

Sveinn Sölvason, President and CEO, comments:

“Sales in Q4 2024 amounted to USD 225 million, where our organic sales growth was 5% for the quarter and local currency growth was 8%. The continued strong momentum we have seen throughout the year in our Prosthetics & Neuro Orthotics business continued to drive our growth, supported by good growth contribution across all our regions. Bracing & Supports sales growth was modest for the quarter while sales in Patient Care declined, impacted by a strong comparison. For the full year 2024, our organic sales growth was 6%, driven by a strong performance in EMEA and our Prosthetics & Neuro Orthotics and Patient Care segments.

EBITDA margin (before special items) came in strong at 21% for Q4 and 20% for the full year. We continue to see the positive effects from the cost reduction initiatives implemented in manufacturing during Q1 2024 as well as positive contributions from product mix and cost control in SG&A. In addition, we also saw strong cash flow generated for the quarter with USD 34 million or equivalent to 15% of sales.

We are very pleased with the progress on our Growth'27 strategy and ability to execute on our ambitious targets and priorities such as the Fior & Gentz acquisition we completed in January 2024, starting to unify our Patient Care business under the ForMotion brand and delivering exciting new innovation. These initiatives are all enabling us to reach even more people with our mobility solutions. Lastly, we have issued new guidance for 2025 of 5-8% organic sales growth and 20-21% EBITDA margin before special items.”

Highlights Q4 2024

- Sales amounted to USD 225 million and organic growth was 5%, compared to 9% in Q4 2023. Local currency sales growth was 8% including acquisitions and 7% reported growth in USD. For FY 2024, organic sales growth was 6%.
- Prosthetics & Neuro Orthotics sales grew by 12% organic, Bracing & Supports sales grew by 2% organic, while Patient Care sales declined by 1% organic in Q4 2024 due to a strong comparison in Q4 2023. For FY 2024, Prosthetics & Neuro Orthotics sales grew by 9% organic, Bracing & Supports sales grew by 1% organic and Patient Care sales grew by 5% organic. Growth is attributed to solid volume growth and positive product mix supported by strong performance in our high-end solutions.
- Gross profit was USD 142 million and gross profit margin was 63%, compared to 61% in Q4 2023. For FY 2024, the gross profit margin was 63% compared to 62% in 2023. The gross profit margin was positively impacted by cost reduction initiatives in manufacturing implemented during the first quarter of 2024, as well as favorable product mix and manufacturing efficiency.
- EBITDA amounted to USD 47 million and EBITDA margin was 21% of sales, compared to 18% in Q4 2023. In FY 2024, EBITDA margin before special items increased to 20% compared to 18% for FY 2023. The EBITDA margin expansion was driven by strong sales performance, cost savings and efficiency in manufacturing, and effective cost control in SG&A.
- Net profit was USD 19 million and net profit margin was 8% of sales, compared to 9% of sales in Q4 2023. While stronger operating profit contributed positively to net profit in Q4 2024, financial expenses and net exchange rate differences due to currency fluctuations impacted net profit negatively. In FY 2024, net profit grew by 17% and the net profit margin increased to 8% compared to 7% in FY 2023.
- Free cash flow amounted to USD 34 million or 15% of sales, compared to 13% of sales in Q4 2023. In FY 2024, free cash flow amounted to 9% of sales compared to 7% of sales in FY 2023, with the increase driven by stronger operation profit.
- NIBD/EBITDA before special items was 2.4x at the end of Q4 2024, within our target range of 2-3x EBITDA in line with our capital structure and capital allocation policy. Therefore, the share buyback program is to be reinitiated shortly.

Other highlights

- In December 2024 Embla Medical (Össur) was ranked #41 and highlighted as one of the World's Best Companies in Sustainable Growth 2025 by TIME Magazine. The ranking, developed by TIME and Statista, a leading data analytics platform, names 500 companies pairing growth with environmental stewardship. The survey evaluated companies based on their environmental disclosure and scored them according to their revenue growth, financial stability, and environmental impact.

2025 Outlook

- Organic sales growth guidance of 5-8%, driven by strong volume growth and moderate price increases.
- EBITDA margin guidance of 20-21%, driven by scale and efficiency coupled with continued focus on cost control in SG&A.

	2024	2023	Q4 2024	Q4 2023	Guidance 2025
Sales growth, organic	6%	9%	5%	9%	5-8%
EBITDA margin	20%	18%	21%	18%	20-21%

USD millions	Q4 2024	Q4 2023	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	
Income Statement								
Net sales	225	210	855	786	719	719	630	
Gross profit	142	129	535	486	440	455	391	
Operating expenses (excl. other income / exp.)	110	104	422	398	373	360	338	
EBITDA	47	37	169	139	114	149	93	
EBITDA before special items	47	37	173	139	128	149	93	
EBIT	32	25	113	89	65	97	28	
Net profit	19	19	69	59	43	66	8	
Sales Growth								
Sales growth USD	%	7	10	9	9	0	14	(8)
Growth breakdown:								
Organic growth	%	5	9	6	9	4	10	(10)
Currency effect	%	(1)	1	0	(1)	(7)	3	0
Acquired business	%	3	0	3	1	3	1	2
Balance Sheet								
Total assets	1,539	1,386	1,539	1,386	1,325	1,247	1,214	
Equity	781	705	781	705	636	627	577	
Net interest-bearing debt (NIBD)	414	395	414	395	404	363	381	
Cash Flow								
Cash generated by operations	54	46	160	126	92	128	119	
Free cash flow	34	26	77	52	35	74	68	
Key Ratios								
Gross profit margin	%	63	61	63	62	61	63	62
EBIT margin	%	14	12	13	11	9	14	4
EBITDA margin	%	21	18	20	18	16	21	15
EBITDA margin before special items	%	21	18	20	18	18	21	15
Equity ratio	%	51	51	51	51	48	50	48
Net debt to EBITDA before special items*		2.4	2.8	2.4	2.8	3.2	2.4	4.1
Effective tax rate	%	25	21	24	23	23	24	38
Return on equity*	%	9	9	9	9	7	11	1
CAPEX / Net sales	%	3.6	4.9	4.6	5.4	3.6	3.7	3.8
Market								
Market value of equity	2,125	1,713	2,125	1,713	2,035	2,724	3,380	
Number of shares in millions	428	421	428	421	423	423	423	
Basic EPS in US cents	4.4	4.5	16.2	14.0	10.3	15.6	1.9	
Diluted EPS in US cents	4.4	4.5	16.2	14.0	10.3	15.5	1.9	

