



## A Global Leader in Non-Invasive Orthopaedics

Össur Company Presentation  
January 2023

# The Big Picture

# Össur at a Glance



## Global Medical Device Company

- A global leader in non-invasive orthopaedics
- Operations in 36 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
- 18% EBITDA margin before special items in 2022



## 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

**63%**

of total sales  
in 2022

## PROSTHETICS

Sub-segment	End-user profile	Improving mobility	Examples of products
<b>MECHANICAL PRODUCTS</b>	People living with lower and upper limb loss or limb difference	Broad product offering for lower extremity prosthetics and finger prostheses	

Sub-segment	End-user profile	Improving mobility	Examples of products
<b>BIONIC PRODUCTS</b>	People living with lower and upper limb loss or limb difference	Advanced microprocessor-controlled feet, knees, hands and fingers	

## BRACING & SUPPORTS

**37%**

of total sales  
in 2022

Sub-segment	End-user profile	Improving mobility	Examples of products
<b>INJURY SOLUTIONS</b>	People recovering from fractures, ligament injuries or need a post operative treatment	Products stabilizing joints and improving healing	

Sub-segment	End-user profile	Improving mobility	Examples of products
<b>OA SOLUTIONS</b>	People living with Osteoarthritis (OA)	Non-surgical treatment by unloading affected joint with braces	

