



## A Global Leader in Non-Invasive Orthopaedics

Össur Company Presentation  
July 2022



# The Big Picture





# Össur at a Glance



## Global Medical Device Company

- A global leader in non-invasive orthopaedics
- Operations in 35 countries
- Around 4,000 employees across the globe



## Innovation Driven

- ~5% of sales invested in R&D with ~2,000 granted patents
- New product launches every year
- Top tier brand recognition based on quality and high reliability



## Profitable Growth

- Organic and acquisitive sales growth
- 17% sales growth CAGR since listing in 1999
- 21% EBITDA margin in 2021

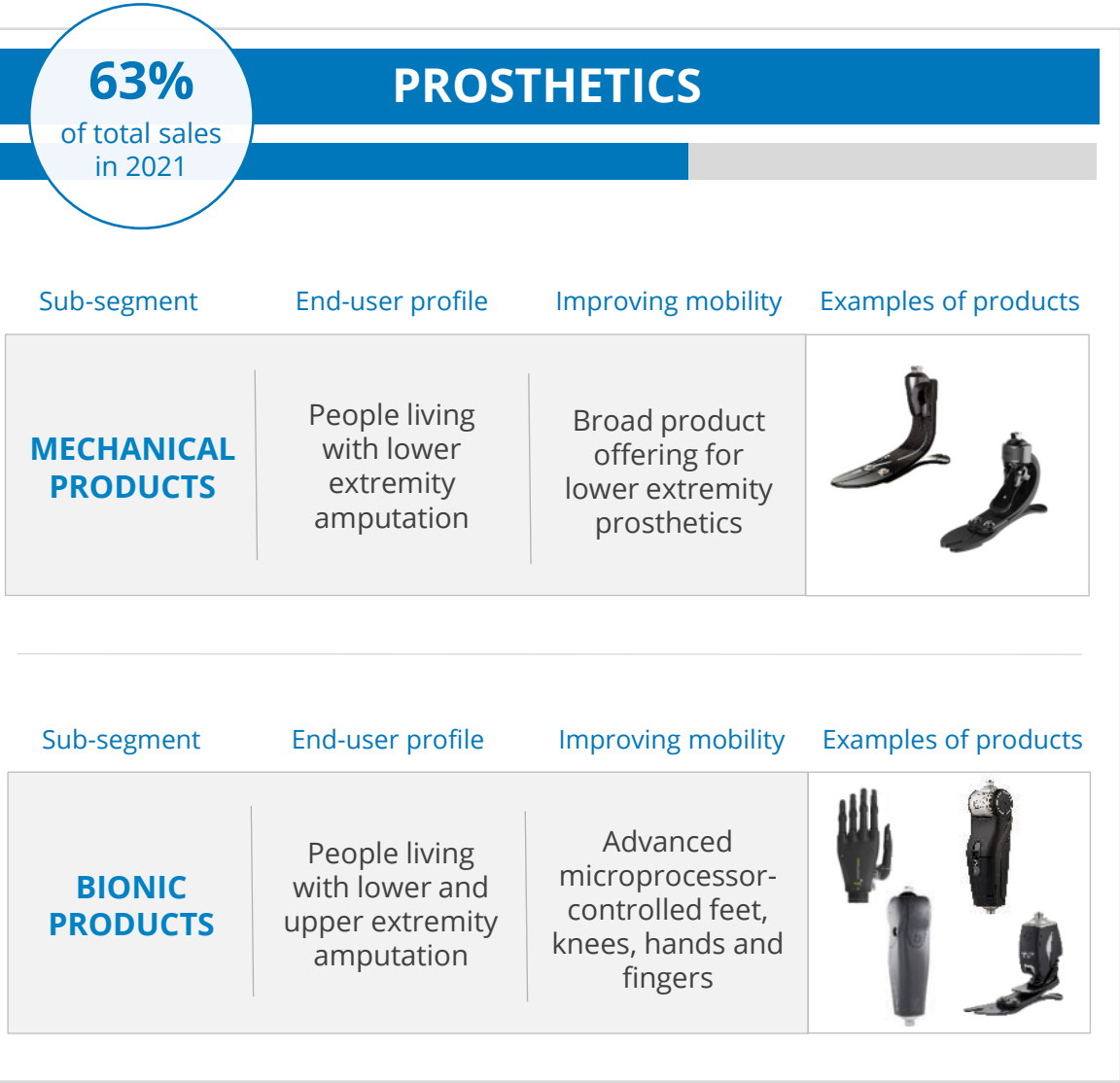


## International Shareholder Base

- Listed on Nasdaq Copenhagen (Ticker: OSSR)
- Been a listed company since 1999
- Share buybacks



