July 21, 2026

Embla Medical

Q2 2026

Speakers

Operator

Sveinn Sölvason
President and CEO | Embla Medical

Arna Sveinsdóttir
CFO | Embla Medical

Jesper Ingildsen
Analyst | DNB Carnegie

Martin Brenøe
Analyst | Nordea

Tobias Nissen
Analyst | Danske Bank

Yiwei Zhou
Analyst | SEB

Beatrice Fairbairn
Analyst | Berenberg

Tom Rosenfeld
Analyst | Intron Health Research

Prepared Remarks

Operator

At this time, I would like to welcome everyone to this Embla Medical Q2 2026 conference call. Today's call is being recorded. If you have any objections, please disconnect at this time. All participants will be on listen-only mode throughout the presentation, afterwards, there'll be a question and answer session. I would now like to introduce President and Chief Executive Officer, Sveinn Sölvason, and Chief Financial Officer, Arna Sveinsdóttir. Sveinn, over to you.

Sveinn Sölvason
President and CEO | Embla Medical

Thank you very much. Good morning and welcome to Embla Medical's conference call to review our second quarter 2026 results. I'm Sveinn Sölvason, President and CEO of Embla Medical. Joining me today are our Chief Financial Officer, Arna Sveinsdóttir, and our Head of Investor Relations, Klaus Sindahl. The presentation will take approximately 15 minutes, followed by a Q&A session. If you please turn to the next slide. The first half of 2026 was strong. We delivered good organic growth, an increase in profitability, and solid free cash flow. Sales in the second quarter were $259 million, corresponding to 11% reported growth and 6% organic growth. Prosthetics & Neuro Orthotics continued to do very well with double-digit growth in the quarter. This was driven by strong execution, good volume growth in mainly EMEA and APAC, and contributions from recently launched products.

Sveinn Sölvason
President and CEO | Embla Medical

Bracing & Supports grew at a more modest pace, Patient Care declined, but we're seeing very encouraging progress. EBITDA margin was strong at 22% for the quarter. This was supported by the good performance in Prosthetics & Neuro Orthotics, continued cost discipline, and a net U.S. tariff refund of around $3 million. Net profits were strong, increasing by 39%, and this was mainly due to strong operating results and favorable movements in net financial expenses. During the second quarter, we completed the ForMotion brand rollout in Patient Care. All Patient Care facilities have now moved to the ForMotion brand. This is important milestone in our Patient Care transformation as it brings our global clinic network together under one patient-centered brand. In Patient Care, as I mentioned earlier, we continue to see progress. However, quarter two sales were below our expectations, especially in EMEA.

Sveinn Sölvason
President and CEO | Embla Medical

I'll come back to Patient Care in more detail later in the presentation. I also wanted to highlight the good progress we made in R&D during the quarter where we launched six new products. Furthermore, we're also progressing as planned with our first dedicated microprocessor knee for less mobile users, generally referred to as K2 users. We've now assembled a fully integrated system prototype, which will be used for upcoming verification and validation work, and we remain on track for launch in late 2027. Lastly, we completed our $10 million share buyback program last week. Yesterday, we started a new program of a similar size. Will you please turn to the next slide? Over the past five years, we've invested close to $200 million in R&D and innovation. As the business grows, we expect to invest more while keeping a clear focus on attractive returns.

Sveinn Sölvason
President and CEO | Embla Medical

On this slide, you can see some of our key product launches from recent years. They show the strength of our innovation capabilities and our consistent launch track record. We always track the impact of innovation through a metric we call R&D impact. It measures the share of annual sales generated by product launches through R&D over the last five years. In recent years, R&D impact has increased from around 15% to more than 25%. We want to increase this further by focusing our portfolio on the greatest unmet needs for the patients that we strive to serve as best we possibly can. Go to the next slide, please. EMEA and APAC were the main drivers of sales growth in the quarter, supported by strong Prosthetics & Neuro Orthotics performance in both established as well as new markets, including Ukraine.

Sveinn Sölvason
President and CEO | Embla Medical

In the Americas, overall growth was more modest, but we are beginning to see Prosthetics & Neuro Orthotics gain momentum. We'll now go through each segment in more detail. If you turn to the next slide, please. Prosthetics & Neuro Orthotics grew 12% organically in the quarter. In EMEA, we continued to see very strong momentum. This was driven by mainly prosthetics in key European markets as well as newer markets, including Ukraine. Growth was supported by strong volumes and broad demand across key product categories, including bionics. The recently acquired Streifeneder Business also made a solid contribution. In the U.S., prosthetics growth has also started to pick up. This was supported by our core portfolio and continued momentum in bionics. Neuro Orthotics performed well in EMEA, and we continued to build momentum in the U.S. with strong growth, but from a very low base.

