

Sveinn Sölvason, President and CEO, Comments:

“Sales amounted to 191 million and the EBITDA margin before special items was 18% in Q4 2022. Despite a challenging external environment, we have grown the business in all regions and business segments in 2022. We ended the year with a strong quarter of growth driven by prosthetics sales in Americas and EMEA, and bionic sales were particularly strong. As we remain focused on growth and innovation, we successfully launched our Power Knee, the first motor powered prosthetic knee, in all our regions this year. We are very pleased with how positively it has been received and are excited about the potential of powered prosthetics. One of our other highlights this year was the acquisition of Naked Prosthetics, a leading provider of prostheses for finger and partial hand amputees which has strengthened our position in upper limb prosthetics. I sincerely want to thank our employees and customers for the collaboration over the past year. We are looking ahead with optimism and are fueled by our dedication to improve people’s mobility.”

Highlights Q4 and FY 2022

- Sales amounted to USD 191 million in Q4 2022. Sales growth was 9% in local currency and increased by 6% organic compared to 11% in local currency and 5% organic in Q4 2021. Sales amounted to USD 719 million in FY 2022, sales growth was 7% in local currency and increased by 4% organic, in line with the guidance for FY 2022.
- Prosthetics sales grew by 7% organic and Bracing & Supports (B&S) sales increased by 5% organic in Q4 2022 compared to 6% and 3% respectively, in Q4 2021. Prosthetics grew by 4% in FY 2022 and B&S by 3%.
- Due to the strengthening of the USD against the EUR and other key currencies, reported sales were negatively impacted by USD 14 million in Q4 2022 compared to Q4 2021, which corresponds to about an 8%-point negative effect on the reported growth rate. The adverse FX effect on reported sales in FY 2022 amounted to USD 47 million.
- Gross profit margin was 61% in Q4 2022 compared to 64% in Q4 2021. Gross profit was 61% in FY 2022 or 62% excluding special items mainly in connection to the cost saving initiatives announced last quarter, compared to 63% in FY 2021.
- EBITDA before special items amounted to USD 34 million in Q4 2022, and the EBITDA margin before special items was 18% compared to 22% in Q4 2021. In FY 2022, EBITDA before special items amounted to USD 128 million and the EBITDA margin before special items was 18% in line with guidance for FY 2022, compared to USD 149 million and 21% in FY 2021. The EBITDA margin before special items in 2022 was mainly affected by temporary high supply chain and manufacturing cost.
- Net profit in Q4 2022 amounted to USD 13 million or 7% of sales compared to USD 18 million or 9% of sales in Q4 2021. Net profit in FY 2022 amounted to USD 43 million compared to USD 66 million in FY 2021.
- Cash generated by operations amounted to USD 39 million or 21% of sales in Q4 2022 and amounted to USD 92 million or 13% of sales in FY 2022.
- NIBD/EBITDA before special items was 3.2x at the end of Q4 2022, above the target ratio of 2.0-3.0x due to higher net debt in connection to renewals of lease agreements, lower cash generated by operations and adverse FX impact. In line with Össur’s Capital Structure and Capital Allocation Policy, Össur continues to temporarily pause share buybacks as NIBD/EBITDA before special items is above the target leverage range.
- The financial guidance for the full year 2023 is 4-8% organic sales growth, 17-20% EBITDA margin before special items, 3-4% CAPEX of sales, and an effective tax rate of 23-24%.

Key Financials and Guidance	FY 2022	FY 2021	Q4 2022	Q4 2021	Guidance FY 2023
Net sales in USD million	719	719	191	188	
Sales growth, organic	4%	10%	6%	5%	4-8%
EBITDA margin	16%	21%	18%	22%	
EBITDA margin before special items	18%	21%	18%	22%	17-20%
CAPEX as % of sales	4%	4%	4%	5%	3-4%
Effective tax rate	23%	24%	21%	25%	23-24%