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

Management's report

Financial performance

Sales

Sales increased by 5% organic in Q4 2024

Sales in FY 2024 amounted to USD 855 million, compared to USD 786 million in 2023, corresponding to 6% organic growth, 9% increase including acquisitions (local currency growth) and 9% reported growth (USD growth). Sales in Q4 2024 amounted to USD 225 million, compared to USD 210 million in Q4 2023, corresponding to 5% organic growth, 8% increase including acquisitions (local currency growth) and 7% reported growth (USD growth).

Negative FX impact of USD 1M in Q4 2024

Impact on sales from acquisitions amounted to USD 5 million in Q4 2024 corresponding to about a 3%-point positive effect on the reported growth rate. Currency impact on reported sales was negative by 1%-point or 1 million USD in Q4 2024, mainly due to a stronger USD against the EUR.

Sales by geographical segment (USD million)	Q4 2024	Organic growth	Δ Acq.	Δ Curr. effect	USD growth	FY 2024	Organic growth	Δ Acq.	Δ Curr. effect	USD growth
Americas	107	7%	0%	(1%)	6%	393	3%	0%	0%	2%
EMEA	101	4%	6%	(1%)	9%	395	10%	7%	0%	17%
APAC	17	3%	0%	(1%)	2%	67	4%	0%	(2%)	3%
Total	225	5%	3%	(1%)	7%	855	6%	3%	0%	9%

Sales by business segment (USD million)	Q4 2024	Organic growth	Δ Acq.	Δ Curr. effect	USD growth	FY 2024	Organic growth	Δ Acq.	Δ Curr. effect	USD growth
Prosthetics & Neuro Orthotics	119	12%	6%	(1%)	17%	451	9%	6%	(1%)	14%
Bracing & Supports	37	2%	0%	0%	2%	148	1%	0%	0%	1%
Internal product sales	(11)	19%	0%	(4%)	16%	(39)	9%	0%	(1%)	8%
External sales	145	9%	4%	(1%)	13%	561	7%	5%	0%	11%
Patient Care	80	-1%	0%	(1%)	-2%	294	5%	0%	0%	5%
Total	225	5%	3%	(1%)	7%	855	6%	3%	0%	9%

Strong EMEA and Americas growth in Prosthetics & Neuro Orthotics

Sales in Americas performed well in Q4 driven by solid sales growth in our Prosthetics & Neuro Orthotics business and good growth in Patient Care. The strong performance in Prosthetics & Neuro Orthotics was supported by strong sales across categories including bionics, as recently introduced bionic knees Navii® and Icon® are building good initial traction during the limited launch period. As expected, we are yet to see any material impact from the US Medicare coverage expansion for K2 patients, which took effect during the fall 2024. First patients are being processed and approved for bionic knee upgrades, while fittings are expected to increase in the periods to come as prosthetists generate experience with fitting K2 patients. Performance in Bracing & Supports was soft, partly due to timing of sales between quarters.

In the EMEA region the strong performance in Prosthetics & Neuro Orthotics continued in Q4. The strong growth trajectory was seen broadly across our European markets supported by strong volume growth in key product categories. In Bracing & Supports our sales growth performance was solid for the quarter driven by good growth in key European markets. Sales in Patient Care were soft in the quarter, impacted by a strong comparable quarter in Q4 2023 and timing of sales between quarters.

In APAC, sales were modest for the quarter. Prosthetics & Neuro Orthotics demonstrated good growth driven by Australia and New Zealand, which was partly offset by softer performance in Patient Care. We are seeing gradually improvement in the NDIS reimbursement backlog in Australia which has impacted growth during the year, whereas sales growth was impacted by timing between quarters.

Q4: 12% organic sales growth in Prosthetics & Neuro Orthotics

In Q4 2024, Prosthetics & Neuro Orthotics sales amounted to USD 119 million and grew by 12% organically. Sales of high-end solutions continue to increase in Prosthetics as well as our Neuro Orthotics business (FIOR & GENTZ) continue to deliver strongly and in line with expectations. During the fourth quarter we continued to expand our sales reach internationally as distribution is being transferred to Embla Medical (Össur).

Bracing & Supports (B&S) sales amounted to USD 37 million in Q4 2024 and grew by 2% organically. Growth in our Bracing & Supports business has been impacted by challenging market dynamics in select product categories and markets during the year. In Q4, we however had good growth in key markets in EMEA and APAC.