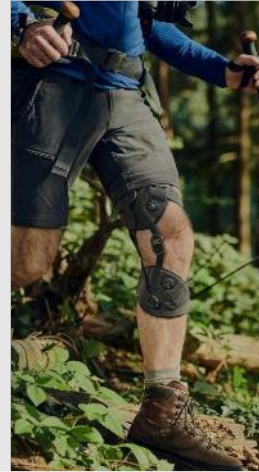
# Range of Prosthetic Products



**MECHANICAL PRODUCTS**

**BIONIC PRODUCTS**

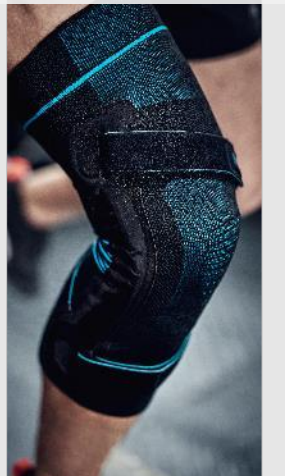
# Range of Bracing & Supports Solutions



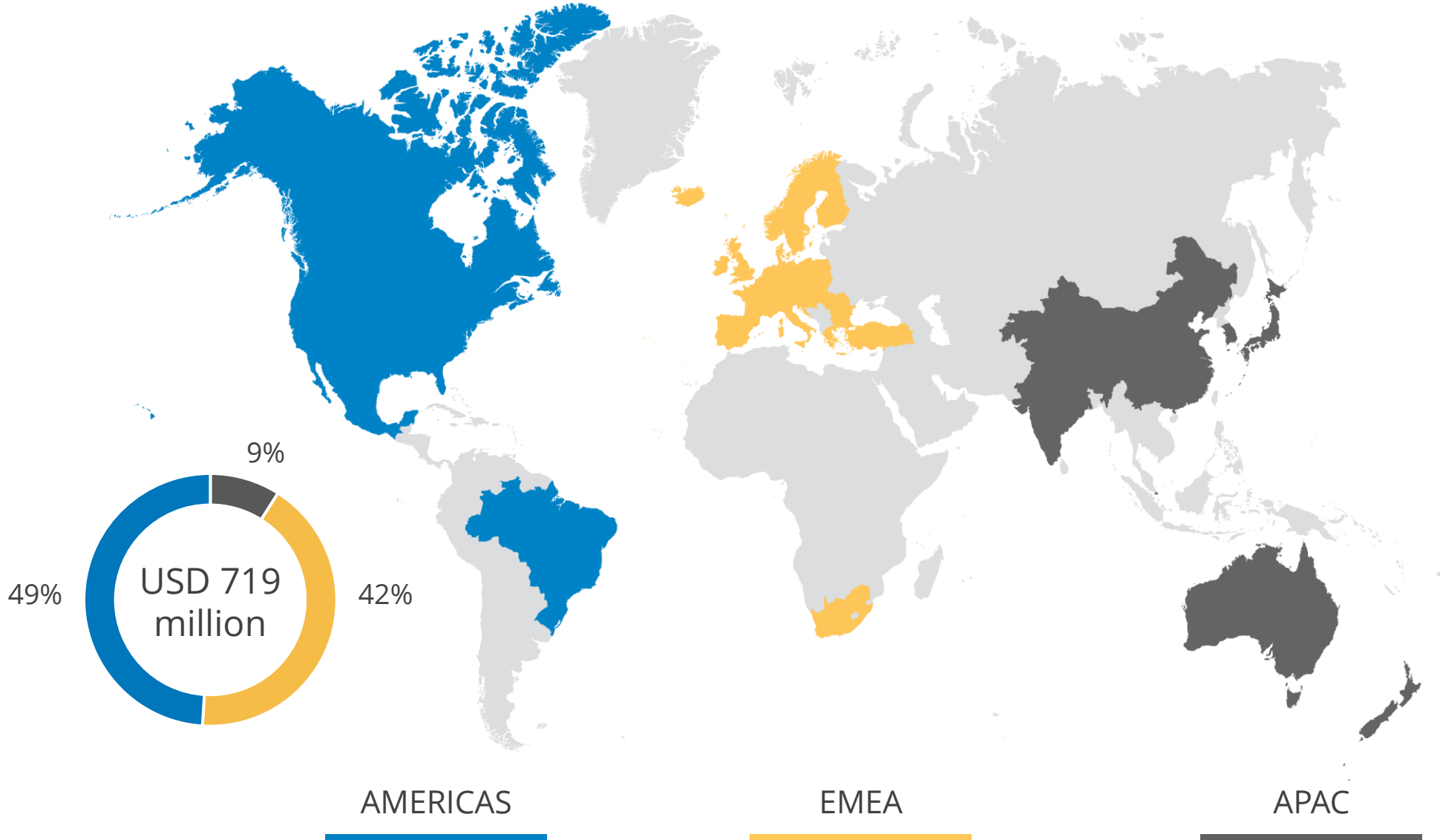
## INJURY SOLUTIONS



## OA SOLUTIONS



# Össur Regional Location & Sales Split 2022 – Operations in 36 Countries



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

## MAIN FOCUS AREAS



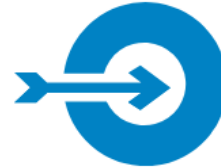
### Innovation

We execute ideas that add value



### Growth

We deliver profitable and sustainable growth



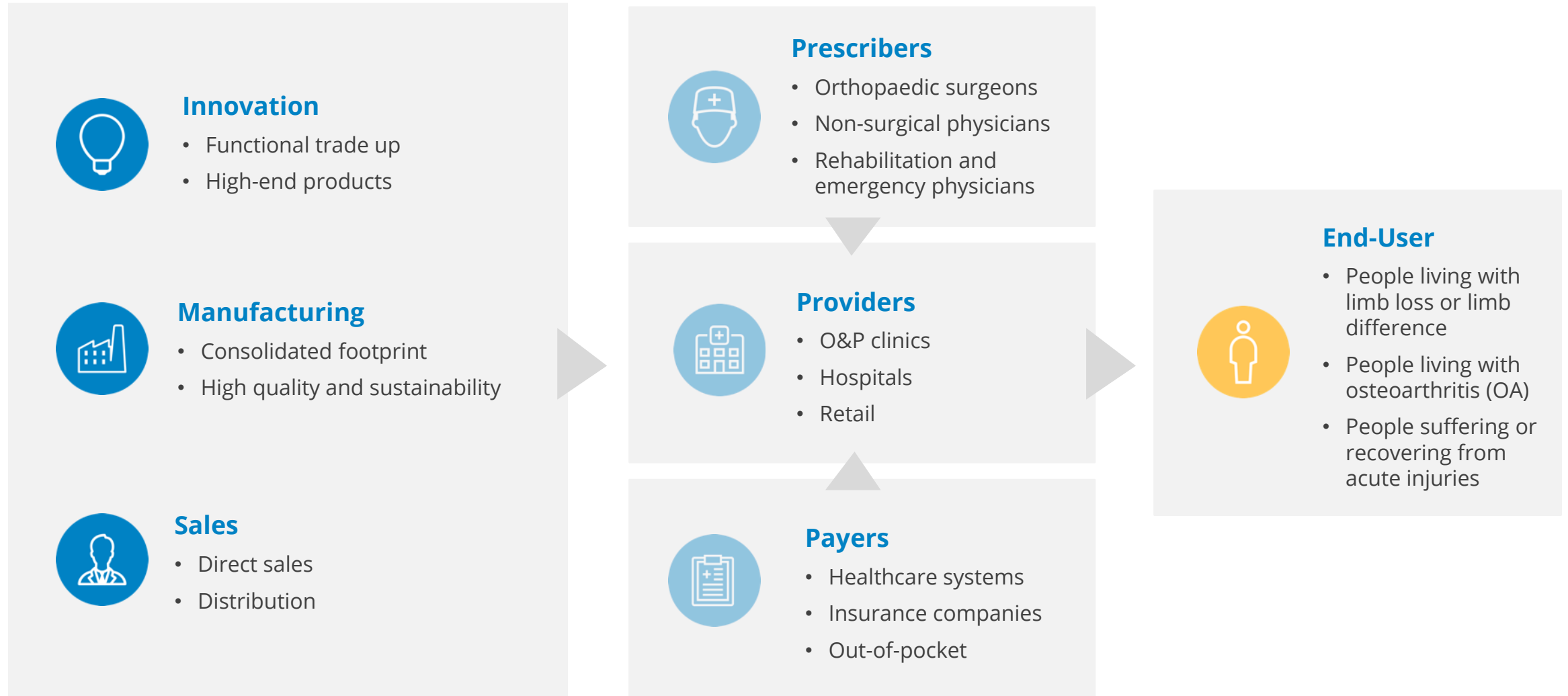
### Efficiency

We conduct business efficiently

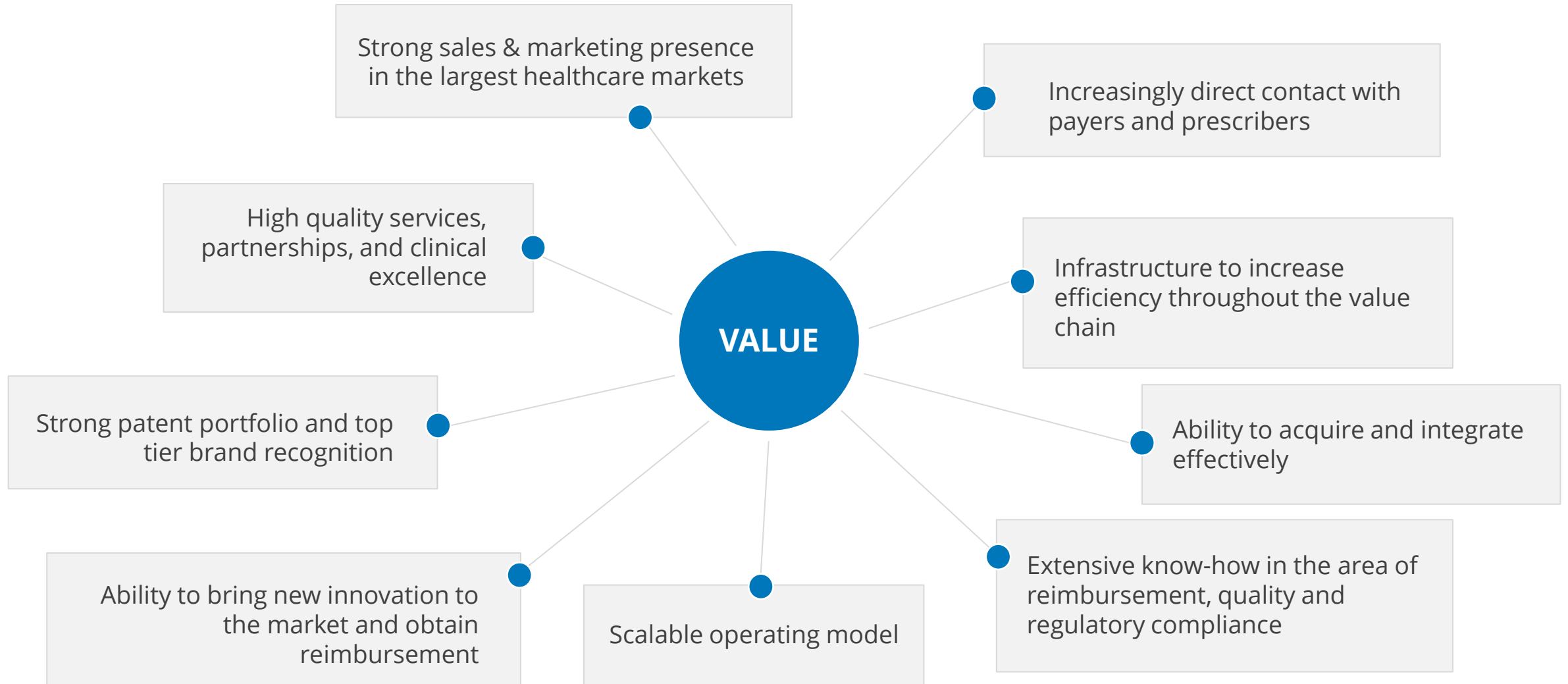




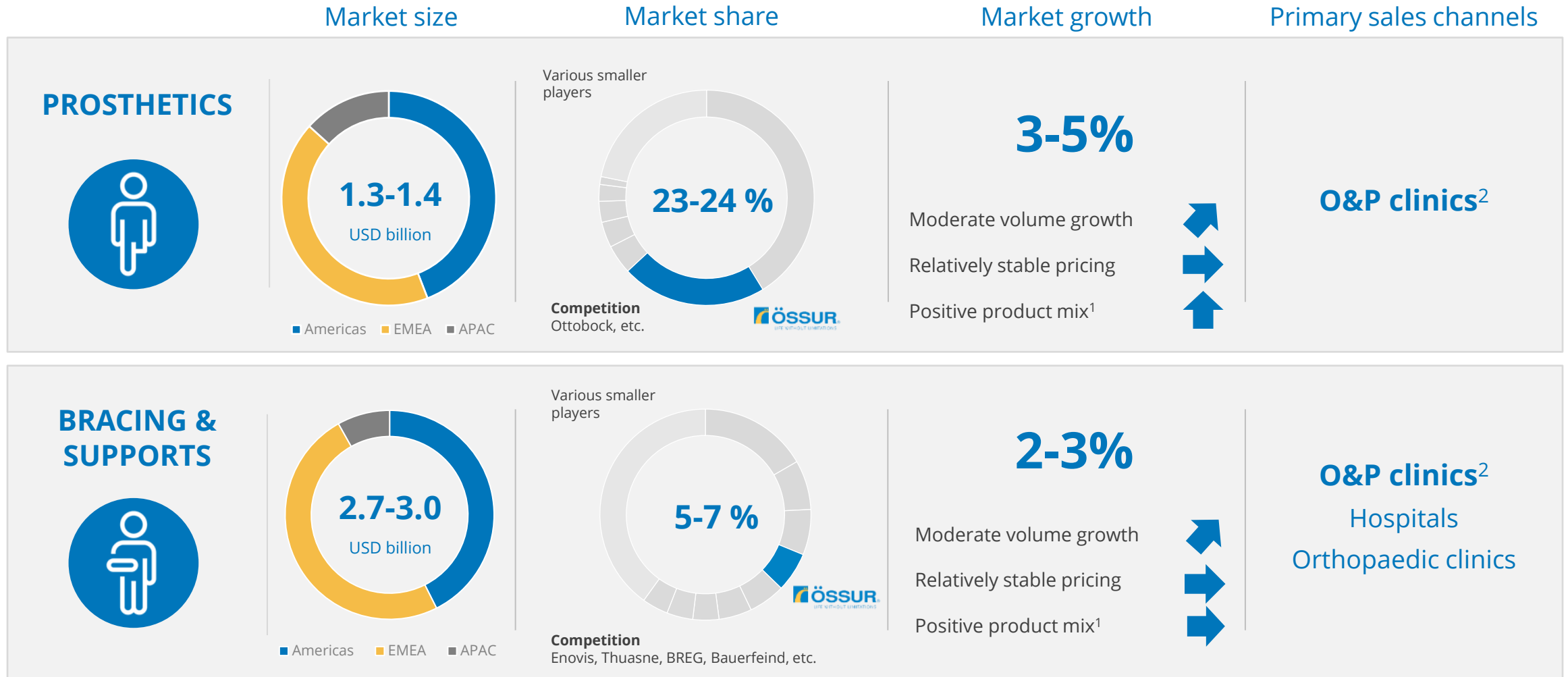
# Össur's Business Model Includes Several Stakeholders



# 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

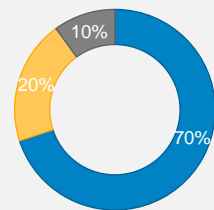
Western World	40-60%
Emerging Markets	10-30%

**65-70**

is the average age of the amputee population

Western World	Above 70
Emerging Markets	Below 70

New lower limb amputations



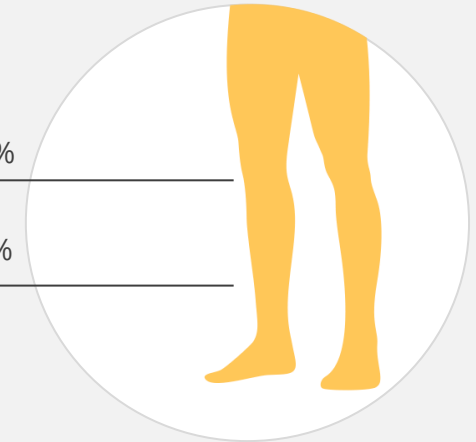
■ Vascular related diseases ■ Trauma ■ Other