# Össur Is Divided Into Two Synergistic Business Segments





## Range of Prosthetic Products



**MECHANICAL PRODUCTS**

**BIONIC PRODUCTS**



# Range of Bracing & Supports Solutions



## INJURY SOLUTIONS



## OA SOLUTIONS



## AMERICAS

**47%**

as % of sales

USD 339 million

Organic growth: 8%

FTEs: ~1,400

## EMEA

**44%**

as % of sales

USD 315 million

Organic growth: 12%

FTEs: ~1,500

HQ FTEs: ~600

## APAC

**9%**

as % of sales

USD 65 million

Organic growth: 9%

FTEs: ~200

# We Strive to Create a Life Without Limitations® for All Our Users by Improving People's Mobility

## MAIN FOCUS AREAS



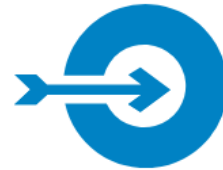
### Innovation

We execute ideas that add value



### Growth

We deliver profitable and sustainable growth



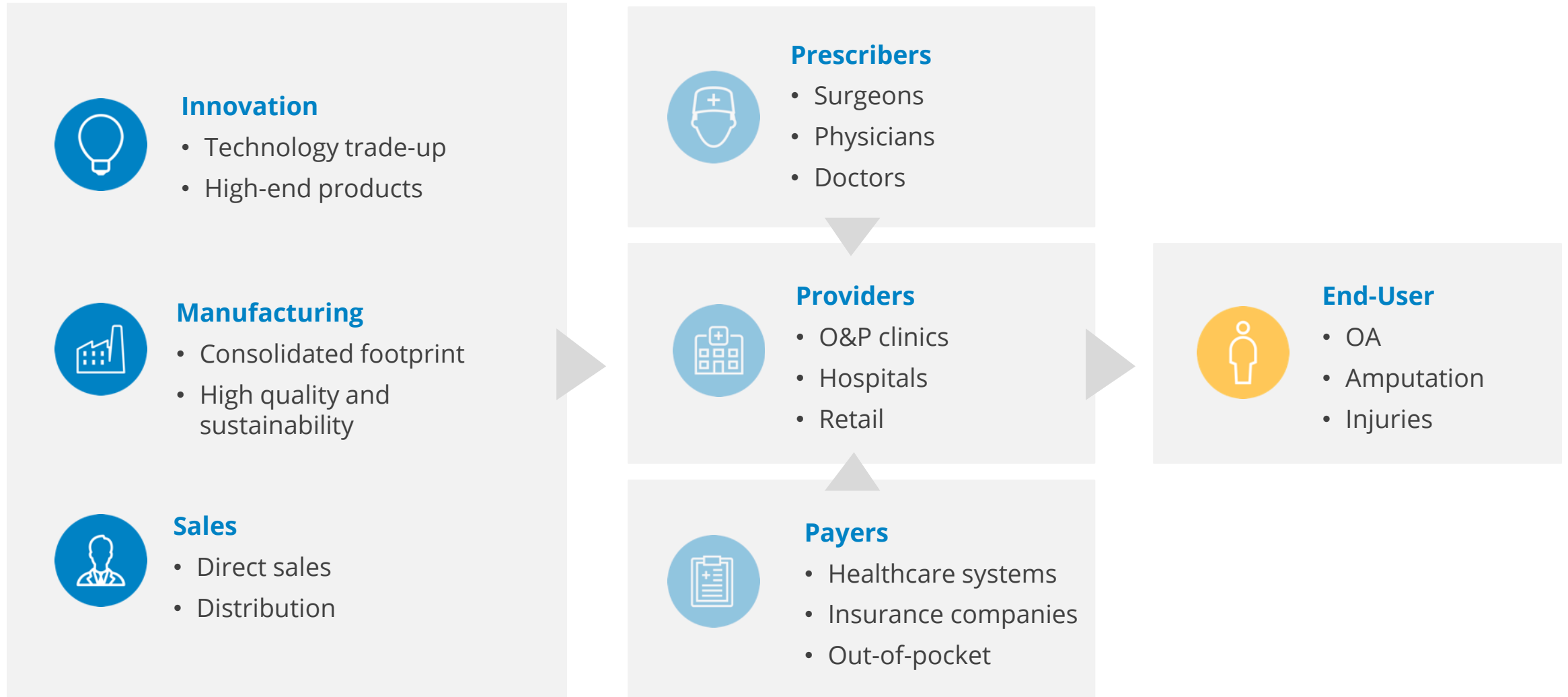
### Efficiency

We conduct business efficiently

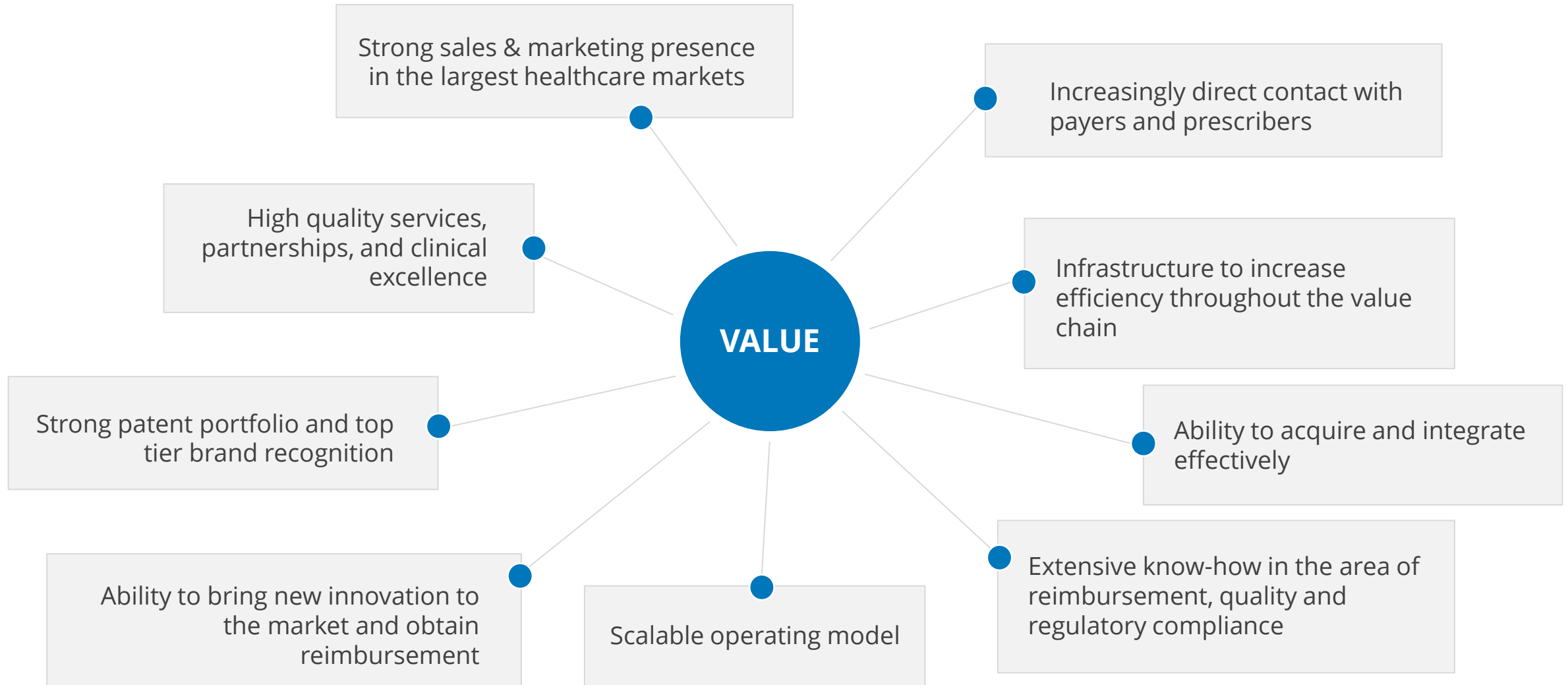




# Össur's Business Model Includes Several Stakeholders

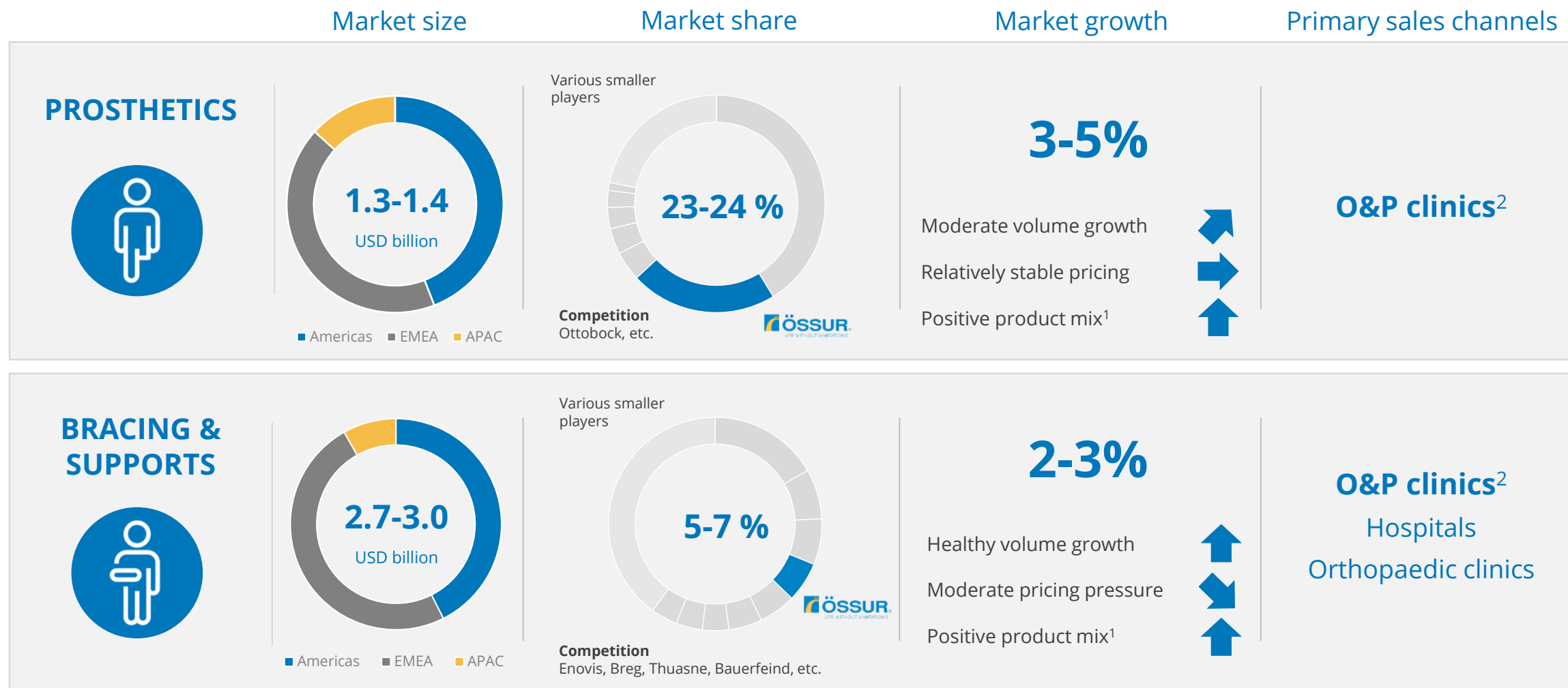


# Key Strengths of the Össur Business Model





# Össur Has Opportunities for Further Penetration in Both Markets



Source: Össur management estimates

Note: Estimates only account for component sales from providers to suppliers, i.e. not clinical services

<sup>1</sup> Increased penetration of high-end innovative products

<sup>2</sup> Orthotic & Prosthetic clinics

# Only 30-40% Of All New Leg Amputees Are Fitted With Prosthetic Solutions



>750,000

New major lower limb amputees per year

Western World	~200,000
Emerging Markets	~550,000

30-40%

of new leg amputees are fitted with prosthetic solutions

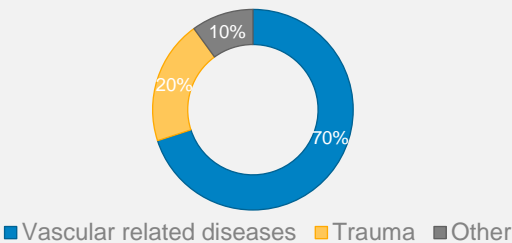
Western World	40-60%
Emerging Markets	10-30%