USD millions	Q4 2022	Q4 2021	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Income Statement							
Net sales	191	188	719	719	630	686	613
Gross profit	116	121	440	455	391	439	387
Operating expenses (excl. other income / exp.)	96	96	373	360	338	341	304
EBITDA	34	41	114	149	93	141	107
EBITDA before special items	34	41	128	149	93	150	115
EBIT	21	26	65	97	28	98	79
Net profit	13	18	43	66	8	69	80
Sales Growth							
Sales growth USD	% 2	11	0	14	(8)	12	8
Growth breakdown:							
Organic growth	% 6	5	4	10	(10)	5	5
Currency effect	% (8)	(1)	(7)	3	0	(4)	1
Acquired/divested business	% 4	7	3	1	2	11	2
Balance Sheet							
Total assets	1,325	1,247	1,325	1,247	1,214	1,091	914
Equity	636	627	636	627	577	569	538
Net interest-bearing debt (NIBD)	404	363	404	363	381	302	180
Cash Flow							
Cash generated by operations	39	39	92	128	119	120	92
Free cash flow	17	31	35	74	68	63	39
Key Ratios							
Gross profit margin	% 61	64	61	63	62	64	63
EBIT margin	% 11	14	9	14	4	14	13
EBITDA margin	% 18	22	16	21	15	21	18
EBITDA margin before special items	% 18	22	18	21	15	22	19
Equity ratio	% 48	50	48	50	48	52	59
Net debt to EBITDA before special items*	3.2	2.4	3.2	2.4	4.1	2.0	1.6
Effective tax rate	% 21	25	23	24	38	24	18
Return on equity*	% 7	11	7	11	1	12	15
CAPEX / Net sales	% 3.8	4.7	3.6	3.7	3.8	4.6	5.0
Full time employees at period end	3,892	3,761	3,892	3,761	3,385	3,449	3,147
Full time employees on average	3,926	3,760	3,866	3,668	3,505	3,382	2,775
Market							
Market value of equity	2,035	2,724	2,035	2,724	3,380	3,340	2,055
Number of shares in millions	423	423	423	423	423	425	431
EPS in US cents	3.0	4.2	10.3	15.6	1.9	16.3	18.8
Diluted EPS in US cents	3.0	4.2	10.3	15.5	1.9	16.2	18.7

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

Note: The Company applied IFRS 16 on 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated.

Management's Report

Financial Performance

Sales

Sales increased by 6% organic in Q4 2022

Sales in FY 2022 amounted to USD 719 million, compared to USD 719 million in FY 2021, corresponding to a 4% increase organic, a 7% increase including acquisitions (local currency growth) and a flat reported growth (USD growth). Sales in Q4 2022 amounted to USD 191 million compared to USD 188 million in Q4 2021, corresponding to 6% organic growth, a 9% increase including acquisitions (local currency growth) and a 2% reported growth (USD growth).

Acquired sales amounted to USD 6 million in Q4 2022

In FY 2022, Össur completed acquisitions of entities with combined annual sales of USD 19 million, including the acquisition of Naked Prosthetics, a leading provider of functional finger prostheses for finger and partial hand amputees. Impact on sales from acquisitions amounted to USD 6 million in Q4 2022 corresponding to about a 4%-point positive effect on the reported growth rate. However, currency movements in Q4 2022 impacted sales negatively by USD 14 million, which corresponds to about an 8%-point negative effect on the reported growth rate. The adverse FX impact is mainly due to the strengthening of the USD against the EUR and other key currencies.

Sales By Geographical Segment (USD million)	Q4 2022	Organic growth*	Δ Acq. / div.	Δ Curr. Effect	USD growth*	FY 2022	Organic growth*	Δ Acq. / div.	Δ Curr. Effect	USD growth*
Americas	95	6%	4%	-1%	8%	351	2%	2%	0%	4%
EMEA	80	7%	4%	-14%	(3%)	306	5%	5%	-13%	(3%)
APAC	15	2%	0%	-11%	(9%)	62	4%	0%	-9%	(4%)
Total	191	6%	4%	-8%	2%	719	4%	3%	-7%	0%

Sales By Product Segment (USD million)	Q4 2022	Organic growth*	Δ Acq. / div.	Δ Curr. Effect	USD growth*	FY 2022	Organic growth*	Δ Acq. / div.	Δ Curr. Effect	USD growth*
Prosthetics	122	7%	4%	-7%	4%	456	4%	3%	-6%	1%
Bracing & Supports	68	5%	3%	-9%	(1%)	263	3%	4%	-8%	(1%)
Total	191	6%	4%	-8%	2%	719	4%	3%	-7%	0%

*growth/(decline)

Prosthetics sales amounted to USD 456 million in FY 2022 and increased by 4% organic. In Q4 2022, prosthetics sales amounted to USD 122 million and increased by 7% organic. In the quarter, sales of bionic products accounted for 25% of prosthetics component sales compared to 23% in Q4 2021. The increase is mainly driven by Power Knee sales. Going into 2023, the demand for this first motor powered prosthetic knee continues to be high. Bracing and Supports (B&S) sales amounted to USD 263 million in FY 2022 and increased organically by 3%. B&S sales amounted to USD 68 million in Q4 2022 and increased by 5% organic. Sales were strong in APAC while lower patient volumes adversely affected B&S sales in Americas, but patient volumes recovered towards the end of the quarter.

Strong growth in Americas and EMEA

Sales were strong in Americas and EMEA in Q4 2022, driven by sales in Prosthetics. Australia also contributed to the strong organic growth in the quarter while China was adversely affected by COVID-19 and the associated restrictions. The restrictions were lifted at the beginning of December 2022, but some remaining impact is expected in China in Q1 2023.