Sales in our Patient Care segment amounted to USD 80 million in Q4 2024 while our organic sales declined by 1%. In Americas sales growth in Patient Care was solid, mainly driven by good uptake in select regions but offset by softer sales in EMEA and APAC regions, where the strong comparable quarter in Q4 2023 (12% growth in EMEA) and timing impacted sales.

Operations

Gross profit margin of 63% in Q4 2024

Gross profit in FY 2024 amounted to USD 535 million or 63% of sales, compared to USD 486 million or 62% of sales in 2023. In Q4 2024, gross profit amounted to USD 142 million or 63% of sales, compared to USD 129 million or 61% of sales in Q4 2023. The 2%-point gross profit margin expansion was supported by cost reduction initiatives in manufacturing implemented during Q1 2024 in addition to positive product mix, scalability, and manufacturing efficiency.

Operating expenses

OPEX ratio of 49% in Q4 2024

Operating expenses, excluding other income, amounted to USD 422 million or 49% of sales in FY 2024, compared to USD 398 million or 51% of sales in FY 2023. Operating expenses, excluding other income, amounted to USD 110 million or 49% of sales in Q4 2024, compared to USD 104 million or 50% of sales in Q4 2023.

OPEX grew 5% organically in the fourth quarter. Effective cost control and scalability in SG&A cost was partly offset by investments in R&D.

EBITDA

EBITDA margin before special items of 21% in Q4 2024

In FY 2024, EBITDA before special items amounted to USD 173 million or 20% of sales, compared to EBITDA before special items of USD 139 million or 18% of sales in 2023. In Q4 2024, EBITDA amounted to USD 47 million or 21% of sales, compared to EBITDA of USD 37 million or 18% of sales in Q4 2023.

EBITDA margin expansion for the quarter and FY 2024 was driven by an increase in our gross margin as well as effective cost control in our SG&A costs.

Currencies impacted our EBITDA margin positively by roughly 40 basis points in Q4, driven by hedging. The effects from currencies were mainly driven by a strengthened US dollar compared to the Euro. For FY 2024 the currency impact net of hedging on our EBITDA margin was neutral compared FY 2023.

Financial items, income tax and net profit

Net financial expenses in 2024 amounted to USD 26 million, compared to USD 17 million in 2023. Net financial expenses in Q4 2024 amounted to USD 8 million, compared to USD 3 million in Q4 2023.

The increase in financial expenses compared to prior periods is mainly related to the higher borrowings in relation to the acquisition of FIOR & GENTZ in January 2024. In addition, net exchange rate differences due to currency developments impacted our net financial expenses negatively by USD 3 million Q4 compared to positive USD 1 million in Q4 2023 and negatively USD 4 million in FY 2024 compared to USD 1 million in FY 2023.

Effective tax rate of 25% in Q4 2024

Income tax amounted to USD 22 million in 2024, corresponding to 24% effective tax rate, compared to USD 17 million in 2023. In Q4 income tax amounted to USD 6 million, corresponding to 25% effective tax rate, compared to USD 5 million in Q4 2023.

Net profit margin of 8% in Q4 2024

Net profit in 2024 amounted to USD 69 million or 8% of sales, compared to USD 59 million or 7% of sales in 2023. Net profit in Q4 2024 amounted to USD 19 million or 8% of sales, compared 9% of sales in Q4 2023. Net profit was positively impacted by stronger operating profit but negatively impacted by net financial items.

Diluted earnings per share in 2024 amounted to 16.2 US cents, compared to 14.0 in 2023. Diluted earnings per share in Q4 2024 amounted to 4.4 US cents, compared to 4.5 US cents in Q4 2023.

Cash flow

Cash generation of USD 54 million in Q4 2024

Cash generated by operations

Cash generated by operations amounted to USD 160 million or 19% of sales in 2024, compared to USD 126 million or 16% of sales in 2023. Cash generated by operations amounted to USD 54 million or 24% of sales in Q4 2024, compared to USD 46 million or 22% of sales in Q4 2023.

Cash generation was strong in FY 2024, mainly due to increased sales and strong operating results. Inventory levels remain however elevated as we prepare for the full launch of our Navii® and Icon® bionic knee solutions.

CAPEX was 4% of sales in Q4 2024

Capital expenditures

Capital expenditures in 2024 amounted to USD 39 million or 5% of sales, compared to USD 42 million or 5% of sales in 2023. Capital expenditures in Q4 2024 amounted to USD 8 million or 4% of sales, compared to USD 10 million or 5% of sales in Q4 2023.

The increase in CAPEX in FY 2024 was mainly driven by facility expansion programs at key locations to support future growth. Programs were concluded during the third quarter 2024 and CAPEX returned to normalized levels in Q4.

Free cash flow was 15% of sales in Q4 2024

Free cash flow

Free cash flow in 2024 amounted to USD 77 million or 9% of sales, compared to USD 52 million or 7% of sales in 2023. Free cash flow in Q4 2024 amounted to USD 34 million or 15% of sales, compared to USD 26 million or 13% of sales in Q4 2023. Increase in free cash flow was driven by stronger operating profit.

Cash and undrawn facilities were USD 136 million

Bank balances and cash equivalents

Bank balances and cash equivalents amounted to USD 86 million at the end of Q4 2024 and USD 50 million of existing facilities were undrawn. Bank balances and cash equivalents in addition to undrawn credit facilities at the end of Q4 2024, therefore, amounted to USD 136 million.