65-70

is the average age of the amputee population

Western World	Above 70
Emerging Markets	Below 70

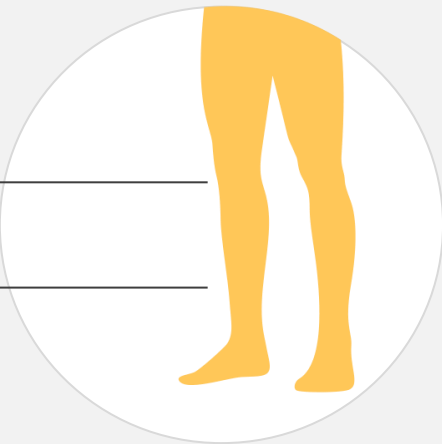
New lower limb amputations



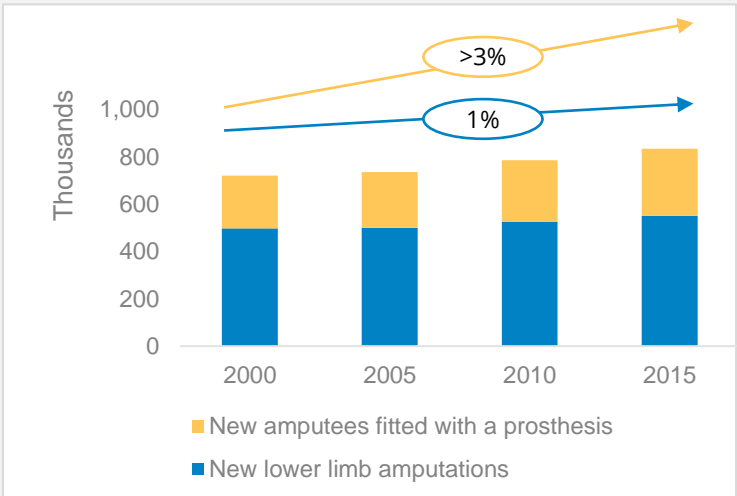
Western World	Vascular 70-90%
Emerging Markets	Trauma up to 90%

Level of amputation

Above knee ~50%  
Below knee ~50%



Growing number of amputees receiving prosthetics





# Example of Megatrends That Provide Opportunity for Positive Development in Volume, Pricing and Product Mix for Össur



## Aging and more active population

1. The global population of 65 and older is increasing, and so is the amputee population
2. Growing numbers affected by vascular disease, the leading cause of amputation
3. Increased amount of fractures, joint instability and joint afflictions



## Increased penetration of high-end solutions

1. New innovative technologies being accepted for reimbursement
2. Gradual transition from volume to value-based payment in healthcare
3. Increased acknowledgement of healthcare economic benefits of bionics and OA bracing



## Growing middle class in emerging markets

1. Global economic growth will be powered by emerging markets
2. Disposable income increasing in emerging markets, willingness to pay out-of-pocket
3. Increasing healthcare coverage in emerging markets



## Increasing regulatory requirements

1. Investments in people and processes to adapt to changing healthcare requirements
2. Product development to meet prevailing regulatory requirements
3. Increasing importance of digital and personal data security



## Increased pressure on healthcare budgets

1. Healthcare providers increasing efforts to manage cost
2. Demand for cost effective solutions without compromising quality
3. Consolidation in patient care



## Improved treatment options

1. Increasing healthcare coverage and better access to patients
2. New amputees more often get fitted with a prostheses
3. Innovative products enabling more amputees to benefit from using a prostheses



## OUR VALUES

# HONESTY

— Stay True —

# FRUGALITY

— Make Every Step Count —

# COURAGE

— Aim Higher —



## Össur Works With a Team of Inspirational and Accomplished Athletes Committed to Changing the World's Perception of What Is Possible



**Team Össur** is an accomplished group of elite international athletes and sporting role models. Inspirational medal winners and world record holders alike who all choose to wear Össur products in their quest for the podium.



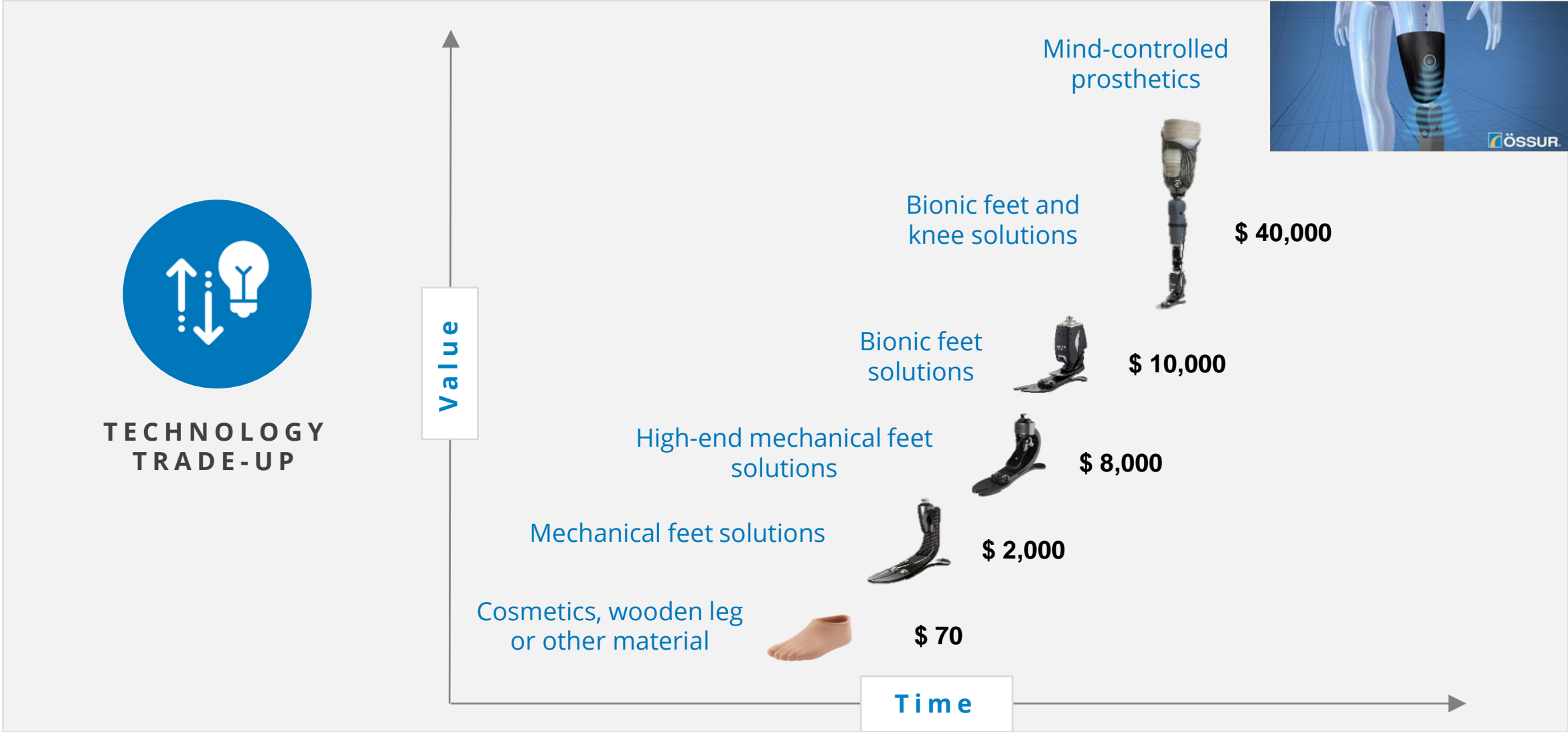


## Strategic Priorities





# From Simple Prosthetics to Powered, Intelligent and Energy Efficient Bionic Solutions



Note: Manufacturer sales price indicators in USD

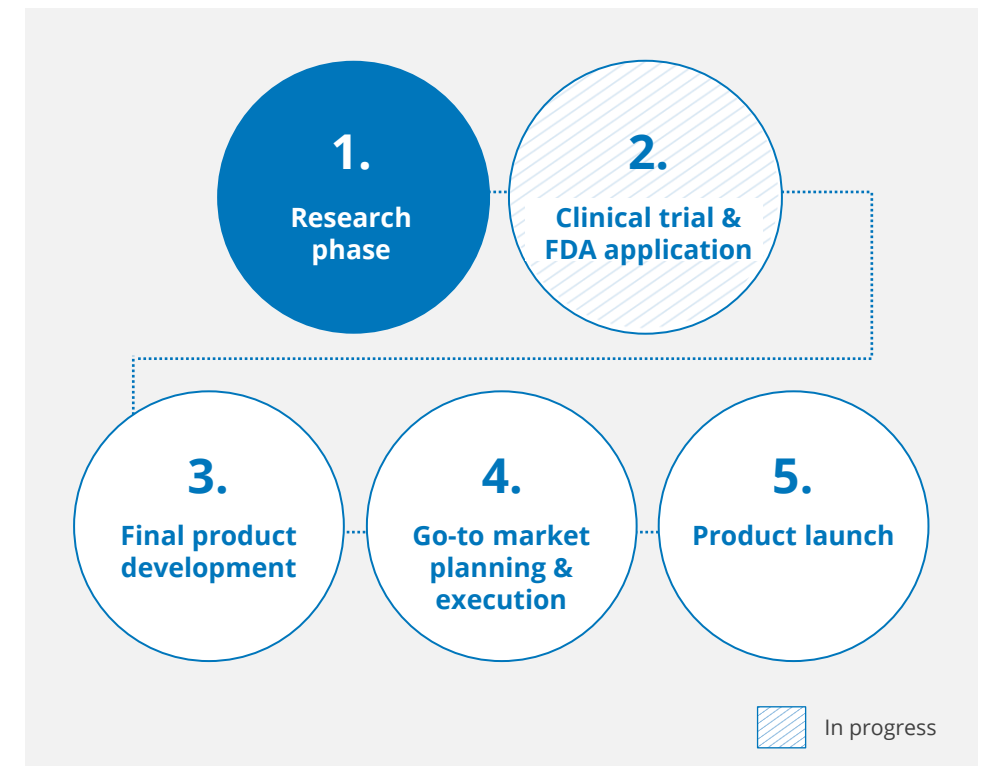


# All Össur Bionic Prosthetics Are Mind-Controlled Compatible With the IMES® Sensors

Össur and the Alfred Mann Foundation are collaborating on implanted myoelectric sensors