Despite various external challenges in 2022, the business grew across all markets and business segments. The impact from COVID-19 was more widespread than anticipated in Q1 2022 as it impacted all regions in the first months of the year, especially APAC as both China and Australia were affected. While sales growth in APAC was particularly strong in Q3 2022, the sales growth continued to be affected by COVID-19 in China in both Q2 and Q4 2022. Furthermore, sales growth in Americas and EMEA was particularly affected by the discontinuation of the outsourcing contract with the Department of Defense (DOD) in the US (announced in the Q4 2021 Company Announcement) and the continuous suspension of sales to Russia due to the ongoing war in Ukraine, which combined adversely affected organic growth in FY 2022 by around 2 percentage points. Lastly, currency impact on reported sales was negative by USD 47 million in FY 2022.

Sales to Russia amounted to around 1% of sales in FY 2021. Össur continues to provide humanitarian aid in the form of donated products and clinical expertise to medical professionals in Ukraine.

Operations

Gross profit margin of 61% in Q4

Gross profit in FY 2022 amounted to USD 440 million or 61% of sales compared to USD 455 million or 63% of sales in FY 2021. Gross profit margin in FY 2022 was 62% excluding special items, mainly in connection to cost saving initiatives announced in Q3 2022. In Q4 2022, gross profit amounted to USD 116 million or 61% of sales compared to USD 121 million or 64% of sales in Q4 2021. Supply chain challenges continue to have a short-term negative effect on productivity.

Higher freight cost and inflation in raw material prices increased cost of goods sold by USD 13 million on a full year basis in FY 2022 from pre-pandemic levels in FY 2019. Thereof, the increase in freight cost was around USD 10 million and around USD 3 million in raw materials. Higher freight rates and increased use of air and expedited sea freight to support production and demand were the main drivers for higher freight cost. Inflation in raw materials is estimated to continue somewhat while freight cost continues to normalize as freight rates have declined but Össur is still using more expensive means of freight for some raw materials. Management estimates that most of this increase in cost of goods sold is temporary in nature.

COGS increases vs. pre-pandemic levels in FY 2019 (USD million)	FY 2022	FY 2021
Freight	10	7
Raw material	3	3
Total	13	10

Price increases in 2023

Around 90% of Össur product sales and services are reimbursed by public and private insurance companies. Most reimbursement systems did not increase their prices in 2022. In 2023, reimbursement systems have announced price increases from zero percent to inflation related price increases. Össur is implementing price increases in 2023 as considered possible based on these regional variances. Unit cost has been increasing at a faster rate than price increases. However, with lower freight cost and improved productivity, unit cost will improve, and price increases will gradually capture the permanent increase in manufacturing cost. However, some unpredictability can be expected in terms of sales price increases covering further inflation.

OPEX of 50% in Q4 2022

Operating expenses amounted to USD 95 million or 50% of sales in Q4 2022, the same as in Q4 2021. For FY 2022 OPEX was USD 375 million or 52% of sales compared to USD 358 or 50% in FY 2021.

In Q3 2022, Össur made organizational changes and initiated cost savings to support further growth and profitability, and simplified operations to better leverage key strategic locations. Total annual cost savings amount to USD 15 million and are expected to materialize from the beginning of 2023. Össur plans to reinvest around one third of the cost savings into Össur's Emerging Markets platform and digital initiatives. One-time restructuring cost in connection to the organizational changes and cost savings initiatives communicated in the Q3 2022 Company Announcement were a substantial part of higher OPEX for the year. Excluding special items, OPEX was 51% of sales in 2022.

Energy prices are on the rise, particularly in Europe due to the ongoing war in Ukraine. However, Össur's manufacturing is mainly located in Iceland, Mexico and China. In Iceland, the energy cost has been unaffected as Össur makes use of renewable energy sources which limits the effect of rising energy prices for the production in Europe. Higher energy prices will though have an impact on energy costs for Össur's offices and other entities in Europe.

Operating profit

EBITDA margin before special items of 18% in Q4

In FY 2022, EBITDA before special items amounted to USD 128 million or 18% of sales compared to USD 149 million or 21% of sales in FY 2021. In Q4 2022, EBITDA before special items amounted to USD 34 million or 18% of sales compared to USD 41 million or 22% of sales in Q4 2021. Currency impact on the EBITDA margin before special items including hedge was negative by 55 basis points in the quarter.

The FY 2022 EBITDA margin before special items is below a normalized level, both due to an adverse impact on sales as well as higher supply chain related cost and OPEX. COVID-19 impacted sales in China and sales to Russia have been suspended from 24 February 2022 due to the ongoing war in Ukraine. In addition, shortage of certain raw materials and components, primarily for the new Power Knee, adversely affected sales. In addition, higher freight cost and raw material inflation increased cost of goods sold affecting profitability.