Sveinn Sölvason
President and CEO | Embla Medical

We expect more meaningful contribution over time as the rollout of our first bionic knee joint expands. Lastly, APAC delivered another strong quarter with 9% growth, where Australia led the region with broad strength across product categories and solid growth in the rest of Asia. We turn to the next slide, please. Sales in Bracing & Supports grew 1% in the second quarter. In EMEA, declined mainly due to tough competition and changing market dynamics. We had a successful launch of the new OA Move brace and the Formfit Walker boot, but they were not enough to offset the decline in the region. In the Americas, sales growth in bracing was solid, driven by higher volumes and broad demand across core products. APAC also performed well, especially Australia and New Zealand. If you go to the next slide, please. Sales in Patient Care declined 2% in the second quarter.

Sveinn Sölvason
President and CEO | Embla Medical

Over the last 18 months, we've been focused on building and integrating a global Patient Care business. Our strategic priorities are centered around enabling our clinical workforce to provide excellent Patient Care, as well as standardization in ways of working, ultimately building scalable systems and processes. We see consistent progress towards normalization of our top-line growth. Americas region has now shown quarter-over-quarter increase in operating results for the last three consecutive quarters. APAC remains stable, while the shortfall in top line is related to two markets in Europe, Sweden and France. In Sweden, we are seeing the effects of a challenging market situation. While in France, we are working through integration-related topics in an overall healthy market. We remain committed to our strategic priorities in Patient Care and expect sales performance to get better over the coming periods, and gradually return to growth broadly in line with the O&P industry.

Sveinn Sölvason
President and CEO | Embla Medical

That concludes my overview of the quarter. I will now hand over to Arna to take us through the financials in more detail. Arna, please.

Arna Sveinsdóttir
CFO | Embla Medical

Thank you, Sveinn.

Sveinn Sölvason
President and CEO | Embla Medical

Go to the next slide please, also.

Arna Sveinsdóttir
CFO | Embla Medical

Yes. Now we go to the next slide for the overview of our financials. In the second quarter, gross profit margin was 63% compared to 62% in quarter two 2025. The margin benefited from strong sales in Prosthetics & Neuro Orthotics and net U.S. tariff refunds of $3 million. For the first half, the gross profit margin was on par with the same period last year. OPEX of $243 million, or 47% of sales, compared to 48% of sales in quarter two 2025. Organic OPEX growth was 5%, reflecting our continued focus on cost control. As a result, EBITDA margin was 22% for the quarter, one percentage point above last year. This was supported by strong performance in Prosthetics & Neuro Orthotics and the tariff refunds. For the first half, the EBITDA margin is 20% or on par with the same period last year.

Arna Sveinsdóttir
CFO | Embla Medical

I'm pleased with our net profit performance in the quarter, which increased by 39%. This was driven by higher operating results and favorable changes in net financial expenses, mainly due to lower net exchange differences compared to last year. If we please turn to the next slide for status on our cash flow and leverage. In the second quarter, CapEx was $6 million, around 2% of sales. This was below our guided range of 3%-4% of sales. Compared to quarter two 2025, CapEx was lower, mainly due to timing of investments. For the rest of the year, we still expect the CapEx to be at a normalized level of 3%-4% of sales. Free cash flow was strong at $31 million in the quarter, compared to $12 million in the same period last year.

Arna Sveinsdóttir
CFO | Embla Medical

Free cash flow benefited from strong operating results, lower net working capital than in the comparable quarter, as well as modest CapEx. That concludes the financial overview, and I will now hand back to Sveinn for closing remarks and guidance.

Sveinn Sölvason
President and CEO | Embla Medical

Thank you, Arna. Please turn to the next slide. Based on our first half performance and our expectation for stronger growth in the second half, we are narrowing our full year organic sales growth guidance to 5%-7%. Previously, the range was 5%-8%. We reiterate our EBITDA margin guidance of 20%-22%. This concludes our presentation. We would now like to open the call for questions. Operator, please move to the next slide and the Q&A can begin.

Q&A

Operator

Thank you. If you do wish to ask a question, you will need to press a five star on your telephone keypad. To withdraw a question, press five star again. Our first question comes from the line of Jesper Ingildsen from DNB Carnegie. Please go ahead, Jesper. Your line will now be unmuted.

Jesper Ingildsen
Analyst | DNB Carnegie

Yeah, thank you so much. I have a few questions. Starting out on the profitability. Seeing you have a $3 million benefit from tariffs here in Q2, just trying to understand if that's all you expect for this financial year, or we could see more coming in H2. Also just trying to understand the building blocks for the uptick in the margin in the second half that's implied by your maintained guidance for the EBIT gain margin, at least, just how much of that is contingent on further tariff refunds. Secondly, in Patient Care, as you pointed out, it has now been 18 months with the restructuring here, which have been to some extent a drag to growth.

Jesper Ingildsen
Analyst | DNB Carnegie

It does seem like both in Q1 and also now in Q2 is more related to Europe, and you actually are starting to see some improvements, particularly in Americas, which has otherwise been the key drag. If you could give any sort of indication to how strong the Patient Care is in Americas at this point in time, just to understand if when the headwinds in Europe goes away, what this would mean to the underlying growth momentum here. Thanks.

