



Q4 2023

Investor Presentation

Sveinn Sölvason, President and CEO

G. Arna Sveinsdottir, CFO

30 January 2024

Highlights




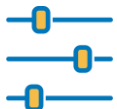
Growth'27 strategy	<ul style="list-style-type: none">We introduced our Growth'27 strategy in March and an ambition of 7-10% average local currency growth over the Growth'27 period of 2023-2027.
New sales segmentation	<ul style="list-style-type: none">We began reporting according to our new sales segmentation during the year; Prosthetics, Bracing & Supports, and Patient Care.
Growth	<ul style="list-style-type: none">Strong growth across all regions and segments driven by volume growth in Prosthetics and Patient Care, favorable solution mix, and some sales prices increases in Prosthetics and B&S.
Profitability	<ul style="list-style-type: none">EBITDA grew in line with sales as it was positively impacted by strong sales, positive product mix, and lower freight cost while inflation impacted cost levels and productivity in manufacturing remains below a normalized level.
R&D	<ul style="list-style-type: none">We made good progress with our product pipeline during the year and expect new bionic launches in 2024.
COO	<ul style="list-style-type: none">Lukas Märklin joined us as Chief Operating Officer and replaced Egill Jónsson who retired at the end of the year after a successful 27-year tenure with Össur.
Acquisitions	<ul style="list-style-type: none">On 16 January 2024, we completed the acquisition of FIOR & GENTZ which develop and distribute knee and ankle orthotic joints to create custom-made orthotics for patients with gait impairment due to neurological conditions.
Medicare coverage proposal	<ul style="list-style-type: none">On 18 January 2024, Medicare published a draft proposal that would give K2 patients access to prosthetic knees and feet previously restricted to K3-K4 patients, a potential significant shift in Medicare coverage, opening access to high-quality mobility solutions to more amputees.





Q4 2023 review

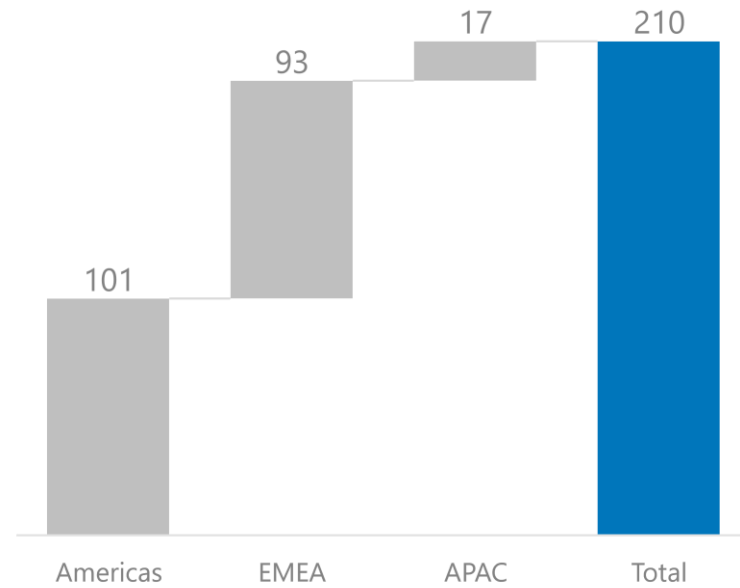
Key takeaways

Topic	Takeaway
 <p>Growth</p>	<ul style="list-style-type: none">• Sales amounted to USD 210M with 9% organic and 10% reported growth (9% organic and reported growth for FY 2023)• Strong growth attributed to strong volume growth in Prosthetics and Patient Care, favorable solution mix, and some sales prices increases in Prosthetics and B&S• Strong growth across all regions, with strong performance in Prosthetics and Patient Care
 <p>Profitability</p>	<ul style="list-style-type: none">• Gross profit margin slightly improved compared to the same quarter last year, mainly due to strong sales and favorable product mix• EBITDA margin 18%, same as in the comparable quarter last year (18% 2023 FY, same as FY 2022)• Growth in EBITDA despite inflation driven cost growth and currency headwinds (negative 50 basis points on margin)
 <p>Cash flow</p>	<ul style="list-style-type: none">• Cash generated by operations was strong or 22% of sales vs. 21% in the comparable quarter last year• Inventory started to come down as bionic inventory has normalized, and B&S inventory continues to decrease• CAPEX in the quarter was 5% of sales• Free cash flow was 13% of sales in the quarter compared to 9% in the comparable quarter in 2022
 <p>Leverage</p>	<ul style="list-style-type: none">• Leverage at 2.8x EBITDA at the end of the quarter• Within the target range 2.0-3.0x at the end of the year but expected to be slightly above after the acquisition of FIOR & GENTZ in January 2024• Expect to be back within range in 2024 in the absence of further acquisitions