Western World	Vascular 70-90%
Emerging Markets	Trauma up to 40%

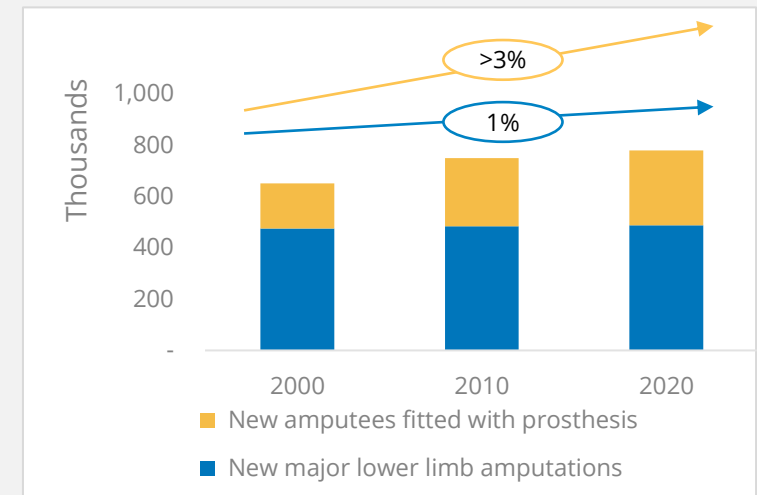
Level of amputation

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. A growing number of people afflicted by vascular diseases, the leading cause of amputation
3. An increased number of fractures, joint instability and joint afflictions



## Access to healthcare improving in emerging markets

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



## 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



## Increased penetration of high-end products

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



## 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



## Improved treatment options

1. Increasing healthcare coverage and better access to patients
2. People with limb loss and limb difference more often get fitted with a prosthesis
3. Innovative products creating more benefits for prosthetic users



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.





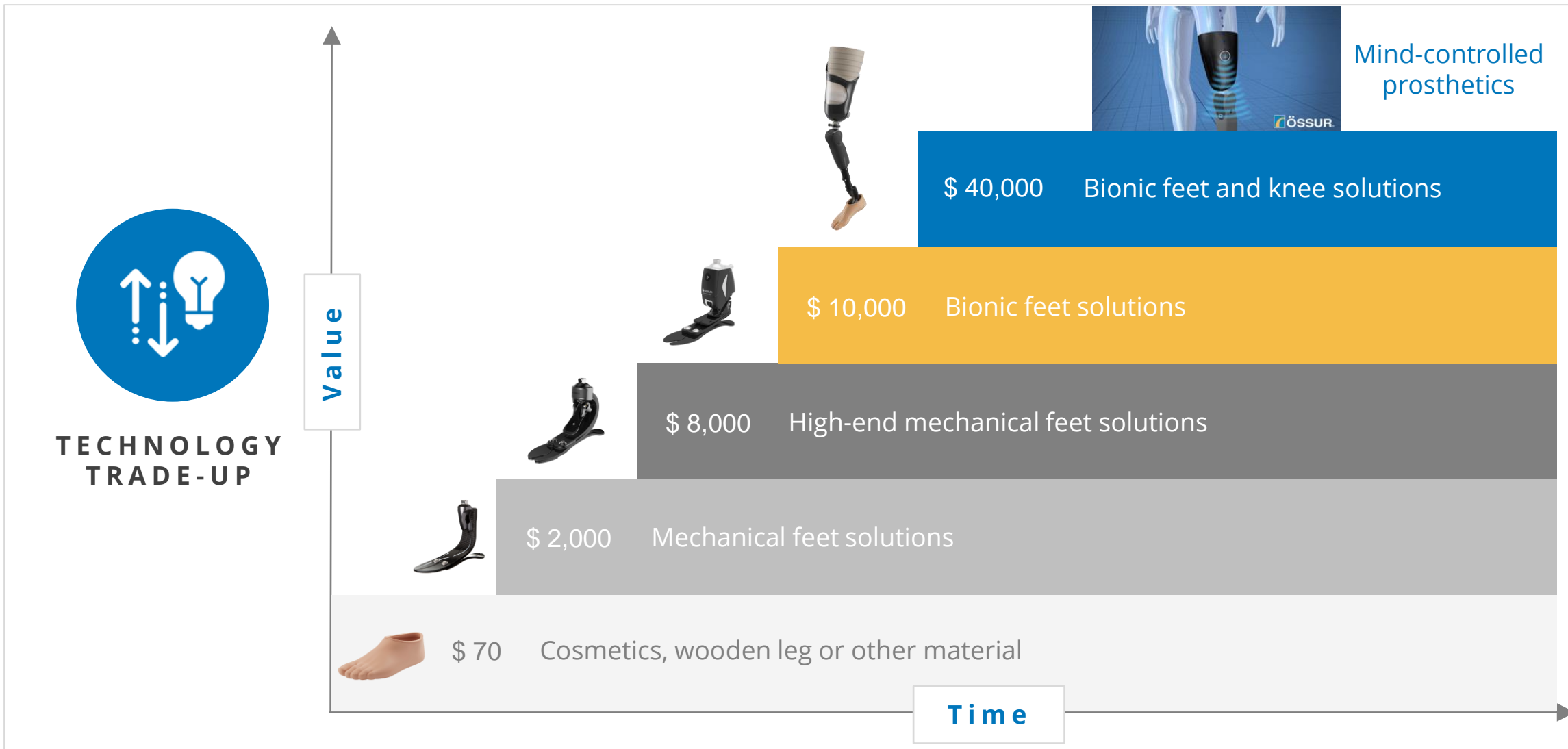
**Strategic Priorities**





Innovation

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



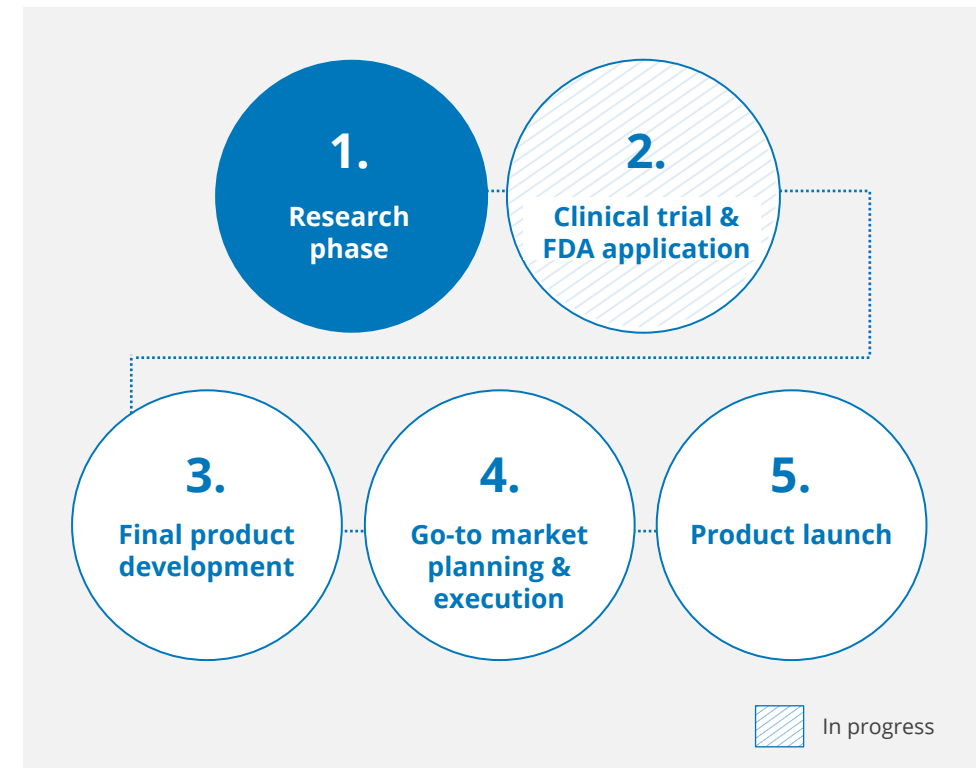
Note: Manufacturer sales price indicators in USD