Capital structure

**NIBD/EBITDA
before special
items at 2.4x**

Net-interest bearing debt

Net interest-bearing debt, including lease liabilities, amounted to USD 414 million at quarter-end Q4 2024 compared to USD 395 million at quarter-end Q4 2023. Net interest-bearing debt to EBITDA before special items corresponded to 2.4x at quarter-end Q4 2024, which is within the target range of 2.0-3.0x.

**Share buybacks
to be reinstated
shortly**

Share buybacks and treasury shares

The purpose of the 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 leverage ratio is back within the target range of 2.0-3.0x and therefore the share buyback program is to be reinstated shortly.

At the end of Q4 2024, treasury shares totaled 701,647.

2025 Financial guidance

Guidance	Guidance FY 2025	Actual FY 2024
Sales growth, organic	5-8%	6%
EBITDA margin before special items	20-21%	20%
For modelling purposes		
CAPEX as % of sales	3-4%	5%
Effective tax rate	23-24%	24%

For 2025 organic sales growth is expected to be in the range of 5-8%. Continued strong performance is expected in Prosthetics & Neuro Orthotics across regions supported by solid growth in the core business, contributions from the full launch of bionic knees Navii® and Icon® expected in Q1 2025, and positive impact from the US Medicare Coverage Expansion for K2 patients. In addition, the ongoing roll out of our Neuro Orthotics offerings (Fior & Gentz) into new markets is expected to contribute to growth leveraging Össur's global commercial infrastructure and the ForMotion footprint within O&P clinics.

In Patient Care, we expect good growth in line or above market growth across regions with solid volume growth, increased efficiency, bearing in mind that EMEA may be somewhat impacted by a strong comparison in 2025 compared to 2024.

Lastly, Bracing & Supports is expected to grow approximately in line with market growth, with solid growth in key regions and product categories in 2025, but some competitive pressure in selected markets.

EBITDA margin is expected to be in the range of 20-21% for 2025. The EBITDA margin is expected to be positively impacted by solid sales performance, a favorable product mix from high-end solutions, continued efficiency gains in manufacturing, and cost control in SG&A.

Potential impact as a result of the US trade tariffs has not been reflected in the guidance. It should be noted that potential tariffs can directly negatively impact Embla Medical's cost of goods sold (COGS). However, significant uncertainty remains regarding the details of implementation and which product groups may eventually be affected. When the situation becomes clearer, Embla Medical will provide more specific communication around the potential impact on its business and financial guidance.

At current foreign exchange rates, the EBITDA margin, is expected to have a largely neutral impact compared to 2024 assuming all other factors remain constant. Additional information on foreign exchange assumptions can be found in the next section.

Foreign Exchange

Sales are particularly exposed to fluctuations in the EUR/USD exchange rate. Additionally, 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, while sales in ISK are minimal. A breakdown of sales and costs by main currencies can be found in note 4 of the accompanying Condensed 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 3.5-4.5 million when unhedged. The same movement in ISK/USD is estimated to have an annual impact on EBITDA in the range of +/- USD 3.5-4.5 million when unhedged. Embla Medical utilizes forward contracts to hedge approximately 50% of the estimated net currency exposure in ISK.

Currency overview USD	EUR	ISK
Average exchange rate FY 2024	1.082	0.0073
Opening rate February 4 2025	1.031	0.0071
Estimated average exchange rate for FY 2025*	1.031	0.0071
Change in estimated exchange rate FY 2025 compared to last year's average	-5%	-3%

*Estimated FY 2025 average exchange rate is calculated as the exchange rate of Feb 4, 2025 (open) for the remainder of the year

Other highlights

US Medicare Expands Access to Advanced Bionics for K2 patients as of September 1, 2024

As of September 1, 2024, US Medicare expanded its coverage of microprocessor knees (MPKs) to include K2 amputees in the United States. The extended coverage enables a large patient group of active K2 functional level amputees to gain access to bionic knee technology. Previously, Medicare had restricted access to these knees to only high-active amputees classified as functional level K3 and K4.

The decision by US Medicare relied upon a substantial body of research spanning more than a decade establishing that more advanced prosthetic devices lead to significant clinical benefits for active K2 amputees, including reduced fall rates, improved mobility, and increased patient confidence while walking. These benefits, in turn, have the potential to positively reduce healthcare expenditures while simultaneously improving quality of life.

The new policy does not automatically create access for every person currently classified as a K2 amputee. Treating healthcare professionals will have to establish through medical documentation that a bionic knee (MPK or microprocessor-controlled knee) or other K3 knee would improve the patient's functional health outcomes, help them accomplish activities of daily living, and that lower-level knee options have been considered and ruled out. In addition, to provide a K2 patient with an MPK, clinicians must use knees with integrated stumble recovery.

In addition, the extended coverage may also grant these active K2 functional level amputees' access to a compatible high active K3 foot solution as a complement to the bionic knee when certain coverage criteria are met.