Financial Items, Income Tax and Net Profit

Net financial expenses in Q4 2022 amounted to USD 5.1 million, compared to USD 2 million in Q4 2021. Net financial expenses in FY 2022 amounted to USD 9 million, compared to USD 11 million in FY 2021. The main difference between the comparable quarters and years is net exchange rate differences.

Effective tax rate of 21% in Q4

Income tax amounted to USD 3 million in Q4 2022, corresponding to a 21% effective tax rate compared to USD 6 million in Q4 2021, corresponding to a 25% effective tax rate. In FY 2022, income tax amounted to USD 13 million, a 23% effective tax rate, in line with the guidance for FY 2022, compared to USD 21 million in FY 2021, a 24% effective tax rate.

Net profit in Q4 2022 amounted to USD 13 million compared to USD 18 million in Q4 2021, mainly due to temporarily higher cost of goods sold this quarter than in the comparable period. Diluted earnings per share in Q4 2022 amounted to 3.0 US cents compared to 4.2 US cents in Q4 2021. In FY 2022, net profit amounted to USD 43 million, compared to USD 66 million in FY 2021. Diluted earnings per share in FY 2022 amounted to 10.3 US cents compared to 15.5 US cents in FY 2021.

Cash Flow

Cash generated by operations and capital expenditures

Cash generation of USD 39 million in Q4

Cash generated by operations amounted to USD 39 million or 21% of sales in Q4 2022 the same as in Q4 2021. Cash generated by operations amounted to USD 92 million or 13% of sales in FY 2022 compared to USD 128 million or 18% of sales in FY 2021. Cash generated by operations was adversely affected by receivables and inventory buildup, largely as safety stock due to long lead times and uncertainty in the supply chain.

Bank balances and cash equivalents

Cash and undrawn facilities amounted to USD 133 million

Bank balances and cash equivalents amounted to USD 77 million at the end of 2022 and USD 56 million of existing facilities were undrawn. Bank balances and cash equivalents in addition to undrawn credit facilities at the end of 2022, therefore, amounted to USD 133 million.

CAPEX was 4% of sales in Q4

Capital expenditures in Q4 2022 amounted to USD 7 million or 4% of sales, compared to USD 9 million or 5% of sales in Q4 2021. Capital expenditures for 2022 amounted to USD 26 million or 4% of sales, in line with the guidance for FY 2022, compared to USD 27 million or 4% of sales in FY 2021.

Capital Structure

Net-interest bearing debt

NIBD/EBITDA before special items at 3.2x

Net interest-bearing debt, including lease liabilities, amounted to USD 404 million at year-end 2022 compared to USD 363 million at year-end 2021. Net interest-bearing debt to EBITDA before special items corresponded to 3.2x at year-end 2022, up from 2.8x at the end of Q3 2022. Net interest-bearing debt increased by USD 22 million from Q3 to Q4 2022, mainly due to renewals of lease contracts leading to an increase in lease liabilities and contributing to a higher leverage ratio.

Share buybacks

Continues to pause share buybacks

On 6 October 2022, Össur completed a share buyback program that was initiated on 14 February 2022, and on 10 October, Össur initiated a new share buyback program. 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. As the leverage was 2.8x at the end of Q3 2022, at the upper end of the desired level, Össur decided to temporarily pause share buybacks from 25 October 2022. Össur continues to pause the share buybacks as the leverage was 3.2x, above the target level, at the end of Q4 2022.

At the end of Q4 2022, treasury shares totaled 2,711,302.

Financial Guidance

Guidance	Guidance FY 2023	Actual FY 2022
Sales growth, organic	4-8%	4%
EBITDA margin before special items	17-20%	18%
CAPEX as % of sales	3-4%	4%
Effective tax rate	23-24%	23%

The organic sales growth outlook for FY 2023 is expected to be in the range of 4-8%. The key factors impacting sales growth will be effect from price increases, stability in product supply, impact from new product launches, successful execution in Emerging Markets and COVID-19. Some impact from COVID-19 can be expected in Q1 in China while other markets are estimated to be unaffected by the pandemic in 2023. In addition, at current FX rates, sales are estimated to be largely unaffected in 2023.

The EBITDA margin before special items is expected to be in the range of 17-20% for FY 2023. An underlying gradual increase in profitability is expected as sales continue to normalize supported by improved sourcing of raw materials and components as well as growth in higher margin products, and scalability in core operations. Inflation in raw material is estimated to continue somewhat in 2023 while freight cost which has been the main contributor to higher supply chain cost, is expected to decline gradually. Inflation is estimated to affect cost of goods sold as well as OPEX during the year, but cost savings related to restructuring activities made in Q3 2022 are expected to partly offset the adverse effect. At current foreign exchange rates, keeping all other factors constant, the EBITDA margin before special items is expected to be positively impacted by about 30 basis points in 2023 when compared to 2022. Additional information on foreign exchange assumptions can be found in the next section.