Sales growth and EBITDA

Regions

USD million

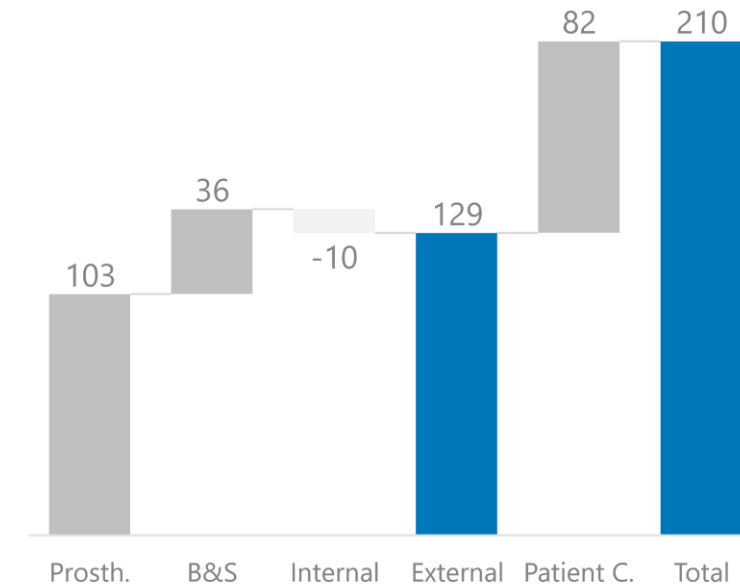


Organic growth

Americas	EMEA	APAC	9%
5%	12%	10%	

Segments

USD million

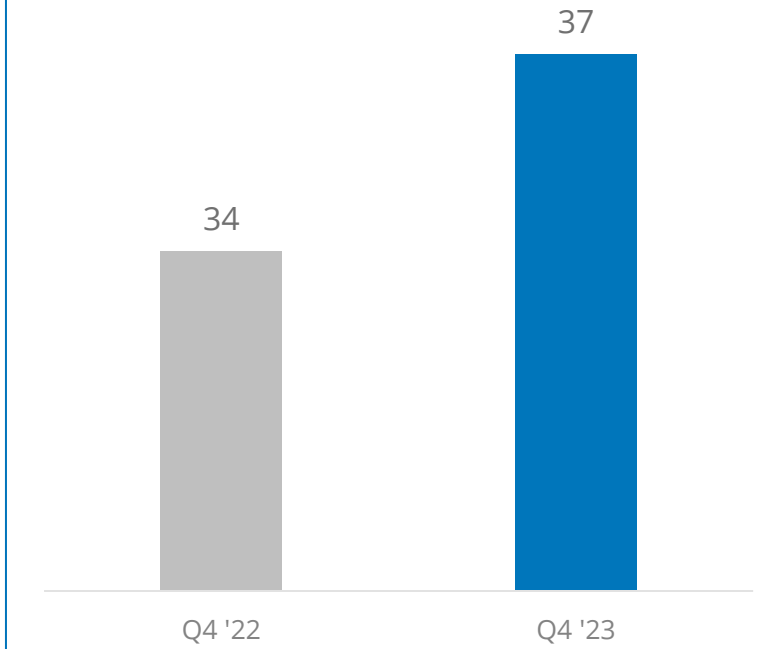


Organic growth

Prosth.	B&S	Internal	6%	Patient C.	9%
9%	1%	17%		12%	

EBITDA

USD million



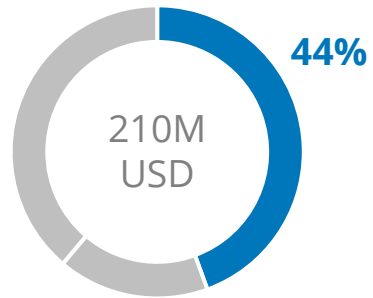
EBITDA margin

Q4 '22	18%
Q4 '23	18%

The EBITDA and EBITDA margin are presented before special items

Prosthetics sales

% of total sales



Year-to-date sales

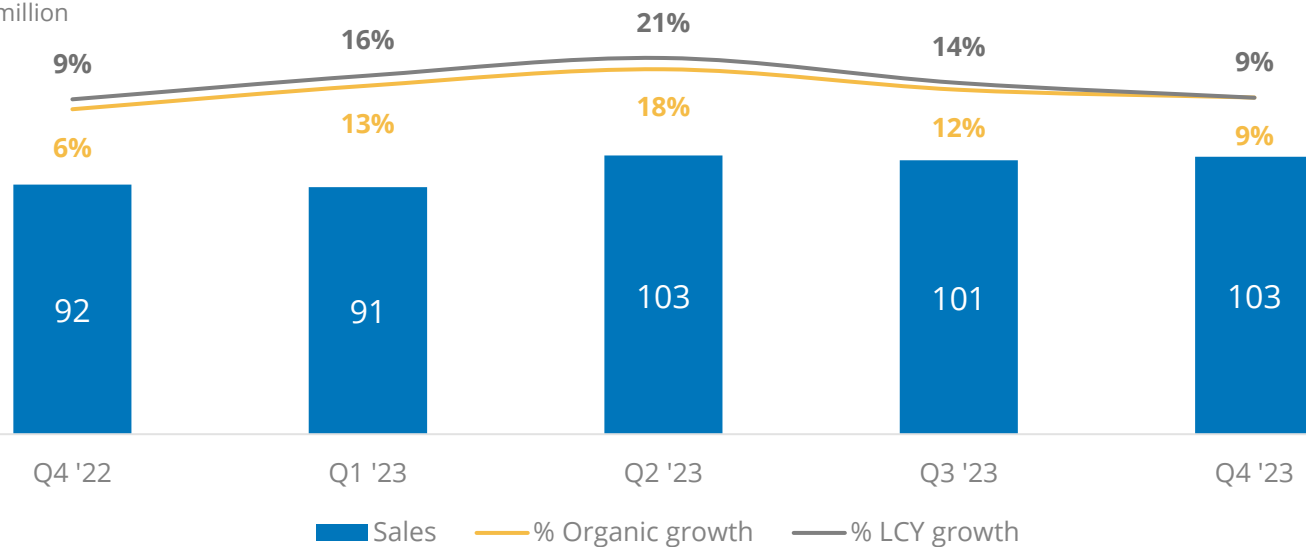
398
USD million

Year-to-date growth

13%
organic growth

Sales

USD million

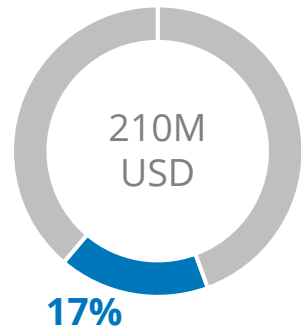


Highlights

- Strong performance in all geographical segments, attributed to strong volume growth, positive product mix, and some price increases.
- Strong growth in Bionics and across the prosthetics product portfolio.
- Bionic sales accounted for 24% of prosthetics product sales in Q4 2023.
- Prosthetics sales segment to be renamed to Prosthetics & Neuro Orthotics as of Q1 2024, to include FIOR & GENTZ sales.