Link to the news: <https://www.cms.gov/medicare-coverage-database/view/lcd.aspx?lcdid=39777>

Product launches

Launch quarter	Segment	Product name	Product description
Q1 2024	Prosthetics Mechanical feet	Pro-Flex® Terra (Össur)	Pro-Flex Terra offers the flexibility, balance and adaptability of a low-active foot and at the same the performance, push off and energy of a high active foot.
Q2 2024	Prosthetics Bionic knee	Icon® (College Park)	Icon features responsive sensors, streamlined setup, and the intuitive Stride Studio app. Icon is the versatile solution for low to high activity users.
Q2 2024	Prosthetics Bionic knee	Navii® (Össur)	Navii® is a fully waterproof bionic knee featuring a powerful actuator provided to support consistency for stair and ramp descent. Navii® possesses a variable-position mechanical lock that can securely lock at three different angles and stay locked for standing during longer periods of time.
Q2 2024	Prosthetics Liners	Iceross Seal-In® X Locking TF (Össur)	Build for comfort and stability, the Icelock 850 Hybrid Lock and Iceross Seal-In X Locking TD liner bring the benefits of advanced vacuum suspension of the Seal-In system to users with lower limb amputations of all activity levels who prefer or rely on locking or lanyard suspensions.
Q3 2024	Prosthetics Upper limb	NP 3rd generation (Naked Prosthetics)	The third generation of Naked Prosthetics technology features significant enhancements to the PIPDriver®, MCPDriver®, ThumbDriver®, and GripLock Finger®. With a refreshed color palette, new surface textures, and customizable hardware, this update delivers greater personalization and improved durability, driven by market feedback and advanced manufacturing.

Conference call and financial calendar

Conference call details

Embla Medical will host a conference call on February 5, 2025, at **9:00 CET / 7:00 GMT / 3:00 ET**.

To participate in the telephone conference, please use the dial-in details provided below:

DK: +45 78 76 84 90

SE: +46 31-311 50 03

UK: +44 20 3769 6819

US: +1 646 787 0157

Participant access code: 274982

The webcast will be available through following link: [Embla Medical Q4/FY 2024 webcast](#)

Financial calendar and events 2025

February 5 2025	Interim report Q4 2024 and Annual Report 2024
February 5 2025	Q4/FY presentation and virtual Q&A (HCA Capital)
February 5 2025	Q4/FY Road Show Reykjavik (Embla HQ)
February 6 2025	Q4/FY Road Show Copenhagen (ABG)
February 7 2025	Q4/FY Road Show Stockholm (ABG)
February 10 2025	Q4/FY Road Show London (Intron Health)
February 11-12 2025	Q4/FY Road Show New York City/CT/Boston (SEB)
February 26-27 2025	Q4/FY Road Show Benelux (DNB)
March 12 2025	Annual General Meeting 2025
March 26-27 2025	DNB Nordic-American Healthcare Conference, New York City
April 29 2025	Interim report Q1 2025
May 19 2025	AktiInfo investor event, Copenhagen
May 22 2025	Redeye Orthopedic Event, Stockholm
June 3 2025	Carnegie Healthcare Day, Paris
July 22 2025	Interim report Q2 2025
October 21 2025	Interim report Q3 2025

For further information

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Embla Medical corporate announcements by e-mail

If you wish to receive Embla Medical's e-mail alerts, please register on our website:

<https://emblamedical.com/investor-relations>

Forward-looking statements

This press release 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. Embla Medical hf. undertakes no obligation and does not intend to update these forward-looking statements to reflect events or circumstances occurring after this press release. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. All forward-looking statements are qualified in their entirety by this cautionary statement.



Embla Medical hf.

**Condensed Consolidated
Financial Statements**

31.12.2024

Embla Medical hf

Grjóthálsi 5

110 Reykjavík

Id-no. 560271-0189

Statement by the Board of Directors and President and CEO

The Condensed Consolidated Financial Statements of Embla Medical hf. for the period from 1 January 2024 to 31 December 2024 consist of the Financial Statements of Embla Medical hf. and its subsidiaries (together referred to as “the Company” or “Embla Medical”). The Condensed 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 Consolidated Financial Statements are neither audited nor reviewed by the Company's auditors.

The total Net sales of the Company amounted to USD 854.9 million and the Net profit amounted to USD 69.0 million. Total assets of the Company amounted to USD 1,539.0 million at the end of period, liabilities were USD 758.3 million and equity was USD 780.7 million.

It is our opinion that these Condensed Consolidated Financial Statements present all the information necessary to give a true and fair view of the Company's financial position at 31 December 2024 and financial performance and cash flow for the period ended 31 December 2024.

The Board of Directors and the President and CEO of Embla Medical hf. hereby confirm the Condensed Consolidated Financial Statements for the period from 1 January 2024 to 31 December 2024 with their signatures.

Reykjavík, 5 February 2025

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

Tina Abild Olesen
Member of the Board of Directors

Caroline Vagner Rosenstand
Member of the Board of Directors

President and CEO

Sveinn Sölvason

Consolidated Income Statement

All amounts in USD '000	Notes	2024	2023	Q4 2024	Q4 2023
Net sales	3	854,889	785,683	224,781	210,197
Cost of goods sold		(320,189)	(300,110)	(82,663)	(81,646)
Gross profit		534,700	485,573	142,117	128,551
Other income / (expenses)		399	1,927	(86)	302
Sales and marketing expenses		(311,151)	(293,080)	(80,628)	(76,933)
Research and development expenses		(40,832)	(38,142)	(11,005)	(10,110)
General and administrative expenses		(69,964)	(66,891)	(18,532)	(17,179)
Earnings before interest and tax (EBIT)		113,153	89,387	31,867	24,631
Financial income		3,251	4,608	860	951
Financial expenses		(24,746)	(20,720)	(5,724)	(5,001)
Net exchange rate difference		(4,435)	(666)	(3,177)	788
Net financial expenses		(25,930)	(16,778)	(8,041)	(3,262)
Share in net profit of associates		3,340	3,398	1,055	2,799
Earnings before tax (EBT)		90,563	76,007	24,882	24,169
Income tax		(21,603)	(17,206)	(6,263)	(5,154)
Net profit		68,960	58,801	18,619	19,015
Attributable to:					
Owners of the Company		68,278	58,389	18,207	18,995
Non-controlling interests		682	412	413	20
Net profit		68,960	58,801	18,619	19,015
Earnings per share					
Basic earnings per share (US cent)		16.2	14.0	4.4	4.5
Diluted earnings per share (US cent)		16.2	14.0	4.4	4.5