CAPEX is expected to be in the range of 3-4% of sales.

Based on the current mix of taxable income, the expectation is that the 2023 effective tax rate will be in the range of 23-24%.

Financial 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 2.4-2.8 million when unhedged. The same movement in ISK/USD is estimated to have an annual impact on EBITDA in the range of +/- USD 3.1-3.5 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 2022	1.0540	0.0074
Closing rate 30 January 2023	1.0903	0.0071
Estimated average exchange rate for 2023*	1.0903	0.0071
Change in estimated exchange rate 2023 compared to last year's average	3%	-4%

* Estimated average exchange rate is calculated as the closing rate on 30 January 2023.

Other Matters

Adding Two New UN Sustainable Development Goals

Since 2020, Össur has actively supported UN Sustainable Development Goals 3, 5, 12 and 13, and monitors the progress of the initiatives in these areas. In Q4 2022, Össur decided to add UN Sustainable Development Goals 8 and 16 to the sustainability agenda. Goal 8 relates to Decent Work and Economic Growth, an area Össur contributes to by offering attractive job opportunities and good working conditions worldwide, thereby stimulating the economy. Össur protects labor rights and emphasizes safety in all the operations. In addition, Össur promotes learning opportunities for own employees as well as the larger O&P Community, through the Össur Academy.

Goal 16 is named Peace, Justice and Strong Institutions and Össur's focus is on responsible business practices that make a meaningful contribution to peaceful and inclusive societies. Össur has a zero-tolerance policy when it comes to corruption and bribery and respects the rules of law. Össur's reporting is transparent, and Össur believes business ethics are fundamental for a global society to achieve sustainable development.

The [Össur Sustainability Report](#) for 2022 reports on metrics for these new Goals.

Capital Markets Day in 2023

Össur invites shareholders, financial analysts, investors, lenders and financial media to a Capital Markets Day in Copenhagen on 30 March 2023. The Capital Markets Day is hosted by Sveinn Sölvason, President and CEO, along with key members of the Össur Executive Management team. Further details on the Capital Markets Day, including the agenda and location, will become available at www.ossur.com/investors in due time.

Financial Calendar and Conferences

Q4 & FY 2022 conference call details

Össur will host a conference call on 31 January 2023 at **9:00 CET / 8:00 GMT / 3:00 ET**. To participate in the call please click on this link: [Össur Conference Call](#).

A webcast can be followed on the Össur website: www.ossur.com/investors.

Financial Calendar

Annual General Meeting 2023	10 March 2023
Interim report Q1 2023	25 April 2023
Interim report Q2 2023	25 July 2023
Interim report Q3 2023	24 October 2023
Interim report Q4 2023 and Annual Report 2023	30 January 2024
Annual General Meeting 2024	13 March 2024

Conferences

ABGSC Investor Days (Stockholm)	7-8 March 2023
Carnegie Nordic Healthcare Seminar 2023 (Copenhagen)	14-16 March 2023
Goldman Sachs European Medtech Conference (London)	6-7 September 2023

Capital Markets Day

Össur Capital Markets Day (Copenhagen)	30 March 2023
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For Further Information

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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

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. Össur 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.

Össur hf.

**Condensed Interim Consolidated
Financial Statements**

31.12.2022

Össur hf
Grjóthálsi 5
110 Reykjavík
Id-no. 560271-0189

Statement by the Board of Directors and President and CEO

The Condensed Interim Consolidated Financial Statements of Össur hf. for the period from 1 January 2022 to 31 December 2022 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 718.6 million and the net profit amounted to USD 43.2 million. Össur's Consolidated total assets amounted to USD 1,325.4 million at the end of period, liabilities were USD 689.9 million, and equity was USD 635.5 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 2022 and operating performance of the period ended 31 December 2022.

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 2022 to 31 December 2022 and confirm them by means of their signatures.