Bracing & Supports sales

% of total sales



Year-to-date sales

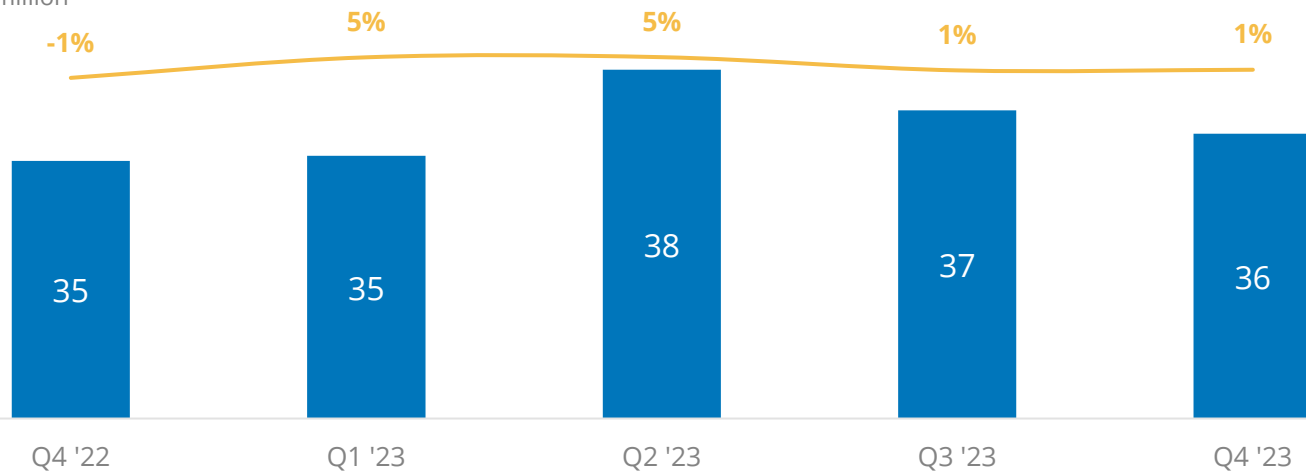
147
USD million

Year-to-date growth

3%
organic growth

Sales

USD million



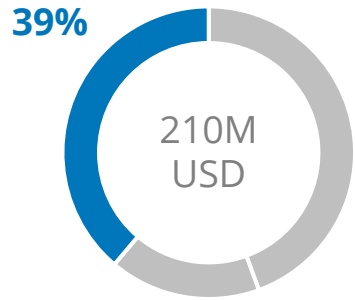
■ Sales — % Organic growth

Highlights

- Growth in Americas impacted by e-commerce transition as in Q3, but good growth in high-end solutions such as OA.
- Modest growth in EMEA, mainly attributed to a good performance in OA solutions and price increases.
- Strong growth in APAC across our portfolio.
- Continued focus on execution of the Bracing Simplified strategy.