Consolidated Statement of Comprehensive Income

All amounts in USD '000	2024	2023	Q4 2024	Q4 2023
Net profit	68,960	58,801	18,619	19,015
Items that may be reclassified subsequently to profit or loss:				
Change in cash flow hedges	1,832	963	1,676	(642)
Fair value changes of financial liabilities	88	93	88	93
Exchange difference on translating foreign operations	(11,175)	4,839	(5,773)	7,566
Income tax	(2,073)	811	(1,259)	1,439
Other comprehensive income, net of income tax	(11,328)	6,706	(5,268)	8,456
Total comprehensive income	57,632	65,507	13,352	27,471
Attributable to:				
Owners of the Company	56,950	65,095	12,939	27,451
Non-controlling interests	682	412	413	20
Total comprehensive income	57,632	65,507	13,352	27,471

Consolidated Balance Sheet

Assets

All amounts in USD '000	Notes	31.12.2024	31.12.2023
Property, plant and equipment	5	71,824	64,386
Right of use assets	6	127,802	121,673
Goodwill	7	776,306	690,855
Other intangible assets	8	96,645	65,841
Investment in associates		20,364	20,532
Other financial assets		2,704	4,530
Deferred tax assets		46,365	41,888
Non-current assets		1,142,010	1,009,706
Inventories		143,102	136,226
Accounts receivable		121,915	127,844
Other financial assets		1,475	0
Other assets		44,300	39,253
Cash and cash equivalents		86,163	72,653
Current assets		396,955	375,976
Total assets		1,538,965	1,385,682

Consolidated Balance Sheet

Equity and liabilities

All amounts in USD '000	31.12.2024	31.12.2023
Issued capital and share premium	93,464	66,260
Reserves	(75,390)	(64,045)
Retained earnings	759,112	699,667
Shareholders equity	777,186	701,883
Non-controlling interest	3,513	3,123
Total equity	780,699	705,005
Borrowings	328,754	311,802
Lease liabilities	118,279	112,605
Deferred tax liabilities	37,478	28,777
Provisions	7,937	6,666
Deferred income	8,589	7,277
Other financial liabilities	47,946	17,351
Non-current liabilities	548,982	484,478
Borrowings	28,620	21,533
Lease liabilities	24,136	21,793
Accounts payable	27,275	30,749
Income tax payable	18,305	12,138
Provisions	12,615	11,322
Accrued salaries and related expenses	48,715	50,068
Other financial liabilities	10,258	9,583
Other liabilities	39,361	39,012
Current liabilities	209,284	196,198
Total liabilities	758,266	680,676
Total equity and liabilities	1,538,965	1,385,682

Consolidated Statement of Cash Flow

All amounts in USD '000	Notes	2024	2023	Q4 2024	Q4 2023
Earnings before interests and tax (EBIT)		113,153	89,387	31,867	24,631
Depreciation and amortization	5, 6, 8	55,973	49,920	14,636	12,856
Change in inventories		(5,928)	(2,268)	(641)	4,952
Change in receivables		(5,524)	(16,370)	688	(1,534)
Change in payables		(2,279)	14,896	4,505	8,953
Change in provisions		3,174	(7,365)	96	(438)
Other operating activities		1,828	(2,214)	2,770	(2,968)
Cash generated from operations		160,397	125,986	53,921	46,452
Interest received		3,238	4,733	870	315
Interest paid		(24,082)	(16,046)	(5,767)	(840)
Income tax paid		(23,487)	(20,349)	(7,070)	(9,151)
Net cash generated from operating activities		116,066	94,324	41,954	36,776
Purchase of fixed and intangible assets	5, 8	(39,227)	(42,278)	(8,003)	(10,288)
Acquisition of subsidiaries, net of cash in acquired entities	9	(70,072)	(11,903)	(667)	(6,733)
Other investing activities		4,529	(2,966)	4,823	(3,474)
Cash flows used in investing activities		(104,770)	(57,147)	(3,847)	(20,495)
Repayments of long-term borrowings		0	(13,202)	0	(6,166)
Changes in revolving credit facility		39,787	(1,575)	(21,571)	(3,008)
Payments of lease liabilities		(24,379)	(25,423)	(6,438)	(5,330)
Increase in subsidiaries that does not affect control		(9,648)	0	(1,016)	0
Dividends from subsidiaries paid to non-controlling interests		0	(759)	0	(759)
Cash flows generated from financing activities		5,761	(40,959)	(29,025)	(15,263)
Net change in cash		17,056	(3,782)	9,082	1,018
Exchange rate effects on cash held in foreign currencies		(3,545)	(196)	(4,126)	1,279
Cash and cash equivalents at beginning of period		72,653	76,631	81,207	70,356
Cash and cash equivalents at end of period		86,163	72,653	86,163	72,653