Reykjavík, 31 January 2023

Board of Directors

Niels Jacobsen
Chairman of the Board

Svafa Grönfeldt

Alberto Esquenazi

Arne Boye Nielsen

Guðbjörg Edda Eggertsdóttir

President and CEO

Sveinn Sölvason

Consolidated Income Statement

All amounts in USD '000	Notes	2022	2021	Q4 2022	Q4 2021
Net sales	3	718,650	718,669	190,944	187,542
Cost of goods sold		(278,902)	(263,282)	(75,008)	(67,007)
Gross profit		439,748	455,387	115,936	120,535
Other income / (expenses)		(2,296)	1,687	1,252	1,093
Sales and marketing expenses		(266,056)	(253,885)	(68,049)	(67,624)
Research and development expenses		(34,024)	(31,735)	(8,864)	(8,397)
General and administrative expenses		(72,529)	(74,143)	(19,047)	(19,664)
Earnings before interest and tax (EBIT)		64,844	97,311	21,228	25,943
Financial income		1,663	984	296	562
Financial expenses		(12,947)	(12,774)	(3,786)	(3,337)
Net exchange rate difference		2,612	1,119	(1,566)	334
Net financial expenses		(8,672)	(10,671)	(5,056)	(2,441)
Earnings before tax (EBT)		56,172	86,640	16,172	23,502
Income tax		(12,962)	(20,984)	(3,413)	(5,947)
Net profit		43,210	65,656	12,759	17,555
Attributable to:					
Owners of the Company		42,513	63,994	12,904	17,564
Non-controlling interests		697	1,662	(145)	(9)
Net profit		43,210	65,656	12,759	17,555
Earnings per share					
Earnings per share (US cent)		10.3	15.6	3.0	4.2
Diluted earnings per share (US cent)		10.3	15.5	3.0	4.2

Consolidated Statement of Comprehensive Income

All amounts in USD '000	2022	2021	Q4 2022	Q4 2021
Net profit	43,210	65,656	12,759	17,555
Items that may be reclassified subsequently to profit or loss:				
Change in cash flow hedges	(1,431)	(13)	(1,322)	383
Exchange differences on translating foreign operations	(23,968)	(14,098)	15,485	(3,530)
Income tax relating to components of other comprehensive income	(208)	(1,878)	1,368	(656)
Other comprehensive income, net of income tax	(25,607)	(15,989)	15,531	(3,803)
Total comprehensive income	17,603	49,667	28,290	13,752
Attributable to:				
Owners of the Company	16,906	48,005	28,435	13,761
Non-controlling interests	697	1,662	(145)	(9)
Total comprehensive income	17,603	49,667	28,290	13,752

Consolidated Balance Sheet

Assets

All amounts in USD '000	Notes	31.12.2022	31.12.2021
Property, plant and equipment	5	54,189	55,349
Right of use assets	6	125,131	126,731
Goodwill	7	680,400	644,153
Other intangible assets	8	62,003	58,836
Investment in associates		13,751	13,647
Other financial assets		3,719	2,924
Deferred tax assets		37,320	27,044
Non-current assets		976,514	928,684
Inventories		132,127	103,985
Accounts receivables		112,372	102,768
Other assets		27,717	26,281
Bank balances and cash equivalents		76,631	85,197
Current assets		348,847	318,231
Total assets		1,325,361	1,246,915

Consolidated Balance Sheet

Equity and liabilities

All amounts in USD '000	31.12.2022	31.12.2021
Issued capital and share premium	66,211	75,571
Reserves	(70,467)	(45,917)
Retained earnings	639,961	591,932
Equity attributable to owners of the Company	635,704	621,586
Non-controlling interest	(194)	5,009
Total equity	635,510	626,595
Borrowings	277,709	262,190
Lease liabilities	116,376	118,674
Deferred tax liabilities	29,596	29,027
Provisions	5,808	4,629
Deferred income	6,042	6,250
Other financial liabilities	17,314	13,094
Non-current liabilities	452,844	433,864
Borrowings	62,068	46,043
Lease liabilities	24,770	21,244
Accounts payable	28,653	26,720
Income tax payable	11,012	7,350
Provisions	19,325	8,970
Accrued salaries and related expenses	42,005	42,341
Other financial liabilities	18,524	5,151
Other liabilities	30,651	28,637
Current liabilities	237,007	186,456
Total equity and liabilities	1,325,361	1,246,915

Consolidated Statement of Cash Flow

All amounts in USD '000	Notes	2022	2021	Q4 2022	Q4 2021
Earnings before interests and tax (EBIT)		64,844	97,311	21,228	25,943
Depreciation and amortization	5, 6, 8	49,365	51,643	12,378	14,670
Change in inventories		(28,620)	(15,783)	(3,128)	(4,261)
Change in receivables		(13,457)	(13,184)	229	7,073
Change in payables		10,942	7,758	10,910	(2,326)
Change in provisions		11,583	(402)	(2,649)	(2,370)
Other operating activities		(2,692)	755	193	373
Cash generated by operations		91,965	128,098	39,161	39,102
Interest received		1,581	880	199	566
Interest paid		(13,112)	(12,150)	(5,876)	(4,055)
Income tax paid		(19,663)	(16,298)	(9,300)	4,245
Net cash generated from operating activities		60,771	100,530	24,184	39,858
Purchase of fixed and intangible assets	5, 8	(25,942)	(26,688)	(7,216)	(8,738)
Acquisition of subsidiaries, net of cash in acquired entities		(41,784)	(33,940)	(897)	4,059
Other investing activities		1,465	1,181	347	1,145
Cash flows to investing activities		(66,261)	(59,447)	(7,766)	(3,534)
Proceeds from long-term borrowings		52,833	1,693	52,286	999
Repayments of long-term borrowings		(65,797)	(17,352)	(59,546)	(6,613)
Changes in revolving credit facility		48,588	(14,038)	2,631	(21,827)
Payments of lease liabilities		(21,264)	(20,046)	(5,392)	(5,223)
Dividends from subsidiaries paid to non-controlling interests		(630)	(1,330)	(629)	72
Purchased treasury shares		(9,941)	0	(724)	0
Cash flows from / (to) financing activities		3,789	(51,073)	(11,374)	(32,592)
Net change in cash		(1,702)	(9,990)	5,044	3,732
Exchange rate effects on cash held in foreign currencies		(6,864)	(7,176)	4,789	(1,961)
Cash at beginning of period		85,197	102,363	66,798	83,426
Cash at end of period		76,631	85,197	76,631	85,197