Patient Care sales

% of total sales



Year-to-date sales

280
USD million

Year-to-date growth

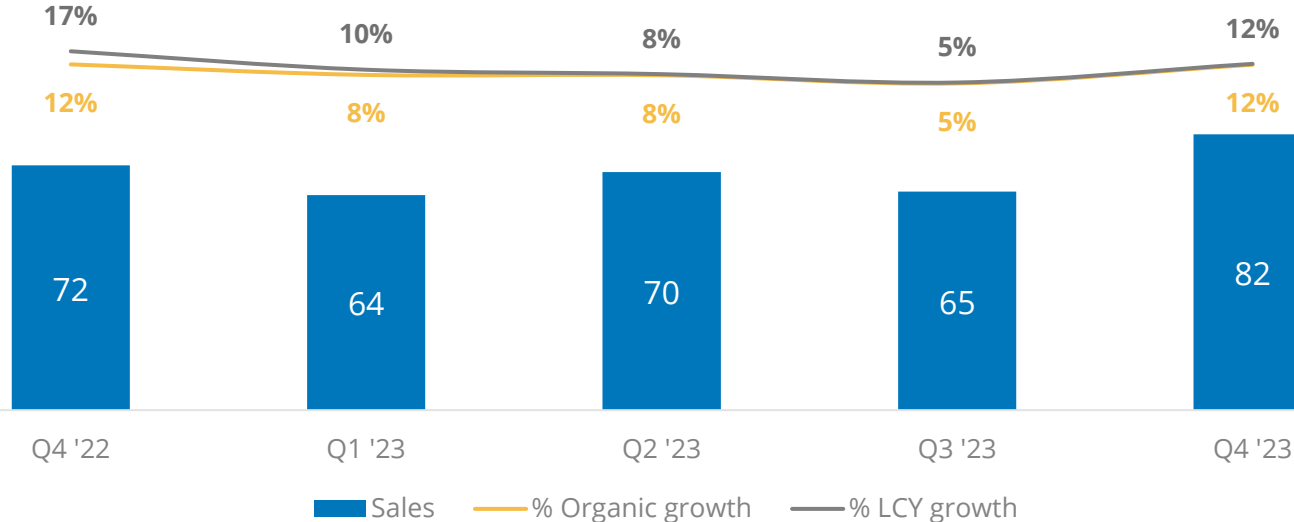
8%
organic growth

Highlights

- Strong and healthy increase in patient volume across our global Patient Care business.
- Strong performance across all our markets, attributed to volume growth and positive solution mix with increased sales and fittings of high-end solutions.

Sales

USD million



Note: Historical growth figures are compared to quarters in 2021 which included sales to the US Department of Defense, an outsourcing contract that was discontinued towards the end of 2021, impacting organic growth in 2022.

Income statement

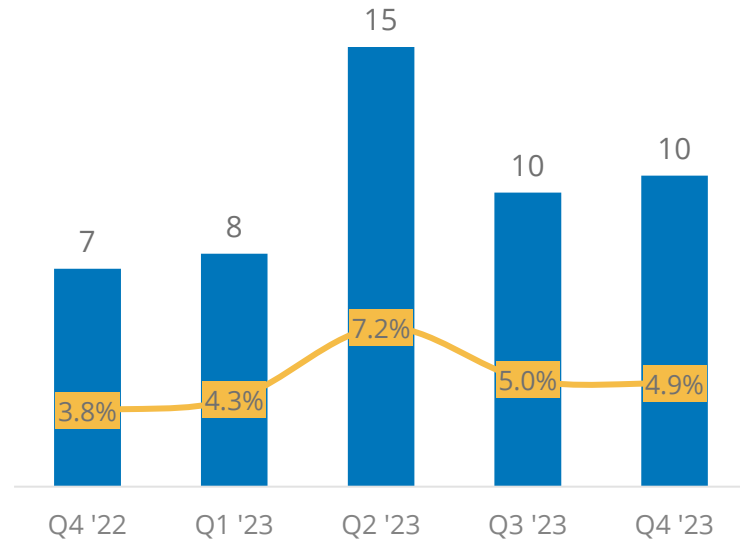
Financial Results (USD million)	Q4 2023	Q4 2022
Net sales	210	191
<i>Reported growth</i>	10%	2%
<i>Organic growth</i>	9%	6%
Gross profit	129	116
<i>Gross profit margin</i>	61%	61%
EBITDA before special items	37	34
<i>EBITDA margin before special items</i>	18%	18%
EBIT	25	21
<i>EBIT margin</i>	12%	11%
Income tax	5	3
<i>Effective tax rate</i>	21%	21%
Net profit	19	13
<i>Net profit margin</i>	9%	7%

Highlights

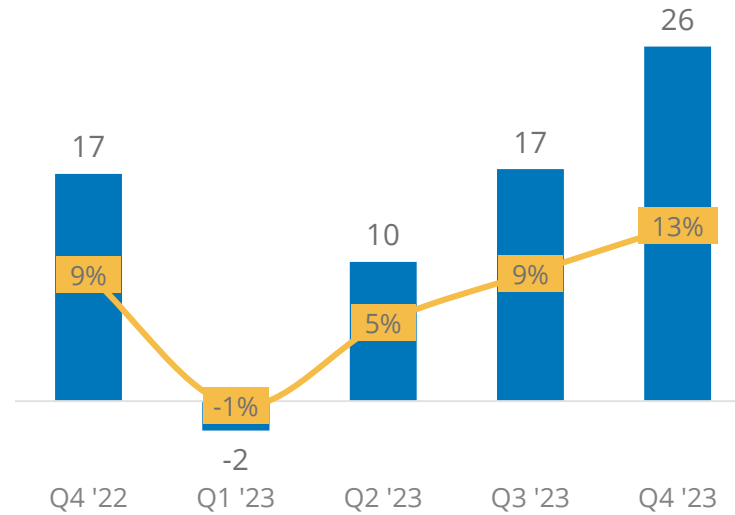
- Reported sales growth of 10% in Q4.
- Positive FX impact of USD 2M on sales in Q4.
- Gross profit margin was 61% in Q4 2023, same as in the comparable quarter. The gross profit margin was positively impacted by product mix and lower freight cost but adversely impacted by higher unit cost in manufacturing and time-lag in reimbursement.
- EBITDA margin was 18%, same as in the comparable quarter in 2022.
- Effective tax rate of 21% in Q4 2023.
- Net profit growing by 49% and amounted to USD 19M in Q4 2023, positively impacted by effects from associated companies and lower net exchange rate differences.