# 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

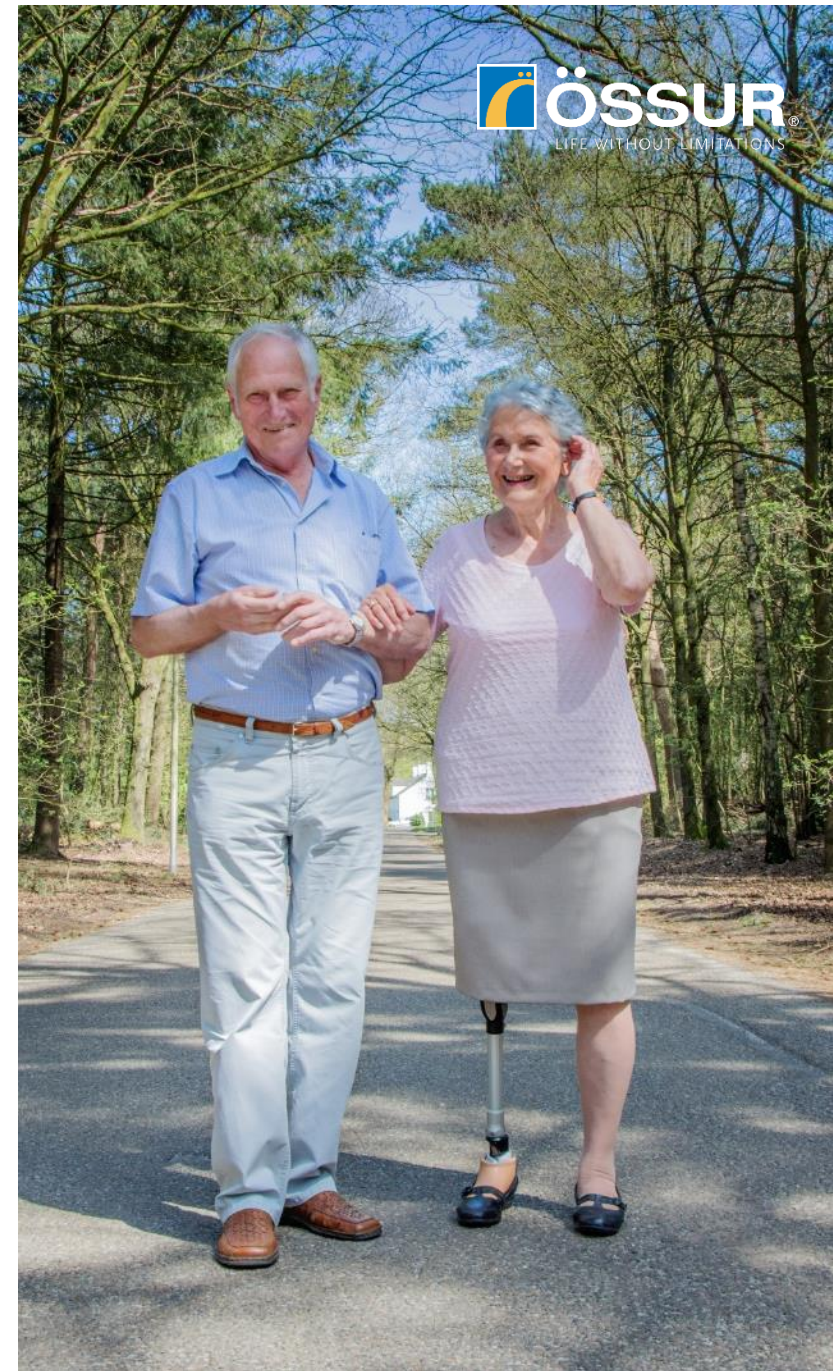
- Reduce risk of falls
- Reduce dependency on others
- Reduce cost in elderly care
- Increase mobility
- Increase daily prosthetic use



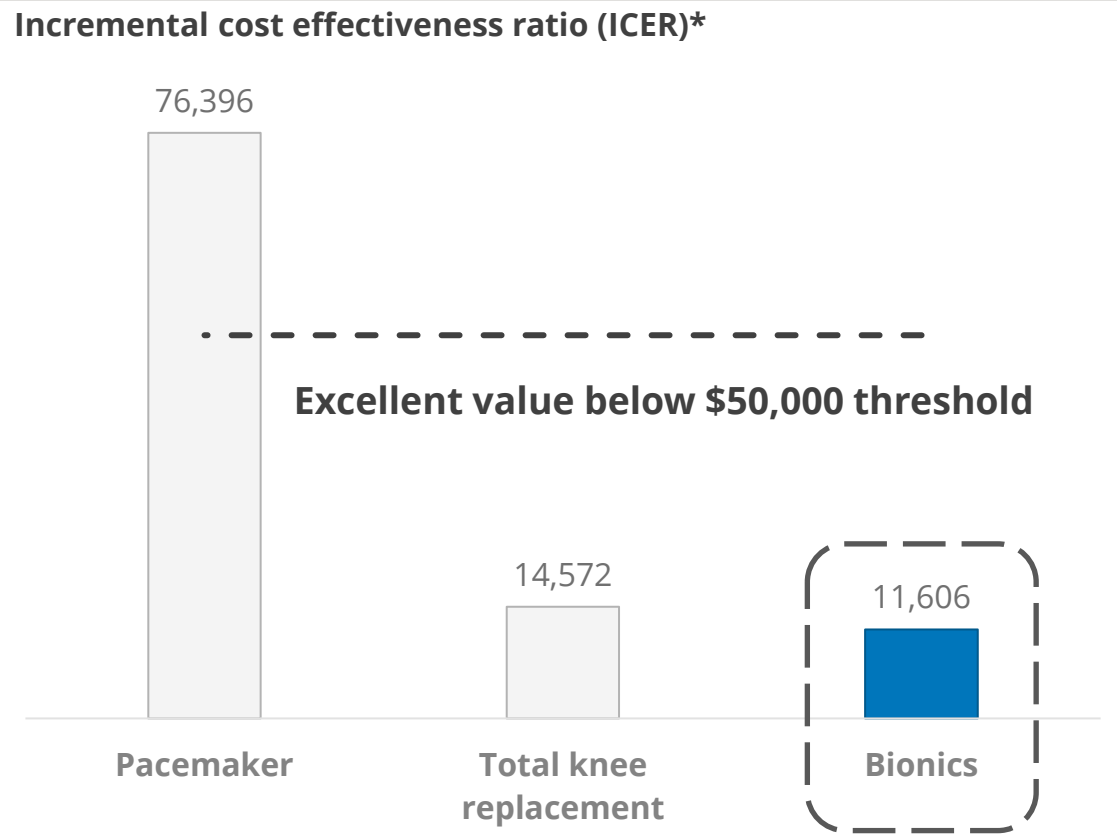
From socket molding to **user-friendly technology**

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



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



Growth

# We Provide High-End Innovative Solutions to Our Users and Enable Value Creation for Healthcare Systems

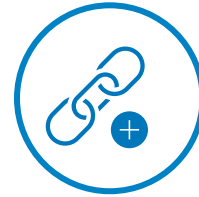


## Geographic Expansion



We invest in growing our Emerging Markets platform and further strengthen our direct sales and infrastructure as Emerging Markets offer a significant growth opportunity

## Expanding in the Value Chain

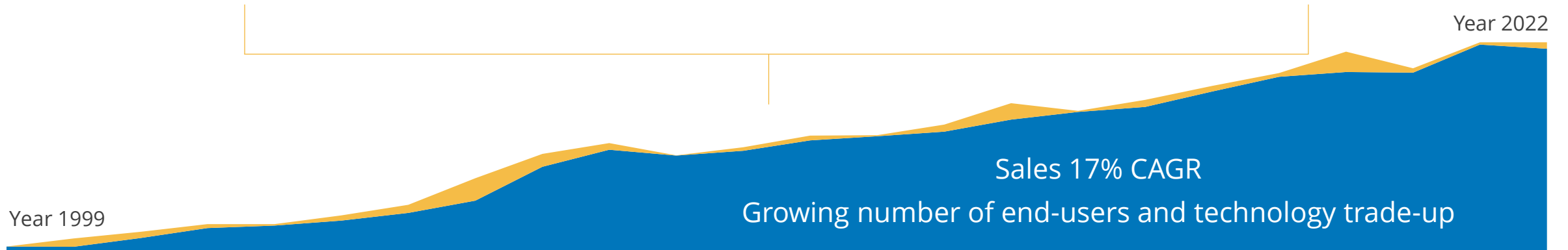


We selectively acquire service providers in the O&P industry and have partnership programs in place with patient care providers to offer end-users quality products and services