The IMES® sensors are implanted in muscles that directly control the desired movement of a bionic prosthetic limb

Two lower-limb amputees have had IMES® units surgically implanted into their residual muscle tissue and demonstrated their ability to control their Össur leg prostheses with their intentions





## New Generation of Products Will Focus On the Seamless Integration of Technology and Human Function



The goal is to have all Össur bionic devices  
**mind-controlled compatible**



# There Is a Need to Create Solutions That Better Match the Needs of Low Active Amputees

## Elderly don't get solutions they need



## The benefits of high-end solutions

- Reduce risk of falls
- Reduce dependency on others
- Reduce cost in elderly care
- Increase mobility
- Increase daily prosthetic use



From socket molding to **user-friendly technology**

From a mechanical knee to a **powered knee**

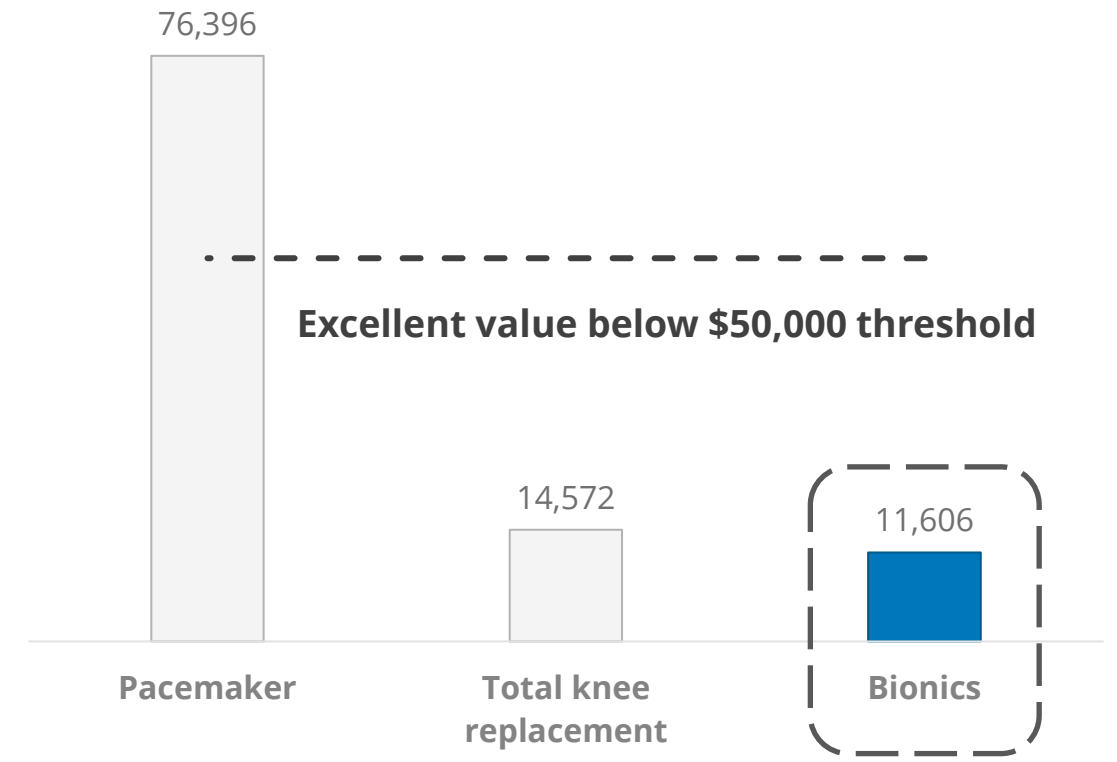
From passive feet to **energy efficient feet**





# Recent Studies Clearly Demonstrate the Economic Benefit of Bionic Solutions and Their Improvement to the Quality of Life for Amputees

## Incremental cost effectiveness ratio (ICER)\*



To put the ICER on the left into perspective, amputees are less likely to fall with a bionic solution where the additional cost of a fall can be \$25,000 if hospitalized\*\*

**Statistics and recent studies support the cost-effectiveness of bionics for amputees**

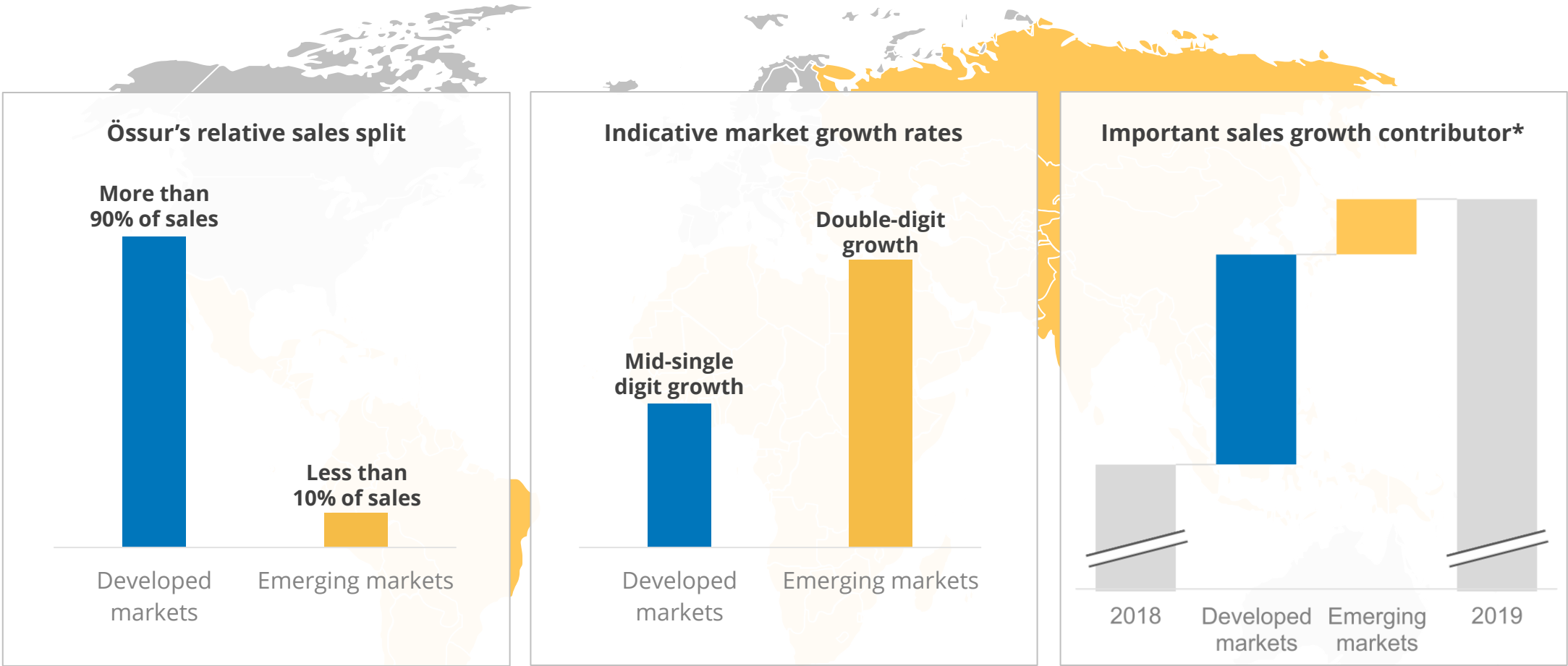
**Studies provide evidence that it is not economical to withhold bionics from patients**

Source: \* L., Hangsheng, et.al. Economic Value of Advanced Transfemoral Prosthetics. Santa Monica, CA: RAND Corporation, 2017

\*\* Mundell, et al., 2017

Note: ICER is a statistic used to assess the cost-effectiveness of a health care intervention and is synonymous with the cost per quality-adjusted life year (QALY) gained. Thresholds defined with consensus of the Institute for Clinical and Economic Review, 2017