Cash flow and leverage

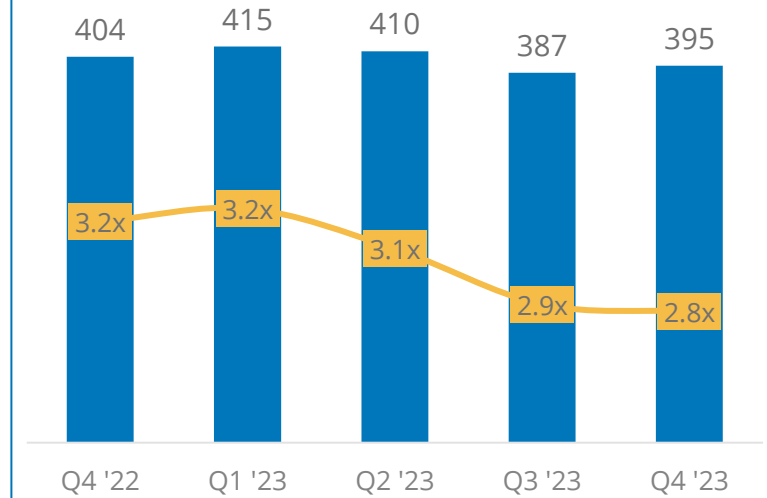
Capital expenditures (CAPEX) and % of sales
USD million



Free cash flow and % of sales
USD million



Net Interest-Bearing Debt (NIBD) and leverage
USD



Highlights

- CAPEX impacted by facility upgrades, expected to normalize in 2024.
- Cash generated by operations and free cash flow was strong in the quarter with positive effect from net working capital.
- Inventory has begun to decrease as Bionics inventory has normalized and B&S inventory continues to decrease.
- Leverage was 2.8x end of Q4 2023, within target range, share buybacks continue to be paused, leverage slightly higher post-acquisition of FIOR & GENTZ.

