receive short or long-term incentives.

The Annual General Meeting 2023 approved to change the Board remuneration structure as described above, which included a lower the base board fee than in previous years, but instead add a separate payment to members of the Audit Committee.

The Board of Directors will propose to the Annual General Meeting 2024 an approximately 3% increase of the base fee in Board remuneration for 2023.

Annual Fees to the Board of Directors

USD'000	Board	Audit Committee
Member	36 (Base Fee)	7 (Base Fee)
Vice Chair	72 (2x Base Fee)	N/A
Chair	108 (3x Base Fee)	14 (2x Base Fee)

Remuneration paid to individual members of the Board of Directors

USD'000	2023			2022			2021		
	Board Member Fee	Audit Committee Fee	Total	Board Member Fee	Audit Committee Fee	Total	Board Member Fee	Audit Committee Fee	Total
Niels Jacobsen, Chairman of the Board	108	0	108	103	N/A	103	100	N/A	103
Svafa Grönfeldt, Vice Chairman	72	0	72	62	N/A	62	60	N/A	62
Arne Boye Nielsen	36	14	50	41	N/A	41	40	N/A	41
Guðbjörg Edda Eggertsdóttir	36	7	43	41	N/A	41	40	N/A	41
Alberto Esquenazi	36	7	43	41	N/A	41	40	N/A	41

Remuneration of the President & CEO and the Executive Management

At the Annual General Meeting 10 March 2023 a new Remuneration Policy was adopted. Accordingly, the remuneration for the President & CEO and the Executive Management comprises of a fixed salary, bonus for short-term performance, performance share units (from 2024) and share option (until 2024) for long-term performance, pension contribution and other benefits, such as car, phone, internet connection, etc.

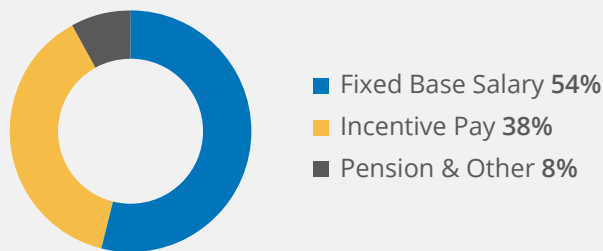
The objective is to compose a remuneration package that attracts, retains and engages qualified members of the Executive Management to drive Össur's strategy in a sustainable way.

Remuneration Elements

Element	Description
Base Salary	Fixed cash base salary.
Short-term cash-based incentive	One-year cash bonus based on specific relevant financial and non-financial targets. Cannot exceed 67% of the base salary.
Long-term share-based incentive	<p>The current share option program was approved by the Annual General Meeting in 2021. Vesting is three years from the grant date and the exercise period one year after the share options have vested. The exercise prices is the average share price on Nasdaq Copenhagen 20 trading days prior to grant date. The President & CEO and members of the Executive Management is required to hold shares corresponding to 5% of the profit gained of the share options after deduction of taxes until their employment with Össur ends.</p> <p>A new share-based incentive program, Performance Share Units, was approved at the Annual General Meeting in March 2023, starting in 2024.</p>
Other benefits	Standard benefits such as company car, phone, internet connection etc.



Composition of the Executive Management Remuneration in 2023



Remuneration paid to the Executive Management

2023	Fixed base salary	Cash based incentive	Pension	Other benefits	Share based incentive	Total remuneration
Executive Management:						
Sveinn Sölvason, President & CEO ⁽ⁱ⁾	576	385	85	27	107	1,180
Executive management (9 persons; 7 FTE) ⁽ⁱⁱ⁾	2,465	883	309	32	727	4,416
Total	3,042	1,268	395	59	834	5,597

2022	Fixed base salary	Cash based incentive	Pension	Other benefits	Share based incentive	Total remuneration
Executive Management:						
Jón Sigurdsson President & CEO until 31.03.2022	276	0	37	8	94	415
Sveinn Sölvason, President & CEO ⁽ⁱ⁾ from 01.04.2022	409	50	63	31	91	644
Executive management (9 persons; 7 FTE) ⁽ⁱⁱ⁾	2,302	214	305	25	815	3,661
Total	2,987	264	406	63	1,000	4,720

(i) Shares owned by Sveinn Sölvason 68,342 (2022: 68,342)

(ii) Shares owned at year end by Executive Management 999,595 (2022: 994,938)

Share Options Issued to the Executive Management

Össur's share option program, approved by the Annual General Meeting in March 2021, expires in March 2024 and will not be renewed.

	Number of shares	Grant year	Exercise year	Exercise price (in DKK)	Share price at grant date (in DKK)	Weighted average remaining contr. life in months
Issued to Executive Management:						
Sveinn Sölvason, President & CEO	360,000	2020-2023	2023-2026	29.9-44.6	29.1-43.5	10
Executive Management (3 persons)	256,400	2020	2023	45.5-46.3	45.5-47.5	0
Executive Management (6 persons)	686,400	2021	2024	44.4-44.6	43.2-43.5	2
Executive Management (6 persons)	500,000	2022	2025	28.4-41.6	29.5-40.0	18
Executive Management (4 persons)	250,000	2023	2026	27.8-34.2	27.4-34.6	30
Total	2,052,800					



Clawback

Össur has the option to reclaim, in whole or in part, any earned, paid or vested variable remuneration payments that have been based on false, misleading, insufficient or incorrect data, or if the recipient acted in bad faith in respect of other matters, which resulted in too high variable remuneration or variable remuneration which would otherwise not have been paid. The option to claw back is valid for up to 12 months after payout or vesting of the variable remuneration.

In 2023 there was no legal or factual basis on which to reclaim incentives for current or former executives.

Pension and Termination

Pension contributions are paid in accordance with applicable laws and employment agreements. No pension liabilities are undertaken, unless required by law. No special retirement agreements are made, but mutual termination clauses in employment agreements apply. Termination clauses do not exceed twenty-four months.

Board of Directors Statement on the Remuneration Report

Today the Board of Directors has considered and approved the Remuneration Report of Össur hf. for the Financial Year 2023.

It is the opinion of the Board of Directors that the Remuneration Report is in accordance with the [Remuneration Policy](#) adopted at the Annual General Meeting 2023.

Reykjavík, 29 January 2024

Board of Directors

Niels Jacobsen

Chairman of the Board

Svafa Grönfelt

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



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