# Even Though the Emerging Markets Are a Relatively Small % Of Total Sales They Are an Important Growth Contributor



\* Graph has not been updated for 2021 and 2020 as the impact of COVID-19 does not reflect a normalized run-rate

# Össur's O&P Services (OPS) Is an Offering That Strengthens Össur as a Business Partner



Service offering		Key benefit	Service offering		Key benefit
	<b>Outsourced fabrication</b>	<b>Reduced need for manpower and floor space</b>		<b>Patient outcomes</b>	<b>Reimbursement justification and optimal product selection</b>
	<ul style="list-style-type: none"><li>Central fabrication</li><li>Complete Leg</li></ul>			<ul style="list-style-type: none"><li>PRO App</li><li>Outcomes mgmt.</li></ul>	
	<b>Practice management</b>	<b>Management software to increase efficiency</b>		<b>Business support</b>	<b>Support to accelerate sales growth</b>
	<ul style="list-style-type: none"><li>Business IT solution</li><li>Claims mgmt.</li></ul>			<ul style="list-style-type: none"><li>Compliance audit</li><li>Reimbursement</li><li>Regulatory</li><li>Partner network</li></ul>	



## Potential to Increase Efficiency in O&P Across the P&L

P&L for an average O&P clinic in the United States						
COST OF GOODS SOLD			G&A			
Cost of goods (Raw materials, fabrication, supply management, freight)	Labor cost Clinical & technical		Office staff salaries	Occupancy	Employee benefits	Other G&A
29 - 31%	13 - 21%		16 - 23%	6 - 8%	4%	13 - 16%
43 - 54%			40 - 51%			
Industry average of around 7% profitability and profit leaders with around 15%						

<b>Key trends for O&amp;P clinics</b>	Increasing cost of labor & materials and regulatory burden driving cost up	Pressure to lower and contain healthcare costs around the world	Complex consolidated operations demand enterprise class systems and processes	Need to improve profitability without sacrificing quality of care
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**Partnership Services to support O&P with best practices to increase profitability and drive sales**



# Össur for Sustainability





# Össur's Sustainability Vision

is to provide products and services that contribute to **good health**, using **responsible production** methods and supporting **climate action**, while being a sponsor for **gender equality**

3 GOOD HEALTH  
AND WELL-BEING



5 GENDER  
EQUALITY



12 RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



13 CLIMATE  
ACTION







# Össur is Carbon Neutral



We care about the environment and take our responsibility seriously.

We are actively reducing our carbon footprint and to commemorate the Company's 50th anniversary, Össur became Carbon Neutral in 2021.

We are committed to our sustainability vision and will continue to actively reduce our carbon footprint and remain carbon neutral in 2022 and beyond.

## How do we do it?

- **Actively reduce emissions** from our operations
- **Improve energy efficiency** at our locations
- Source 100% electricity from **renewable energy source**
- **Offset remaining emissions** by supporting emission reduction projects



Össur has partnered with First Climate, a leading service provider of carbon emissions management, to achieve carbon neutrality

*Carbon neutral for Scope 1 and 2 emissions, and selected Scope 3 emissions*

# Össur Has Initiatives in Place to Support the UN Sustainable Development Goals



<b>World goals</b>	Ensure healthy lives and promote well-being for all at all ages	Achieve gender equality and empower all women and girls	Ensure sustainable consumption and production patterns	Take urgent action to combat climate change and its impacts
<b>How Össur will contribute</b>	Improve access to healthcare for amputees	Ongoing commitment towards gender equality	Reducing the environmental footprint of our products	Actively work towards a carbon neutral operation
<b>Example of measurements</b>	<ul style="list-style-type: none"> <li>• Launch products for elderlies</li> <li>• Initiate and/or support clinical investigations</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain an even employee gender split (+/- 10%)</li> <li>• Increase women in management</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable product design</li> <li>• Reduce material in product packaging</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce emissions from travel and freight</li> <li>• Aim for renewable energy options</li> </ul>





## A Closer Look at Good Health and Well-Being



### 3 GOOD HEALTH AND WELL-BEING



Globally, only 30-40% of new lower limb amputees are fitted with a prosthetic solution. The average age of amputees is between 65-70 years and vascular related amputations are above 80% in the developed world. Statistics demonstrate that if amputees in this age group do not become mobile, life-expectancy is materially reduced. Physical activity and exercise can have immediate and long-term health benefits and improve quality of life.

**Össur is adding special focus on designing products that support the needs of elderly**

1

**Design and market functional products for the elderly**

2

**Initiate and/or support clinical investigations focusing on clinical benefits related to more functional products for elderly**