Consolidated Statement of Changes in Equity

All amounts in USD '000	Share capital	Share premium	Statutory reserve	Share option reserve	Hedging reserve	Translation reserve	Accumulated profits	Attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 2021	4,794	70,077	1,267	2,507	196	(35,484)	529,155	572,512	4,678	577,190
Net profit							63,994	63,994	1,662	65,656
Change in cash flow hedges					(83)			(83)		(83)
Transl. diff. of shares in subsidiaries						(15,906)		(15,906)		(15,906)
Total comprehensive income	0	0	0	0	(83)	(15,906)	63,994	48,005	1,662	49,667
Payment of dividends								0	(1,330)	(1,330)
Share option charge for the period				2,268				2,268		2,268
Share option vested during the period	1	699		(682)			(1,217)	(1,199)		(1,199)
Balance at 31 December 2021	4,795	70,776	1,267	4,093	113	(51,390)	591,932	621,586	5,009	626,595
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	0	0	(1,141)	(24,466)	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
Balance at 31 December 2022	4,781	61,430	1,267	5,150	(1,028)	(75,856)	639,961	635,704	(194)	635,510

Notes to the Consolidated Financial Statements

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 standards (IFRS / IAS) and new interpretations (IFRIC), applicable in the period. New and amended IFRS 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 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 2022. The Company's Annual Consolidated Financial Statements can be found on the Company's website 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. 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 2022.

Notes to the Consolidated Financial Statements

2. Quarterly statements

	Full year 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net sales	718,650	190,944	176,701	180,945	170,060
Cost of goods sold	(278,902)	(75,008)	(68,587)	(69,843)	(65,463)
Gross profit	439,748	115,936	108,114	111,102	104,597
Gross profit margin	61%	61%	61%	61%	62%
Other income / (expenses)	(2,296)	1,252	(3,757)	61	149
Sales and marketing expenses	(266,056)	(68,049)	(66,734)	(65,980)	(65,293)
Research and development expenses	(34,024)	(8,864)	(8,262)	(7,616)	(9,283)
General and administrative expenses	(72,529)	(19,047)	(20,339)	(17,048)	(16,093)
EBIT	64,844	21,228	9,022	20,519	14,077
Net financial expenses	(8,672)	(5,056)	(410)	(1,440)	(1,766)
EBT	56,172	16,172	8,612	19,079	12,310
Income tax	(12,962)	(3,413)	(1,912)	(4,665)	(2,973)
Net profit	43,210	12,759	6,700	14,414	9,337
EBITDA	114,208	33,609	20,984	32,883	26,732
EBITDA margin	16%	18%	12%	18%	16%
EBITDA before special items	128,165	33,609	34,941	32,883	26,732
EBITDA margin before special items	18%	18%	20%	18%	16%
Organic sales growth	4%	6%	4%	(1%)	6%
LCY sales growth	7%	9%	6%	2%	10%

3. Net Sales

	2022	2021	Q4 2022	Q4 2021
Specified according to geographical segments:				
Americas	350,749	338,882	95,390	88,215
EMEA	306,013	315,173	80,128	82,372
APAC	61,888	64,614	15,426	16,955
Total	718,650	718,669	190,944	187,542
Specified according to product lines:				
Prosthetics	455,709	452,772	122,449	118,158
Bracing & Supports	262,941	265,897	68,495	69,384
Total	718,650	718,669	190,944	187,542

Notes to the Consolidated Financial Statements

4. Sales and expenses split by main currencies

	2022			Q4 2022		
	LCY	USD	%	LCY	USD	%
Sales						
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%
Total		718,650	100%		190,944	100%
COGS and OPEX						
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%
Total		653,806	100%		169,716	100%