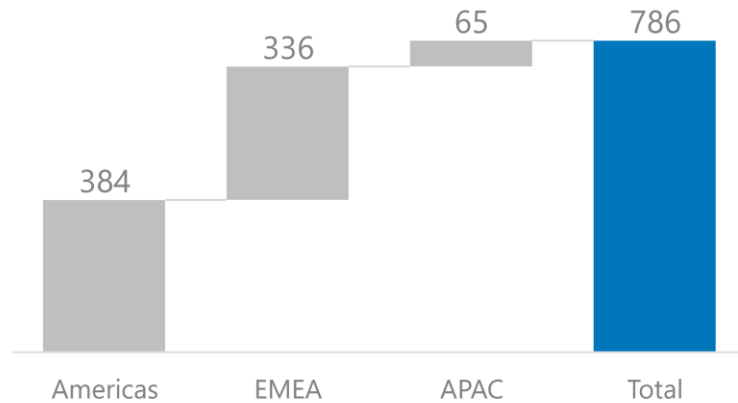


FY 2023 review

Sales growth and EBITDA in 2023

Regions

USD million

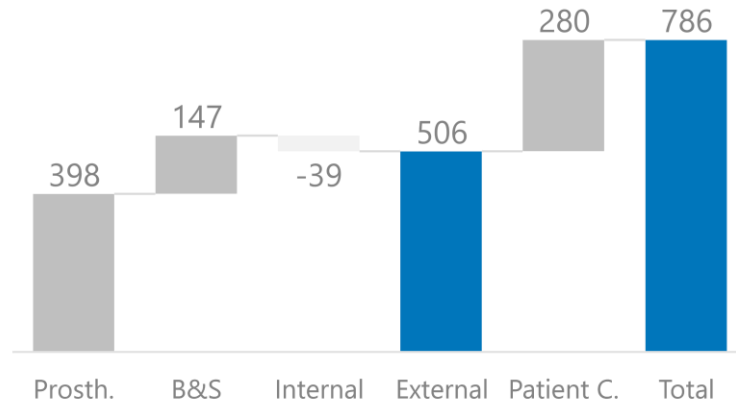


Organic growth



Segments

USD million

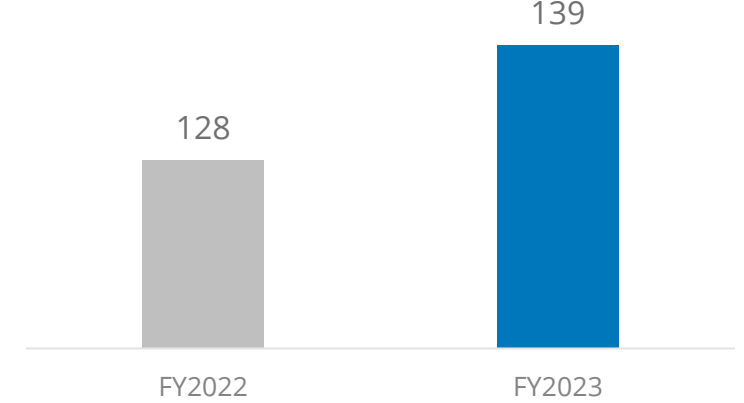


Organic growth



EBITDA

USD million



EBITDA margin



Highlights

- Solid sales performance in the year with strong growth in all markets and business segments.
- EBITDA margin was 18%, positively impacted by strong sales growth, positive product mix, lower freight cost, and cost savings from streamlining initiatives announced in the fall of 2022, but adversely impacted by higher unit cost, time-lag in reimbursement, FX, and cost growth driven by inflation.

The EBITDA and EBITDA margin are presented before special items

Income statement

Financial Results (USD million)	FY 2023	FY 2022
Net sales	786	719
<i>Reported growth</i>	9%	0%
<i>Organic growth</i>	9%	4%
Gross profit	486	440
<i>Gross profit margin</i>	62%	61%
EBITDA before special items	139	128
<i>EBITDA margin before special items</i>	18%	18%
EBIT	89	65
<i>EBIT margin</i>	11%	9%
Income tax	17	13
<i>Effective tax rate</i>	23%	23%
Net profit	59	43
<i>Net profit margin</i>	7%	6%

Highlights

- Reported sales growth of 9% in 2023.
- Currency movements impacted reported growth negatively by 1%-point and EBITDA margin including hedge negatively by 30 basis points.
- Gross profit margin was 62% in 2023 compared to 61% in 2022 (62% excluding special items).
- EBITDA margin was 18%, same as in 2022.
- Effective tax rate of 23% in 2023.
- Net profit grew by 36% in 2023.



Financial guidance 2024



Guidance considerations for 2024

	Guidance FY 2024	Actual FY 2023
Sales growth Organic	5-8%	9%
EBITDA margin Before special items	19-20%	18%
For modeling purposes:		
Special items In USD million	1	None
CAPEX % of sales	3-4%	5%
Tax Effective tax rate	23-24%	23%





Q&A

Financial calendar & upcoming investor conferences

Financial calendar

Annual General Meeting 2024	13 March 2024
Interim report Q1 2024	23 April 2024
Interim report Q2 2024	23 July 2024
Interim report Q3 2024	22 October 2024
Interim report Q4 2024 and Annual Report 2024	5 February 2025
Annual General Meeting 2025	12 March 2025



Further information

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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 2024 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.