3

**Engage with industry specialists and decision makers to secure access to more functional products for elderly**



# Össur's Greatest Assets Are Its Employees



38%

Female in management positions

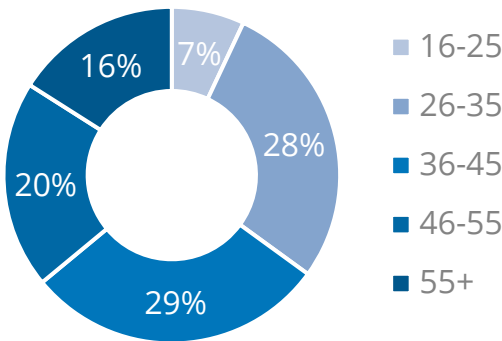


Gender ratio at Össur



4 of 5

Engagement index



Age



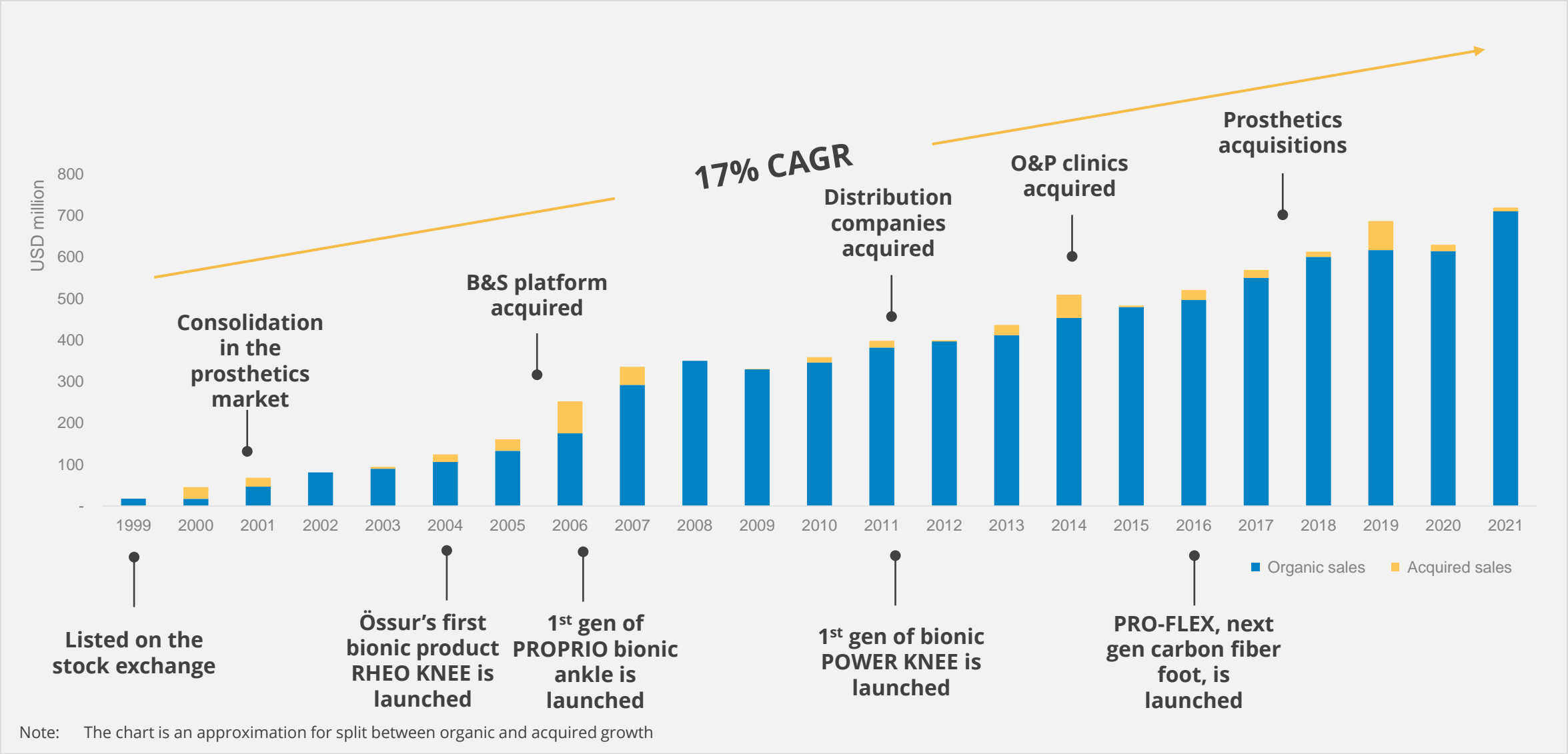


# Financials





# Össur Has Grown Through a Healthy Combination of Organic Growth and Acquisitions



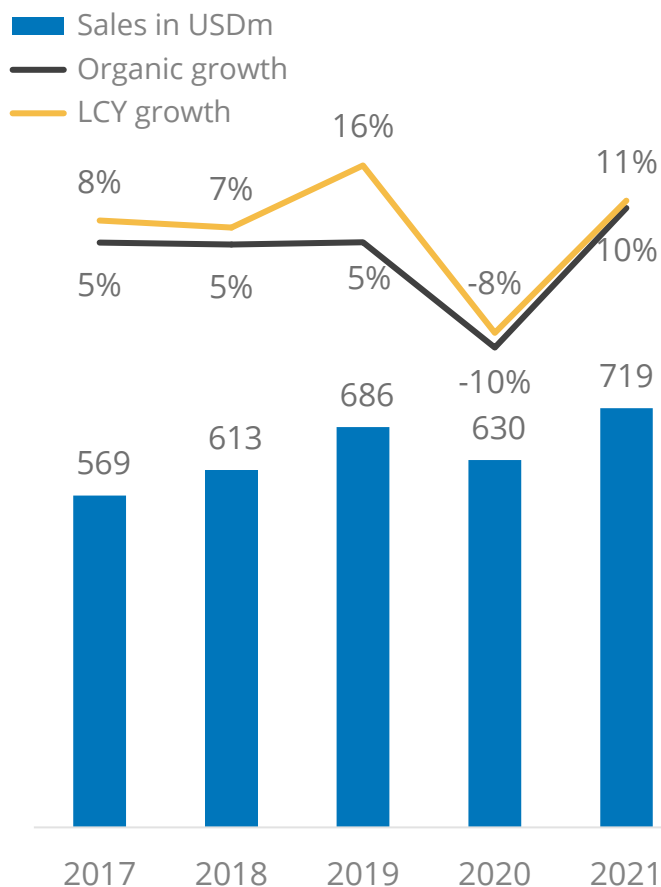


Efficiency

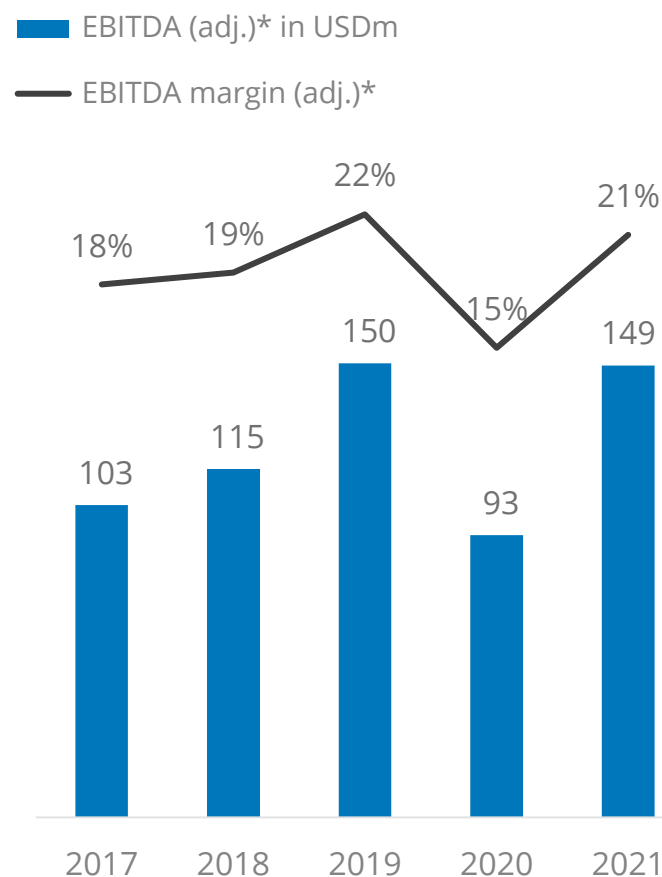
# Össur Has a History of Strong Organic Growth, Increasing Profitability and Strong Cash Flow



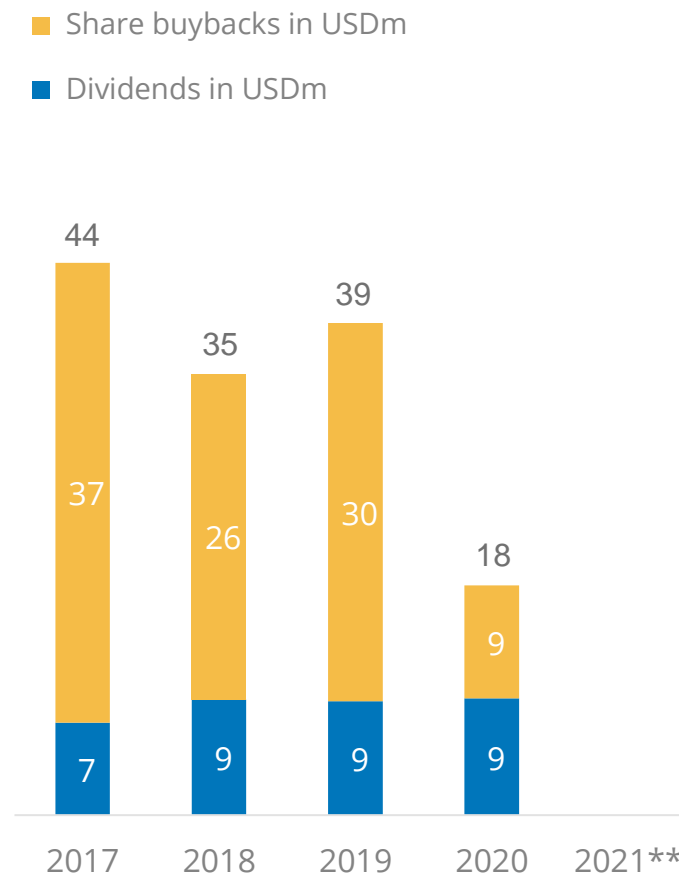
## Sales



## EBITDA\*



## Payout



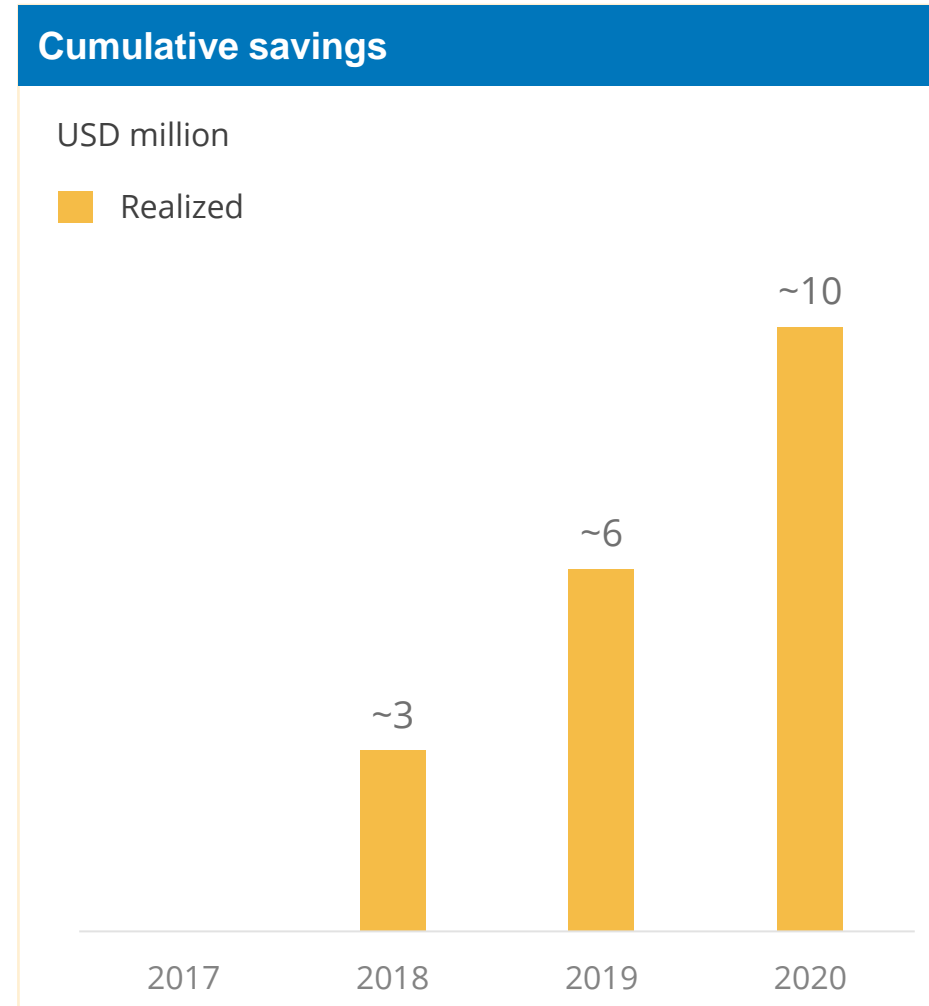
\*EBITDA before special items

\*\* Össur commenced a share buyback program on 14 February 2022. The share buyback program was put on hold on 17 March 2020 due to the impact of the COVID-19 pandemic, as the net interest-bearing debt to EBITDA ratio was temporarily above the target level