Consolidated Statement of Changes in Equity

All amounts in USD '000	Share capital	Share premium	Other reserves	Retained earnings	Shareholders equity	Non-controlling interests	Total equity
Balance at 1 January 2023	4,781	61,430	(70,467)	639,961	635,704	(194)	635,510
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
Balance at 31 December 2023	4,781	61,479	(64,045)	699,667	701,883	3,123	705,005
Net profit				68,278	68,278	682	68,960
Change in cash flow hedges			1,466		1,466		1,466
Fair value changes of financial liabilities			66		66		66
Transl. diff. of shares in subsidiaries			(12,860)		(12,860)		(12,860)
Total comprehensive income	0	0	(11,328)	68,278	56,950	682	57,632
Put option for minority share in subsidiary			689		689		689
Share option charge for the period			602		602		602
Share option vested during the period			(1,308)	1,308	0		0
Issued new shares	48	27,156			27,204		27,204
Change in non-controlling interests				(10,142)	(10,142)	(292)	(10,434)
Balance at 31 December 2024	4,829	88,635	(75,390)	759,112	777,186	3,513	780,699

Notes to the Condensed Consolidated Financial Statements

1. Summary of Material Accounting Policies

Statement of compliance

The Condensed Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standard (IFRS) for Interim Financial Reporting, IAS 34 as adopted by the EU. The Condensed 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 Consolidated Financial Statements and should be read in conjunction with the Company's Annual Consolidated Financial Statements for the period ended 31 December 2024. The Company's Annual Consolidated Financial Statements can be found on the Company's website www.emblamedical.com.

Basis of preparation

The Condensed 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 Consolidated Financial Statements are presented in USD 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 2024.

Notes to the Condensed Consolidated Financial Statements

2. Quarterly statements

	Full year 2024	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Net sales	854,889	224,781	213,528	216,727	199,852
Cost of goods sold	(320,189)	(82,663)	(79,916)	(78,192)	(79,418)
Gross profit	534,700	142,117	133,612	138,535	120,435
Gross profit margin	63%	63%	63%	64%	60%
Other income	399	(86)	123	126	236
Sales and marketing expenses	(311,151)	(80,628)	(75,333)	(78,882)	(76,307)
Research and development expenses	(40,832)	(11,005)	(9,498)	(10,481)	(9,848)
General and administrative expenses	(69,964)	(18,532)	(16,263)	(16,072)	(19,097)
EBIT	113,153	31,867	32,641	33,225	15,419
Net financial expenses	(25,930)	(8,041)	(5,171)	(7,543)	(5,174)
Share in net profit of associates	3,340	1,055	668	878	739
EBT	90,563	24,882	28,138	26,559	10,984
Income tax	(21,603)	(6,263)	(6,165)	(6,493)	(2,682)
Net profit	68,960	18,619	21,973	20,066	8,302
EBITDA	169,126	46,502	46,568	47,040	29,016
EBITDA margin	20%	21%	22%	22%	15%
EBITDA before special items	173,264	46,502	46,568	47,040	33,154
EBITDA margin before special items	20%	21%	22%	22%	17%

3. Net Sales

	2024	2023	Q4 2024	Q4 2023
Sales by geographical segment:				
EMEA	394,869	336,278	100,750	92,774
Americas	392,898	384,057	106,768	100,571
APAC	67,122	65,348	17,263	16,853
Total	854,889	785,683	224,781	210,197
Sales by business segment:				
Prosthetics & Neuro Orthotics	451,306	394,837	118,834	101,619
Bracing & Supports	148,386	146,500	36,715	36,117
Internal product sales	(38,516)	(35,748)	(10,660)	(9,228)
External product sales	561,176	505,587	144,888	128,508
Patient Care	293,713	280,096	79,892	81,689
Total	854,889	785,683	224,781	210,197

In 2023 a new business segment split was presented. Further evaluation has resulted in a reclass between Prosthetic & Neuro Orthotics and Internal products sales for comparatives in 2023 and 2024 Q1. This reclass has no effects on total product sales. Adjusted comparatives can be found in following table:

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Sales by business segment:					
Prosthetics & Neuro Orthotics	90,994	101,870	100,354	101,619	105,066
Bracing & Supports	35,368	38,145	36,870	36,117	35,905
Internal product sales	(8,666)	(8,994)	(8,860)	(9,228)	(8,377)
External product sales	117,696	131,021	128,364	128,508	132,594
Patient Care	63,517	70,333	64,556	81,689	67,258
Total	181,212	201,353	192,920	210,197	199,852

Notes to the Condensed Consolidated Financial Statements

4. Sales and expenses split by main currencies

	2024			Q4 2024		
	LCY	USD	%	LCY	USD	%
Sales						
USD	350,524	350,524	41%	96,412	96,412	43%
EUR	220,419	238,475	28%	56,958	60,792	27%
ISK	508,430	3,684	0%	147,160	1,068	0%
Nordic curr. (SEK, NOK, DKK)		99,604	12%		26,202	12%
Other (GBP, AUD, CAD & Other)		162,603	19%		40,307	18%
Total		854,889	100%		224,781	100%
COGS and OPEX						
USD	302,848	302,848	41%	78,446	78,446	41%
EUR	164,563	178,000	24%	44,642	47,647	25%
ISK	11,112,36	80,541	11%	2,826,323	20,509	11%
Nordic curr. (SEK, NOK, DKK)		91,609	12%		23,954	12%
Other (GBP, MXN, CAD & Other)		88,738	12%		22,357	12%
Total		741,736	100%		192,913	100%

	2023			Q4 2023		
	LCY	USD	%	LCY	USD	%
Sales						
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%
Total		785,683	100%		210,197	100%
COGS and OPEX						
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%
Total		696,296	100%		185,566	100%