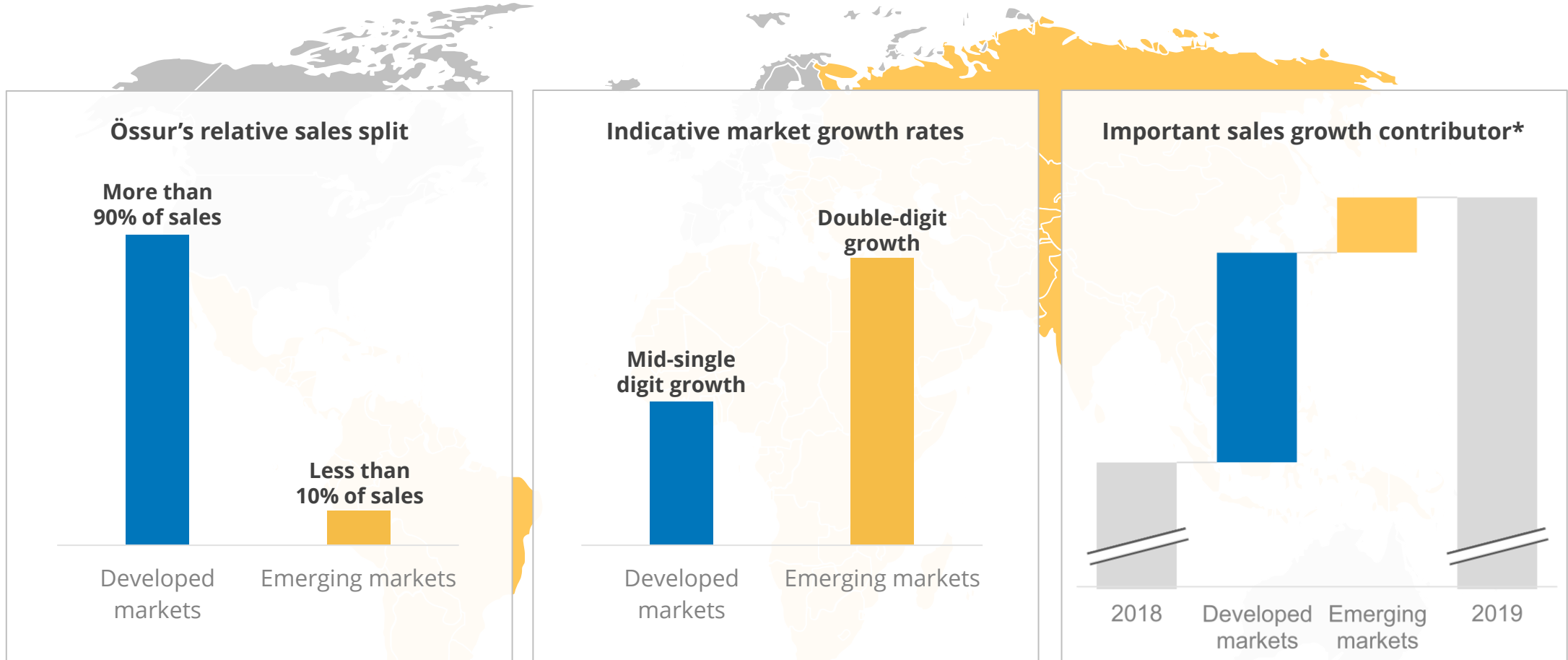
## Acquisitions



We make use of opportunities to acquire companies that complement our product portfolio and support our vision of being a global leader in non-invasive orthopaedics



# 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



### Outsourced fabrication

- Central fabrication
- Complete Leg

**Reduced need for manpower and floor space**

## Service offering

## Key benefit



### Patient outcomes

- PRO App
- Outcomes mgmt.

**Reimbursement justification and optimal product selection**



### Practice management

- Business IT solution
- Claims mgmt.

**Management software to increase efficiency**



### Business support

- Compliance audit
- Reimbursement
- Regulatory
- Partner network

**Support to accelerate sales growth**



# 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

Source: AOPA operating performance report 2018 (reporting on 2017 results)  
 Note: Profitability refers to net income before tax as a percentage of net sales

# Össur for Sustainability



# Our Sustainability Commitment



We provide products and services that contribute to good health, using responsible production methods and supporting climate action, while being a sponsor for inclusivity and transparency.

We believe that sustainable growth is the only way to build a successful and responsible business for the benefit of future generations.



# Össur's Contribution to the UN Sustainable Development Goals

## SDG 3: Good Health and Well-Being



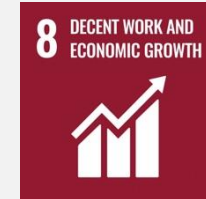
Össur is committed to designing a product portfolio focused on the needs of amputees over the age of 65. Supporting this group of individuals will benefit society in multiple ways, as improved mobility allows for more independence, improved quality of life and likely reduces pressure on healthcare systems.

## SDG 5: Gender Equality



Össur believes in the importance of diversity in its broadest sense. Gender equality is not only fair, it also makes economic sense to utilize the skills, strengths and knowledge of all Össur employees equally. Össur will continue to support and implement policies and practices that prevent gender-based discrimination.

## SDG 8: Decent Work and Economic Growth



Össur is committed to offering attractive job opportunities and good working conditions worldwide, thereby stimulating the economy. We protect labor rights and emphasize safety in all our operations. For decades, we have promoted learning opportunities for our own employees as well as the larger O&P community, through the Össur Academy.

## SDG 12: Responsible Consumption and Production



Össur is actively working on reducing the environmental impact of our products. Analyzing the product lifecycle, from development, through production, use and disposal, enables us to make informed decisions on where to prioritize our efforts.

## SDG 13: Climate Action



Össur takes responsibility for our environmental impact and we are continually improving our environmental management performance. We have committed to setting science-based emissions reduction targets.

## SDG 16: Peace, Justice and Strong Institutions



Össur is committed to responsible business practices and making a meaningful contribution to peaceful and inclusive societies. We have a zero-tolerance policy when it comes to corruption and bribery, and we respect and support the rule of law. Our reporting is transparent, and we believe business ethics are fundamental for a global society to achieve sustainable development.



## 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 is between 65-70 years and vascular related amputations are above 70%. 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 more importantly, regular activity can 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



**51%**

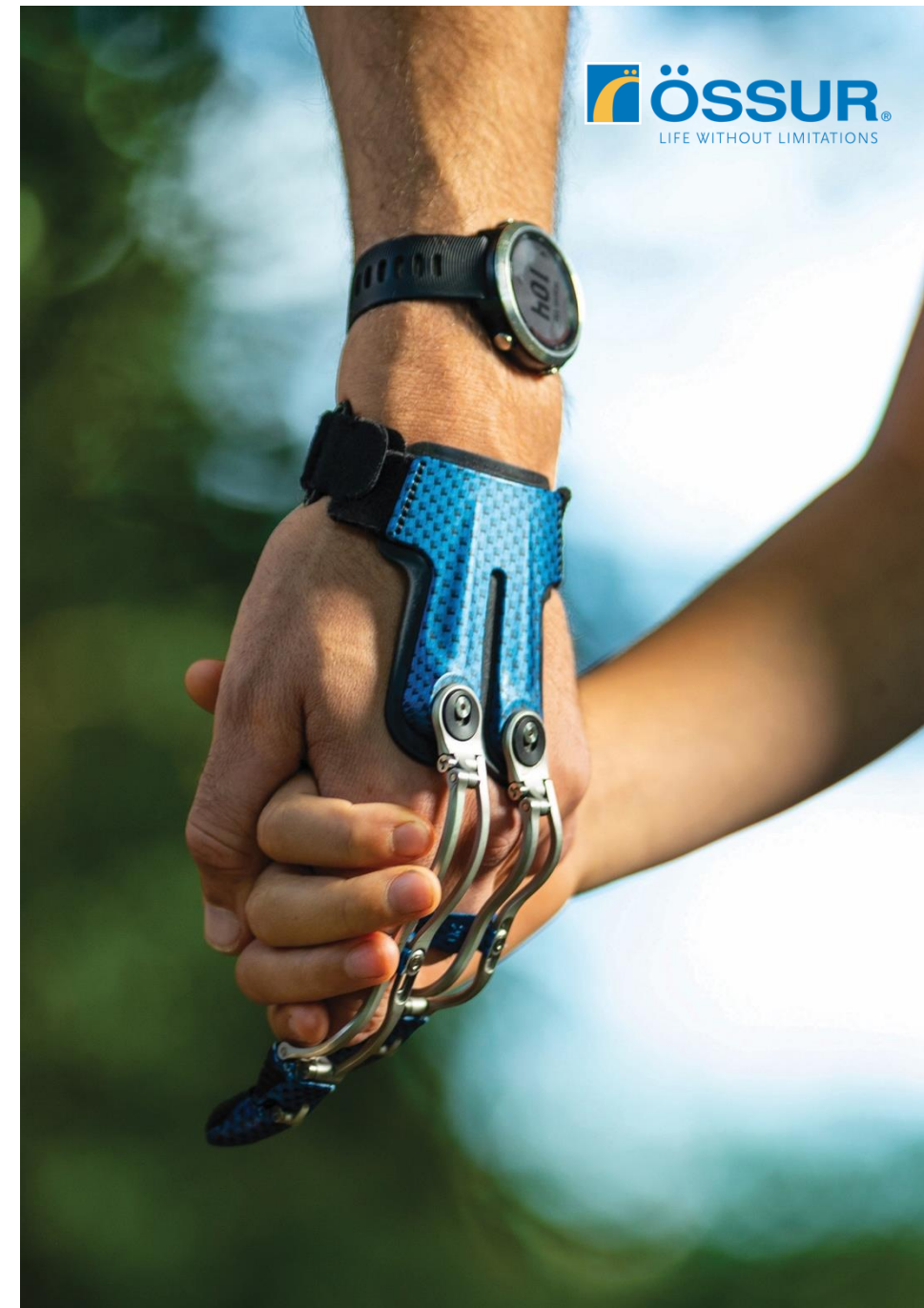
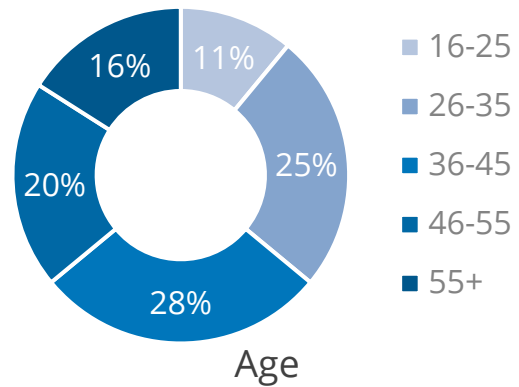
**49%**