# Overview of the Efficiency Initiatives Launched in September 2017

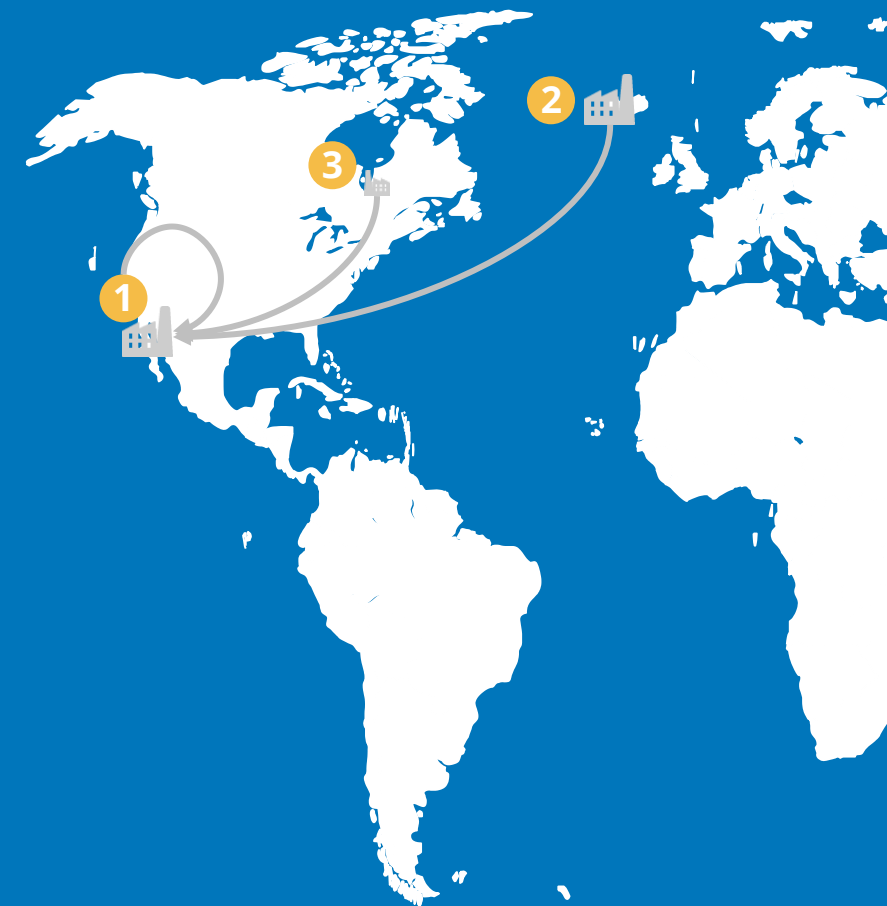
Initiative	Description
<b>Distribution</b>	Close a distribution facility and move its operations to the Mexico manufacturing facility to harvest scale and efficiency
<b>Manufacturing</b>	Move a part of the prosthetics manufacturing from Iceland to the Mexico manufacturing facility Close Össur's largest US manufacturing facility in Albion and move its activities to Mexico
<b>Strategic sourcing</b>	Establish a centralized strategic sourcing department to harvest savings across key spend categories



Note: Össur announced efficiency initiatives in September 2017. For further information see company announcement no. 68/2017.

# Savings by Moving Certain Distribution and Manufacturing Activities to a Low-Cost Environment

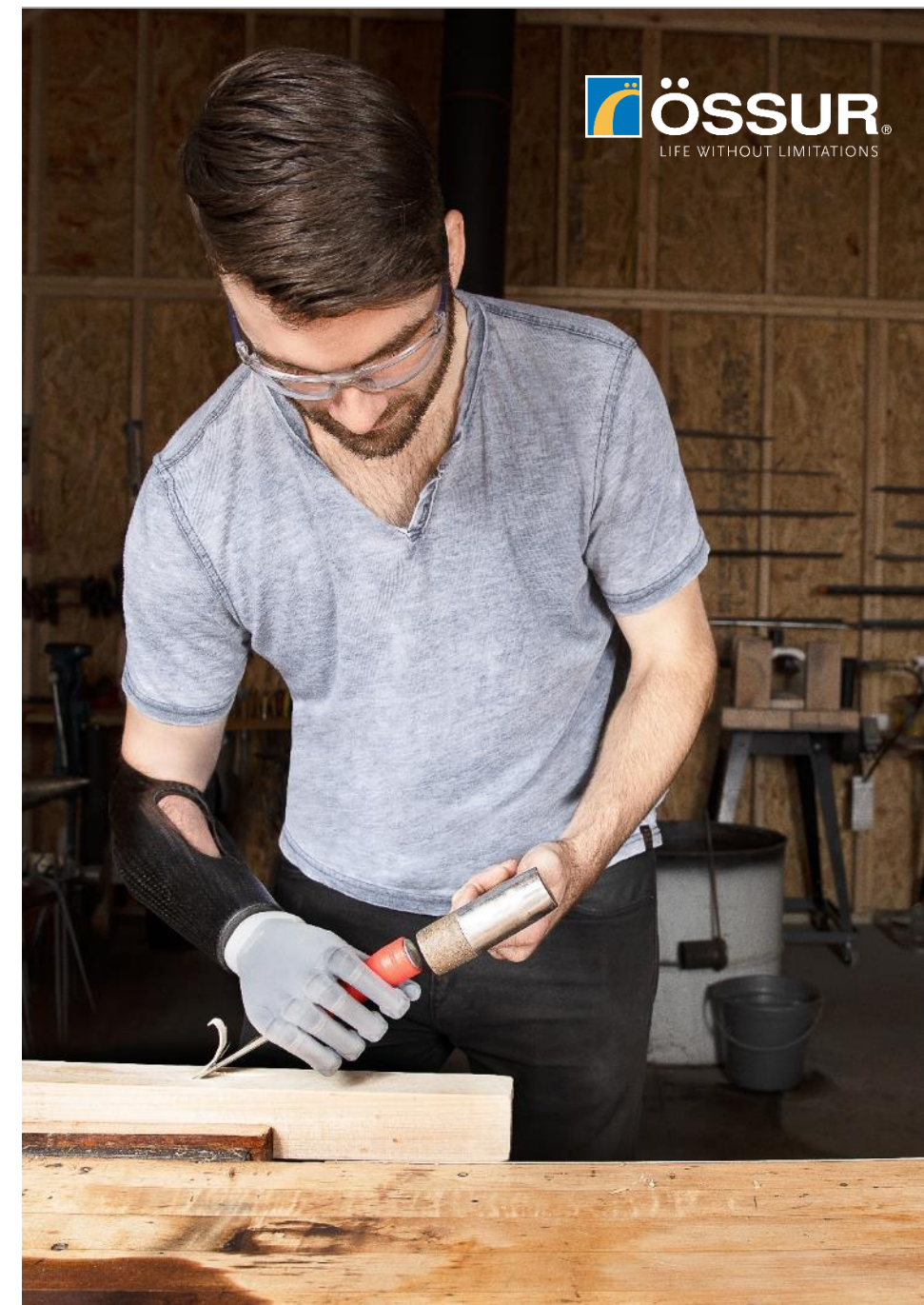
#	Action	Impact
1	Close distribution facility in the US and move activities to Mexico	1 less site 20 new positions in Mexico
2	Move part of prosthetics manufacturing from Iceland to Mexico	60 new positions in Mexico
3	Close down manufacturing site in the US and move activities to Mexico	1 less site 30 new positions in Mexico
Total		2 less sites 110 new positions in Mexico