	2021			Q4 2021		
	LCY	USD	%	LCY	USD	%
Sales						
USD	310,130	310,130	43%	81,121	81,121	43%
EUR	139,681	165,119	23%	37,552	42,938	23%
ISK	327,759	2,579	0%	97,158	748	0%
Nordic curr. (SEK, NOK, DKK)		102,099	14%		26,642	14%
Other (GBP, AUD, CAD & Other)		138,742	19%		36,093	19%
Total		718,669	100%		187,542	100%
COGS and OPEX						
USD	289,268	289,268	47%	73,716	73,716	46%
EUR	94,175	111,274	18%	26,482	30,266	19%
ISK	7,476,759	58,840	9%	2,095,531	16,122	10%
Nordic curr. (SEK, NOK, DKK)		91,396	15%		23,262	14%
Other (GBP, MXN, CAD & Other)		70,580	11%		18,233	11%
Total		621,358	100%		161,599	100%

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

Notes to the Consolidated Financial Statements

5. Property, plant and equipment

2022	Buildings & sites	Machinery & equipment	Fixtures & office equip.	Computer equipment	Total
Cost					
At 1 January	1,606	72,331	46,081	17,359	137,377
Reclassification	57	148	1,268	(1,473)	0
Additions	217	7,973	4,402	3,955	16,547
Business Combinations	495	1,212	266	4	1,977
Eliminated on disposal	0	(263)	(491)	(263)	(1,017)
Fully depreciated assets	0	(11,078)	(3,412)	(5,139)	(19,629)
Exchange rate differences	(118)	(896)	(1,758)	(515)	(3,287)
At 31 December 2022	2,257	69,427	46,356	13,928	131,968
Depreciation					
At 1 January	412	44,326	25,360	11,930	82,028
Charge for the period	201	9,176	5,310	3,035	17,722
Eliminated on disposal	0	(163)	(357)	(229)	(749)
Fully depreciated assets	0	(11,078)	(3,412)	(5,139)	(19,629)
Exchange rate differences	(139)	(361)	(772)	(321)	(1,593)
At 31 December 2022	474	41,900	26,129	9,276	77,779
At 31 December 2022	1,783	27,527	20,227	4,652	54,189
Depreciation classified by functional category:					
	2022	2021	Q4 2022	Q4 2021	
Cost of goods sold	8,945	8,571	2,243	2,125	
Sales and marketing expenses	4,866	5,071	1,245	1,532	
Research and development expenses	741	833	166	179	
General and administrative expenses	3,170	4,081	835	1,035	
Total	17,722	18,556	4,489	4,871	

Notes to the Consolidated Financial Statements

6. Leases

Right of use assets

2022	Buildings & sites	Machinery & equipment	Total
At 1 January	123,992	2,739	126,731
Additions and renewals	27,815	1,770	29,585
Depreciation charge for the period	(19,319)	(1,858)	(21,177)
Eliminated on disposal and termination	(5,477)	0	(5,477)
Exchange rate differences	(4,364)	(167)	(4,531)
At 31 December 2022	122,647	2,484	125,131

Depreciation classified by functional category:	2022	2021	Q4 2022	Q4 2021
Cost of goods sold	8,471	8,522	1,958	2,348
Sales and marketing expenses	4,235	4,261	979	1,174
Research and development expenses	2,541	2,557	587	705
General and administrative expenses	5,930	5,965	1,764	1,400
Total	21,177	21,305	5,288	5,627

7. Goodwill

	31.12.2022	31.12.2021
At 1 January	644,153	612,191
Business combinations	54,229	48,456
Divestment	0	(115)
Exchange rate differences	(17,982)	(16,379)
At end of period	680,400	644,153

Notes to the Consolidated Financial Statements

8. Other intangible assets

2022	Cust./distrib. relationships	Patents	Trademarks	Software and other	Total
Cost					
At 1 January	38,278	19,460	1,863	48,839	108,440
Additions	158	2,180	98	748	3,184
Additions - internally generated	0	0	0	6,211	6,211
Business Combinations	1,040	4,515	750	11	6,316
Eliminated on disposal	0	0	0	(305)	(305)
Fully amortized assets	(822)	(176)	0	(5,144)	(6,142)
Exchange rate differences	(1,715)	(970)	92	(118)	(2,711)
At 31 December 2022	36,939	25,009	2,803	50,242	114,993
Amortization					
At 1 January	25,319	5,986	300	17,999	49,604
Charge for the period	3,347	1,160	85	5,874	10,466
Eliminated on disposal	0	0	0	(74)	(74)
Fully amortized assets	(822)	(176)	0	(5,144)	(6,142)
Exchange rate differences	(805)	(113)	116	(62)	(864)
At 31 December 2022	27,039	6,857	501	18,593	52,990
At 31 December 2022	9,900	18,152	2,302	31,649	62,003
Amortization classified by functional category:					
		2022	2021	Q4 2022	Q4 2021
Cost of goods sold		143	118	33	29
Sales and marketing expenses		6,512	6,632	1,381	1,906
Research and development expenses		1,365	1,452	383	360
General and administrative expenses		2,446	3,465	804	1,877
Total		10,466	11,667	2,601	4,172