Gender ratio at Össur



**4 of 5**

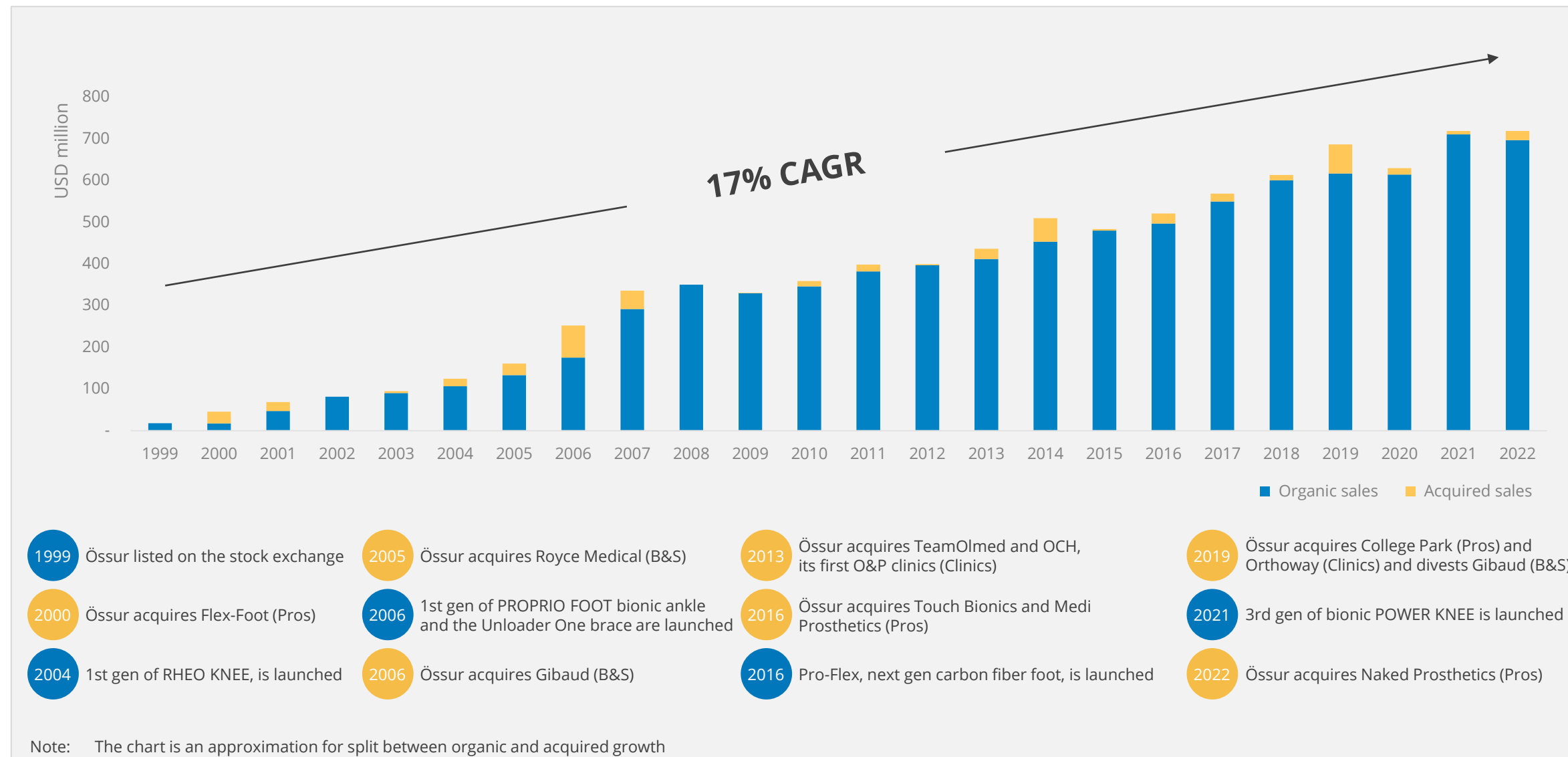
Engagement index





## Financials

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



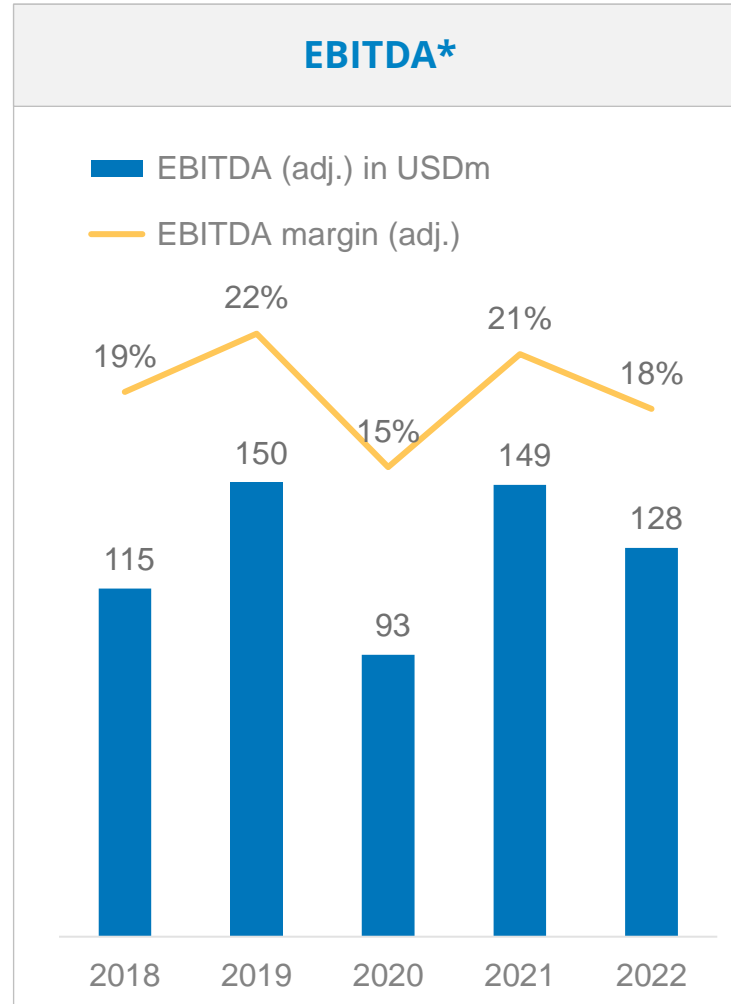
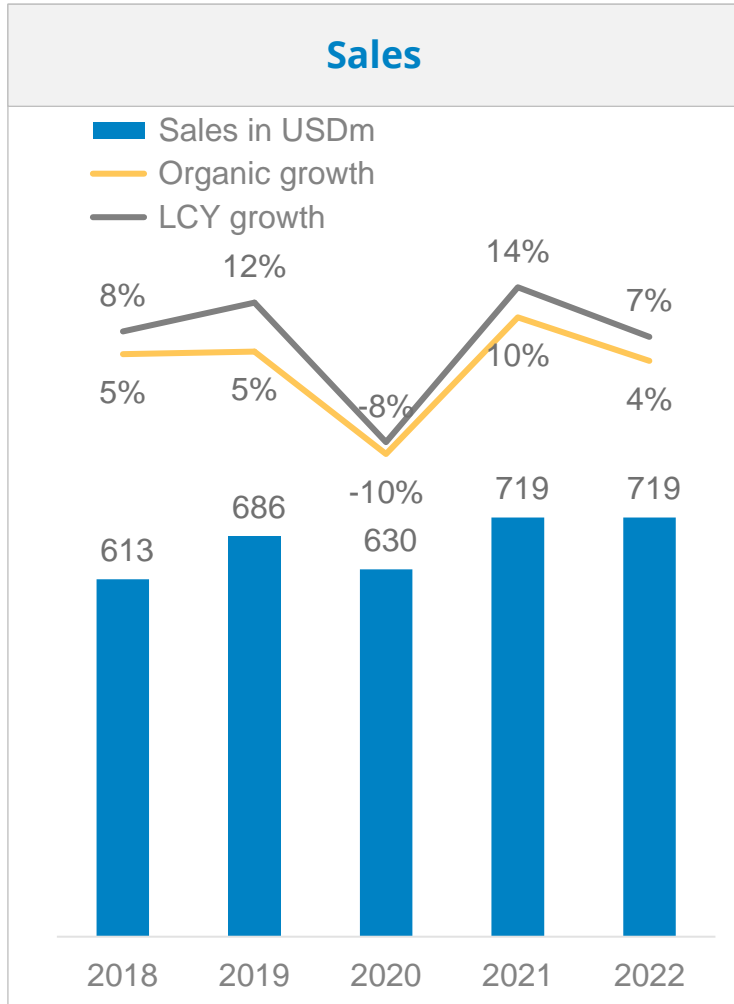
- 1999** Össur listed on the stock exchange
- 2000** Össur acquires Flex-Foot (Pros)
- 2004** 1st gen of RHEO KNEE, is launched
- 2005** Össur acquires Royce Medical (B&S)
- 2006** 1st gen of PROPRIO FOOT bionic ankle and the Unloader One brace are launched
- 2006** Össur acquires Gibaud (B&S)
- 2013** Össur acquires TeamOlmed and OCH, its first O&P clinics (Clinics)
- 2016** Össur acquires Touch Bionics and Medi Prosthetics (Pros)
- 2016** Pro-Flex, next gen carbon fiber foot, is launched
- 2019** Össur acquires College Park (Pros) and Orthoway (Clinics) and divests Gibaud (B&S)
- 2021** 3rd gen of bionic POWER KNEE is launched
- 2022** Össur acquires Naked Prosthetics (Pros)