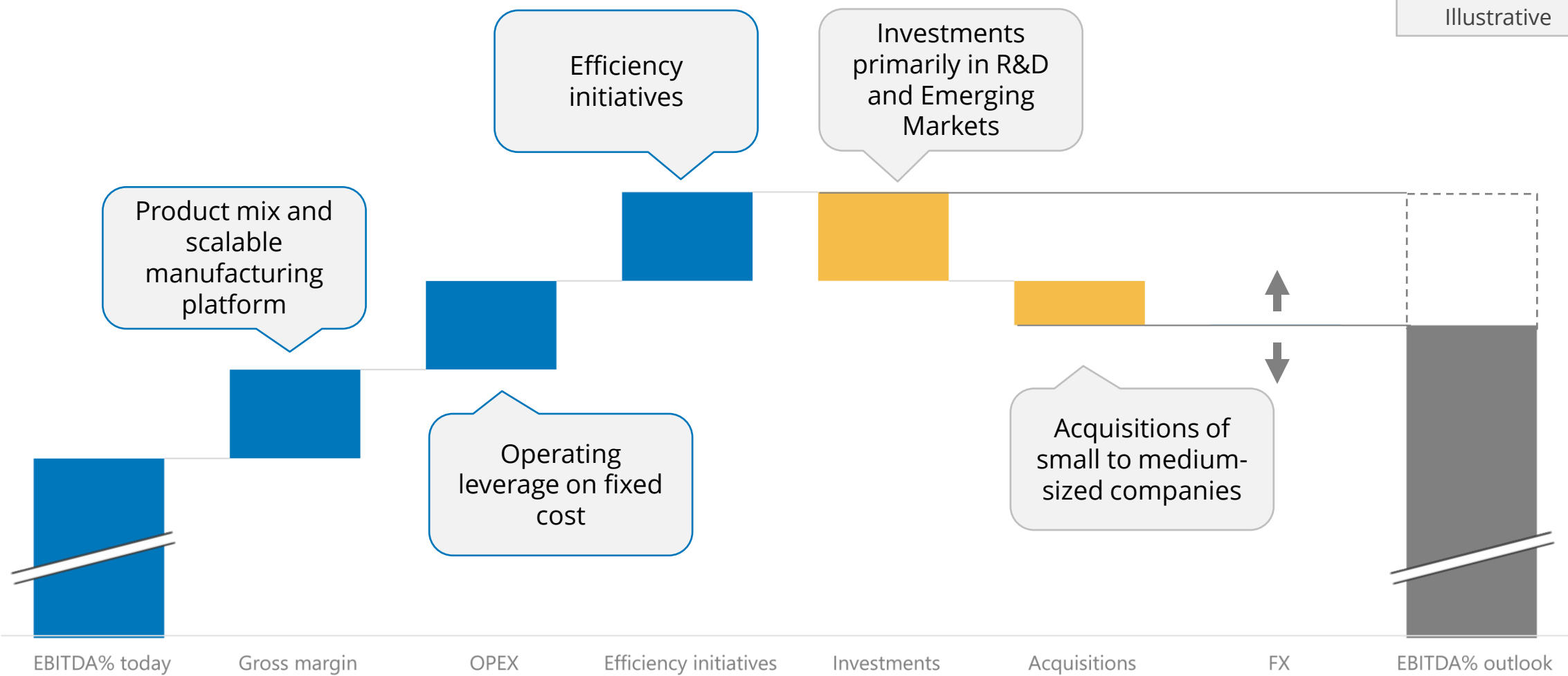
## We Have an Increasingly Scalable Infrastructure

Category	Scalability	Key drivers impacting profitability
COGS	High	<ul style="list-style-type: none"><li>• Scalable manufacturing platform</li><li>• Centralized procurement (strategic sourcing)</li><li>• 12 fewer locations since 2009</li></ul>
S&M	Medium	<ul style="list-style-type: none"><li>• Implementation of a new CRM platform</li><li>• Growing bionics sales</li><li>• Össur's O&amp;P Services</li><li>• Investments in market access in emerging markets</li></ul>
G&A	High	<ul style="list-style-type: none"><li>• Shared service center in Poland supporting around 60% of Össur's entities</li><li>• Investments in global IT which is supporting majority of Össur's entities</li></ul>
R&D	Low	<ul style="list-style-type: none"><li>• Investments in high-end product development</li><li>• New innovation such as exoskeletons</li></ul>



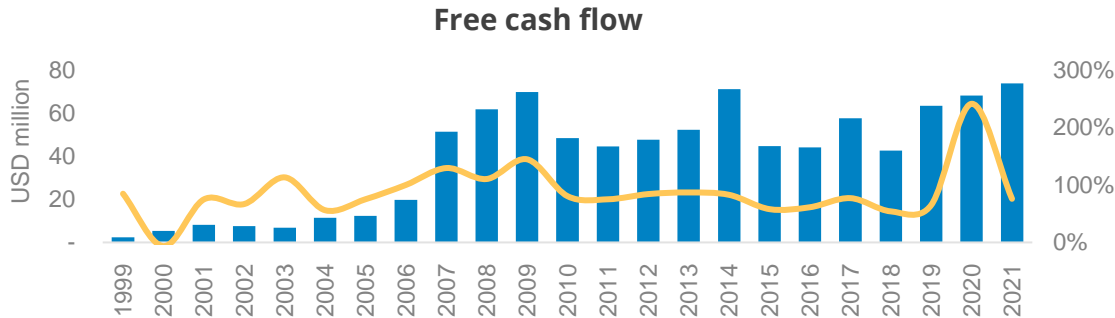
# Illustration of Expected EBITDA Margin Development in the Short-to Medium-Term

Illustrative

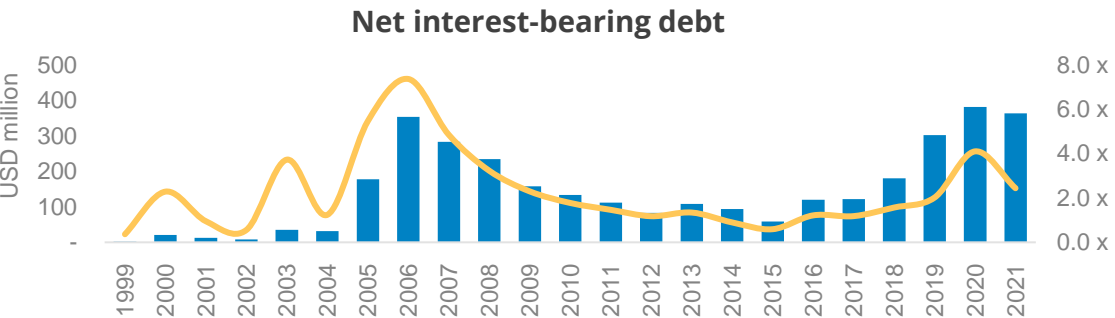




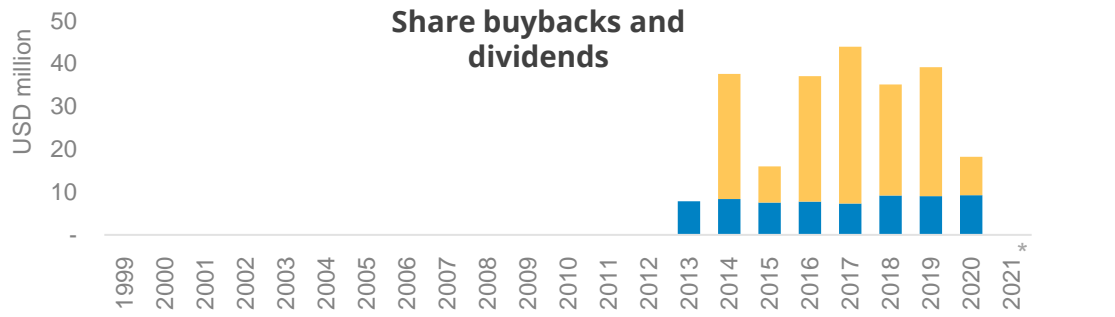
# With a Strong Cash Flow Generation and Capital Structure, Össur Began Returning Capital to Shareholders in 2013



FCF  
~85% of EBIT  
on average



Target  
2.0-3.0x  
NIBD/EBITDA



Total of USD  
235 million  
since 2013

Note: Free cash flow to firm is calculated as cash generated by operations less capital expenditures and taxes and excluding special items  
\* Össur commenced a share buyback program on 14 February 2022. The share buyback program was put on hold on 17 March 2020 due to the impact of the COVID-19 pandemic, as the net interest-bearing debt to EBITDA ratio was temporarily above the target level





#### **Forward-looking statement**

This presentation contains forward-looking statements, which reflect the Management's current views with respect to certain future events and financial performance. Although the statements are based upon estimates the Management believes to be reasonable, there is no assurance that these statements will be achieved.

Statements containing the financial outlook for 2022 and the following years naturally involve risks and uncertainties, and consequently actual results will differ, and may differ materially, from those projected or implied in the forward-looking statements.

The risks and uncertainties may include unexpected developments in the international currency exchange and securities markets, financing, market driven price decreases for Össur's products, delay or failure of development products, production problems and unexpected cost increases, development of new technologies by competitors, the introduction of competing products within Össur's core areas, exposure to product liability and other lawsuits, changes in reimbursement rules and governmental laws.