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

Notes to the Condensed Consolidated Financial Statements

5. Property, plant and equipment

2024	Leasehold improvements	Machinery & equipment	Office equipment	Computer equipment	Total
Cost					
At 1 January	42,814	71,701	15,033	14,941	144,489
Additions	11,522	10,712	1,313	3,486	27,033
Business Combinations	10	459	10	115	594
Eliminated on disposal	(27)	(224)	0	(180)	(431)
Fully depreciated assets	(1,086)	(1,540)	(871)	(3,867)	(7,364)
Exchange rate differences	(1,960)	(992)	(546)	(554)	(4,052)
At 31 December 2024	51,273	80,116	14,939	13,941	160,269
Depreciation					
At 1 January	17,284	44,462	9,431	8,926	80,103
Charge for the period	4,684	8,338	1,661	3,892	18,575
Eliminated on disposal	(14)	(144)	0	(155)	(313)
Fully depreciated assets	(1,086)	(1,540)	(871)	(3,867)	(7,364)
Exchange rate differences	(1,214)	(617)	(371)	(354)	(2,556)
At 31 December 2024	19,654	50,499	9,850	8,442	88,445
At 31 December 2024	31,619	29,617	5,089	5,499	71,824
Depreciation classified by functional category:					
	2024	2023	Q4 2024	Q4 2023	
Cost of goods sold	9,850	9,129	2,566	2,658	
Sales and marketing expenses	3,922	4,549	893	1,163	
Research and development expenses	773	673	196	199	
General and administrative expenses	4,030	3,275	1,071	819	
Total	18,575	17,626	4,726	4,839	

Notes to the Condensed Consolidated Financial Statements

6. Leases

Right of use assets

2024	Buildings & sites	Machinery & equipment	Total
At 1 January	118,967	2,706	121,673
Additions and renewals	35,206	3,799	39,005
Depreciation charge for the period	(22,933)	(2,300)	(25,233)
Eliminated on disposal and termination	(1,649)	0	(1,649)
Exchange rate differences	(5,801)	(191)	(5,992)
At 31 December 2024	123,789	4,012	127,802

Depreciation classified by functional category:	2024	2023	Q4 2024	Q4 2023
Cost of goods sold	10,093	8,982	2,645	2,241
Sales and marketing expenses	5,047	4,491	1,323	1,121
Research and development expenses	3,028	2,695	794	673
General and administrative expenses	7,065	6,332	1,852	1,569
Total	25,233	22,500	6,613	5,604

7. Goodwill

	2024	2023
At 1 January	690,855	680,400
Business combinations	104,489	2,241
Exchange rate differences	(19,038)	8,214
At 31 December	776,306	690,855

The goodwill increase related to current year business combination is allocated to EMEA cash generating unit.

Notes to the Condensed Consolidated Financial Statements

8. Other intangible assets

2024	Customer & distribution relationships	Patents & development costs	Trademarks	Software & other	Total
Cost					
At 1 January	34,254	28,343	2,871	54,246	119,714
Additions	55	1,716	79	1,612	3,462
Additions - internally generated	0	0	0	8,732	8,732
Business Combinations	22,321	1,953	5,766	1,049	31,089
Fully amortized assets	(19,426)	(18)	(323)	(2,290)	(22,057)
Exchange rate differences	(503)	220	(237)	(174)	(694)
At 31 December 2024	36,701	32,214	8,156	63,175	140,246
Amortization					
At 1 January	25,676	7,780	588	19,829	53,873
Charge for the period	3,387	1,950	252	6,576	12,165
Fully amortized assets	(19,426)	(18)	(323)	(2,290)	(22,057)
Exchange rate differences	(244)	77	6	(219)	(380)
At 31 December 2024	9,393	9,789	523	23,896	43,601
At 31 December 2024	27,308	22,425	7,633	39,279	96,645

Amortization classified by functional category:	2024	2023	Q4 2024	Q4 2023
Cost of goods sold	1,577	628	337	217
Sales and marketing expenses	6,377	5,724	2,059	1,340
Research and development expenses	1,691	1,377	432	362
General and administrative expenses	2,520	2,065	469	494
Total	12,165	9,794	3,297	2,413

Notes to the Condensed Consolidated Financial Statements

9. Business combinations

On 1 January 2024 Embla Medical acquired all shares of the privately owned Fior & Gentz, a leading producer of lower limb neuro orthotic components. Fior & Gentz, founded in Lüneburg, Germany in 1997, is a leading European provider of functional lower limb neuro orthotic solutions and employs around 80 people.

As part of the consideration paid for Fior & Gentz, Embla Medical issued 6,636,122 new shares. The share price of each share was DKK 28.10 and the total value of the share price capital increase is thus DKK 186 million (USD 27 million). The consideration paid in cash was partly financed through additional credit facilities, amounting to USD 55 million. Acquisition related cost amounted to USD 1 million and is included in general and administrative expenses and reported as special items.

The accounting for the acquisition has been finalized at the end of the reporting period. The goodwill is not deductible for income tax purpose.

Assets and liabilities recognized as a result of the acquisitions:

Property, plant and equipment	594
Other intangible assets	31,089
Inventories	5,375
Accounts and other receivables	1,128
Bank balances and cash equivalents	2,963
Deferred tax liabilities	(9,995)
Other liabilities	(2,270)
Net identifiable assets acquired	28,884
Goodwill	104,489
Net assets acquired	133,373
Consideration:	
Net assets acquired	133,373
Contingent consideration and deferred payments on current year's acquisitions	(38,184)
Issued new shares	(27,205)
Cash paid	67,984
Payments on prior year's acquisitions	5,052
Cash from acquired company	(2,963)
Consideration shown in Cash Flow	70,072