Efficiency

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

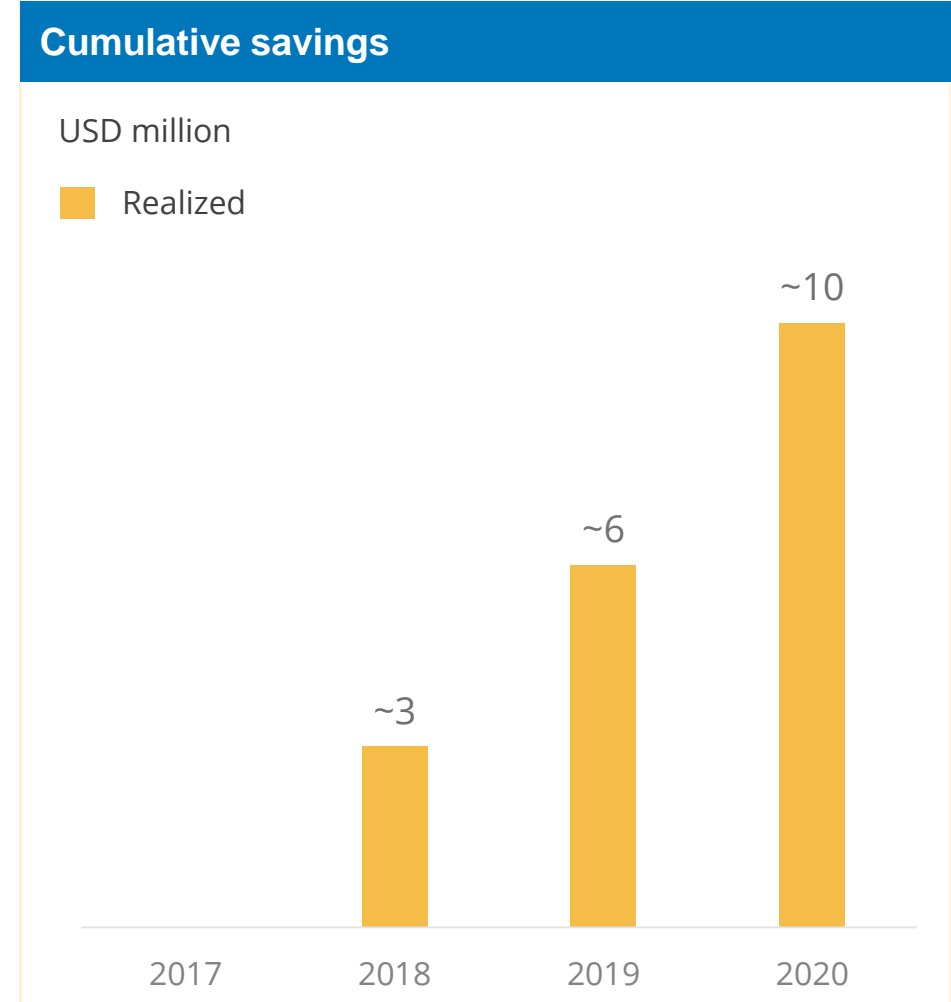


\*EBITDA before special items



# Overview of the Efficiency Initiatives Launched in September 2017

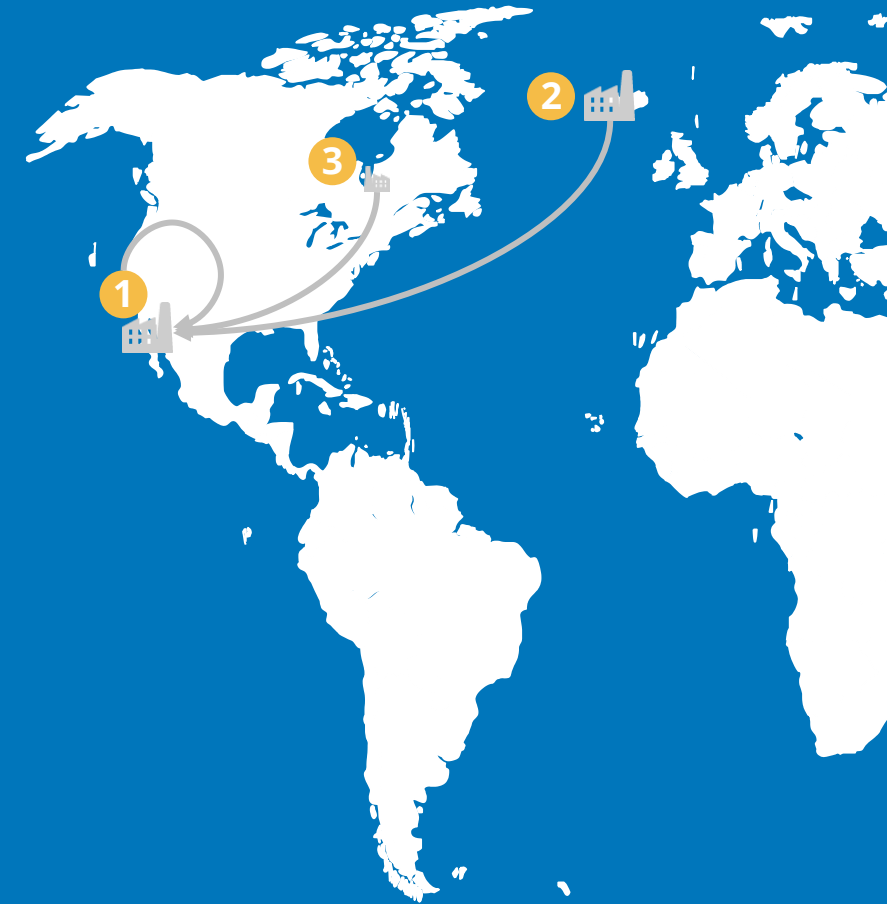
Initiative	Description
<b>Distribution</b>	Close a distribution facility and move its operations to the Mexico manufacturing facility to harvest scale and efficiency
<b>Manufacturing</b>	Move a part of the prosthetics manufacturing from Iceland to the Mexico manufacturing facility Close Össur's largest 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.

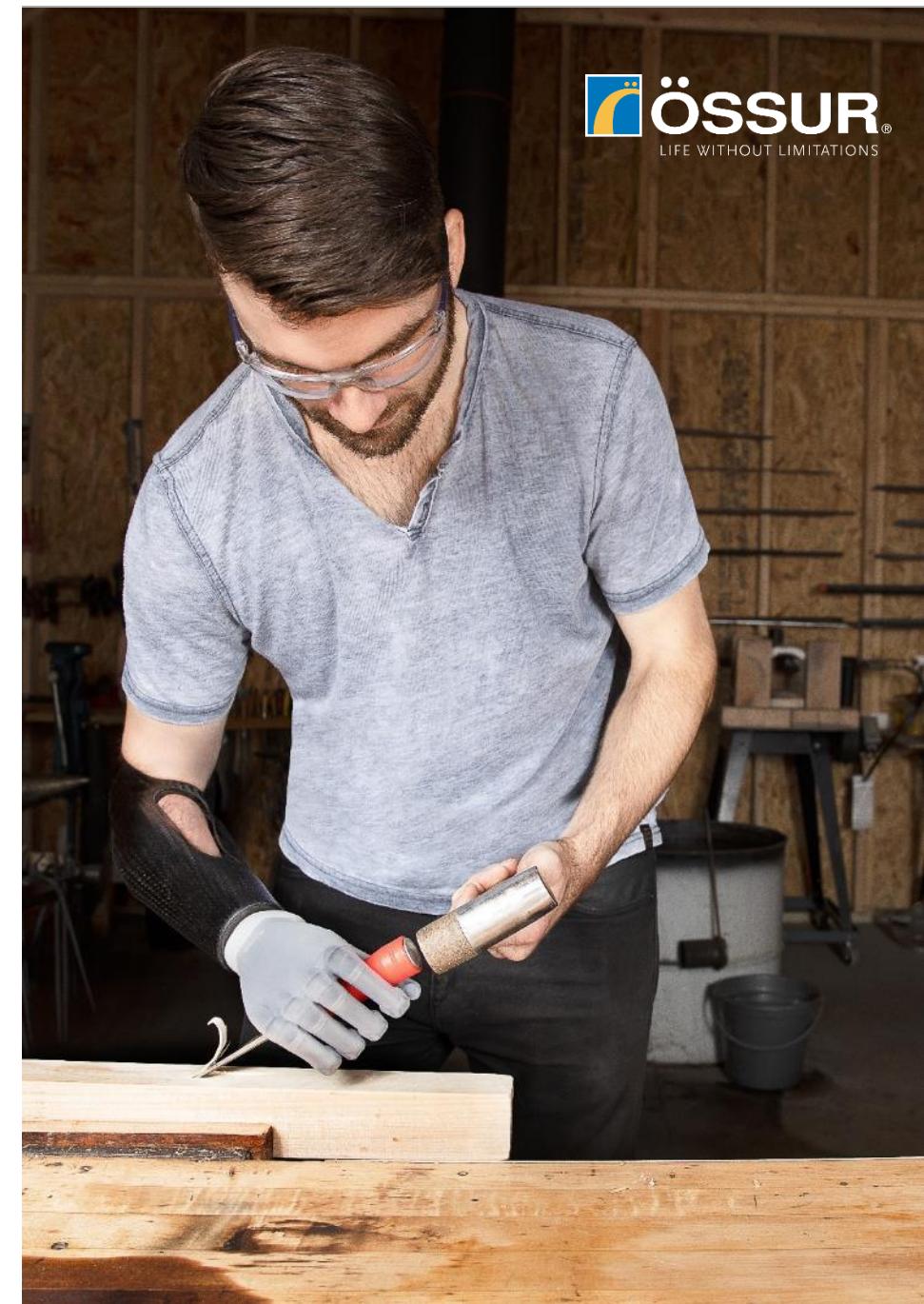
## Savings by Moving Certain Distribution and Manufacturing Activities to a Low-Cost Environment

#	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
<b>Total</b>		<b>2 less sites</b> <b>110 new positions in Mexico</b>



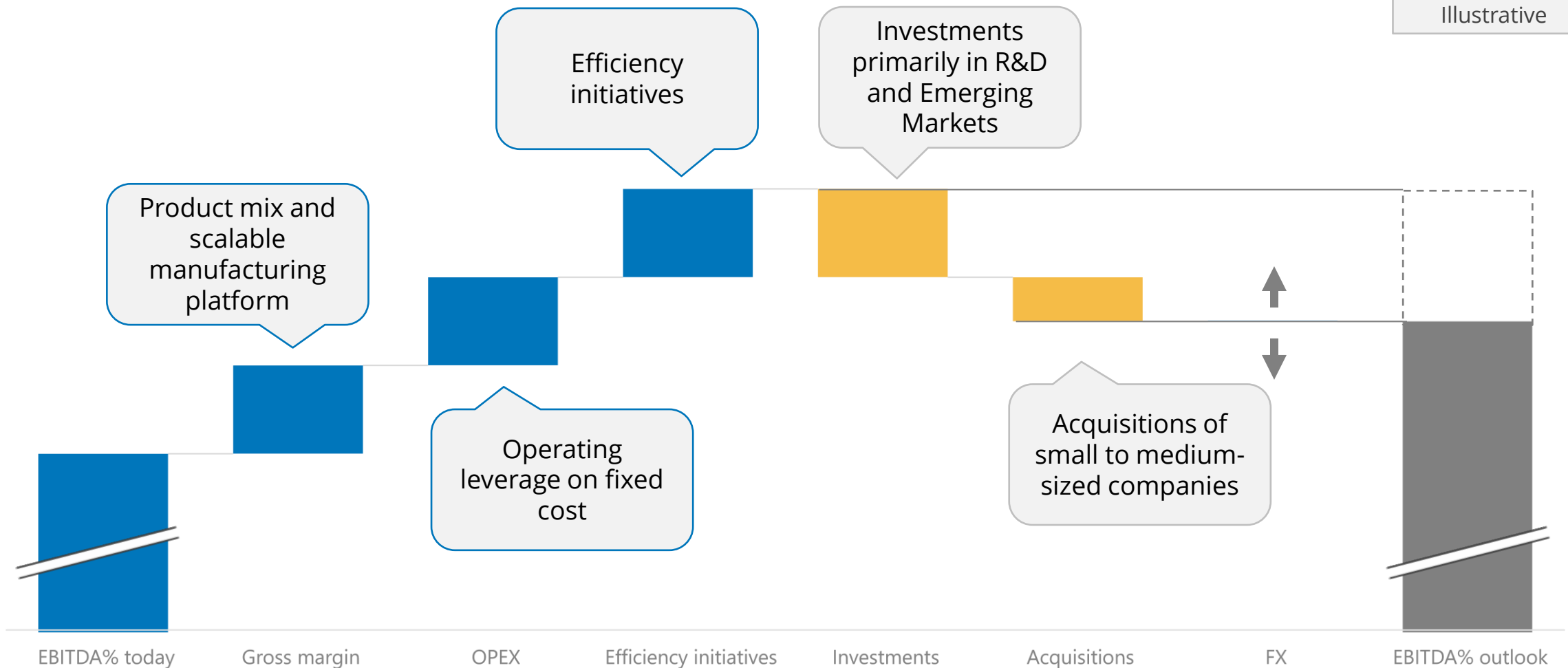
## We Have an Increasingly Scalable Infrastructure

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>

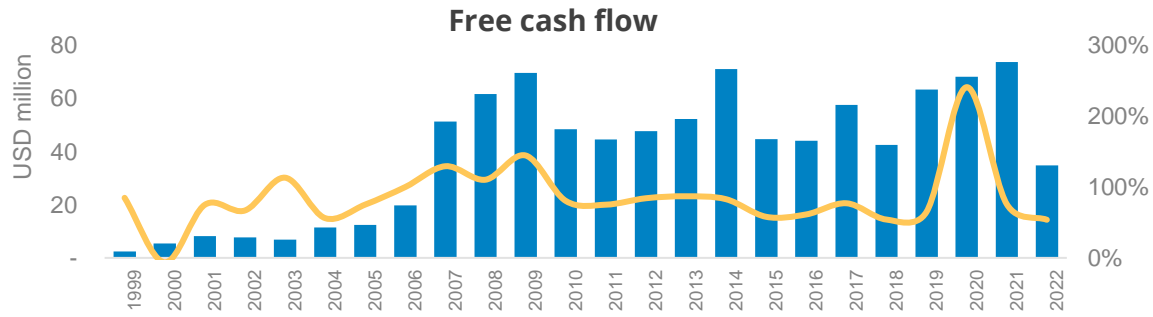


# Illustration of Expected EBITDA Margin Development in the Short-to Medium-Term

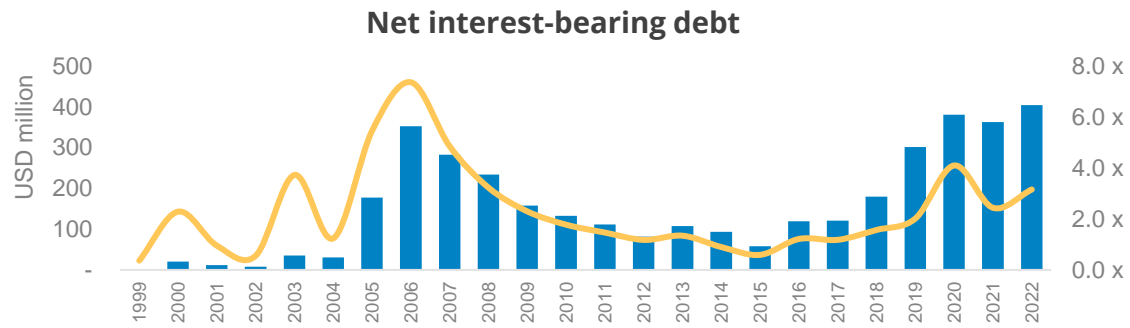
Illustrative



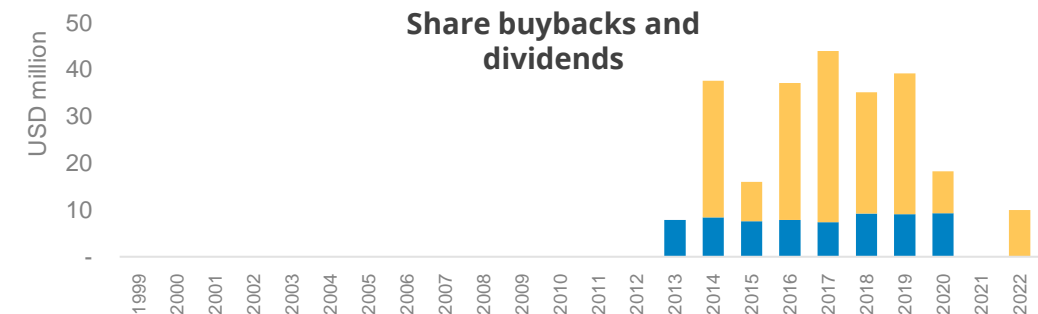
# With a Strong Cash Flow Generation and Capital Structure, Össur Began Returning Capital to Shareholders in 2013



FCF  
~85% of EBIT  
on average



Target  
2.0-3.0x  
NIBD/EBITDA



Total of USD  
245 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  
\* 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 (NIBD/ EBITDA) ratio was temporarily above the target level. The share buyback program commenced again in 2022 but as the NIBD/EBITDA ratio was at the upper end of the target range at the end of Q3 2022, share buybacks have temporarily been paused





#### **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.