Sveinn Sölvason
President and CEO | Embla Medical

Hi, Jesper. Thanks for your questions. First, on the margin regarding the tariffs, the net impact here in the first half of the year is $3 million. We might get another $1 million, but there's some uncertainty around that, so it's not going to be a material factor when we look at margin in the second half of the year. It's important to keep in mind that seasonally, the second half of the year is stronger for our business, and we get more operating leverage in both our product business, but especially in our Patient Care business. That is kind of the main drive, if you will, for why we expect margin to be higher here in the second half. There are also just minor cost topics.

Sveinn Sölvason
President and CEO | Embla Medical

We're still spending a little bit of money on the brand roll-out here in the first half of the year. Things like that which we don't expect here in the second half. The big picture is kind of the higher operating leverage, due to the seasonality in the underlying business. Overall, we're quite pleased with the margin development and our ability to maintain the cost line in an inflationary environment like we are currently experiencing. On the Patient Care side, this is a big topic for us here in quarter two. It is clear that we are disappointed with our Patient Care results here in quarter two.

Sveinn Sölvason
President and CEO | Embla Medical

If we take a step back, we have, as I mentioned earlier, been taking measured steps here over the last 18 months to really build a global integrated Patient Care business on the back of several acquisitions made in most of our key markets here over the last decade. We have around 200 clinics. The operating results in each and every one of these clinics will be dependent on their ability to drive patient volumes, utilize their capacity effectively, and maintain the right level of fixed costs. If you look across our portfolio, we've seen very healthy progress in the right direction for always an increasing number of our clinics.

Sveinn Sölvason
President and CEO | Embla Medical

As you mentioned, the big progress here is that Americas has been perhaps our biggest challenge because this is where we have had or have sort of made multiple acquisitions and have had a fragmented platform, and we are now seeing quarter-over-quarter sort of improvement in results for three quarters in a row. EMEA has been where we've not performed as we expected in the beginning of the year. This is mainly related to two markets. In Sweden, it's more a market-related topic. Sweden is the only market where we have tenders. You win some, you lose some. We're currently in a period where we are kind of phasing out of some tenders while we have won others, which will kick in later. There's a little bit of impact of that.

Sveinn Sölvason
President and CEO | Embla Medical

In France, it is taking simply more time than we had expected to see the results of the initiatives we are focused on to normalize that business. We are behind, but working really hard to get back to consistent growth in line with the overall O&P industry. Hope that answers your questions, Jesper.

Jesper Ingildsen
Analyst | DNB Carnegie

Yeah. Great. Thanks.

Sveinn Sölvason
President and CEO | Embla Medical

Thank you.

Operator

Next up is Martin Brenøe from Nordea. Your line is open. Martin.

Sveinn Sölvason
President and CEO | Embla Medical

Good morning, Martin.

Operator

Martin, are you there?

Martin Brenøe
Analyst | Nordea

Sorry, I was muted. Can you hear me?

Sveinn Sölvason
President and CEO | Embla Medical

Yeah, loud and clear.

Martin Brenøe
Analyst | Nordea

Sorry about that. Hi, Sveinn and Arna, and thank you for taking my questions and thank you for this presentation that you gave. Maybe just a starting point. I think it's super interesting that you show a bit more color on the R&D side. Can you elaborate a bit on what happened from 2024-2025 in terms of steep acceleration, in terms of the new product sort of contribution in the prosthetics business? Why all of a sudden has increased so much, whether it's old products sort of that was four years old, that turned out to be five years old the year after, or if it's a new product that has been having a steep uptake? That's the first question, I take the second one afterwards.

Sveinn Sölvason
President and CEO | Embla Medical

Yeah. Thank you, Martin. It's always been a core focus for our company to make investments in innovation with the ultimate objective of improving the lives of people with chronic mobility challenges. Making the right choices in R&D, it's always a trade-off. What we see here over the last years is where we have positive impact is always when we have big new product launches on the bionic side. We have the Navii knee, we have the Icon knee, we have from College Park. We also have very solid introductions in the carbon fiber foot range, the Pro-Flex Terra in particular, where we once again have demonstrated our ability to provide differentiation in the feet market and demonstrate our strength in the feet market.

Sveinn Sölvason
President and CEO | Embla Medical

Martin, ultimately, it's a result of the choices that we have made and that has resulted in, again, high-quality products and our ability to generate healthy demand for these products. Going forward, it's ultimately our goal to continue to invest and to grow our R&D investment over time, at least in line with our sales growth and then for some periods at a higher rate than our organic sales growth. We still have plenty to do on the R&D front and remain committed to our innovation efforts.

Martin Brenøe
Analyst | Nordea

Thank you. Just a quick follow-up, because I think that we have discussed organic R&D versus acquired R&D, and in the end, you get the same net result from this graph that you show here on slide three. Just to understand, if we were to split this out on acquired innovation versus your own innovation, how would that look like?

Sveinn Sölvason
President and CEO | Embla Medical

The vast majority is our own innovation. There's obviously some impact from FIOR & GENTZ and College Park, if that's what you're referring to. The vast majority of our generated sales are in our legacy lower limb prosthetics business that is providing the balance on these metrics.

Martin Brenøe
Analyst | Nordea

Okay. Thank you. Just my second question would be on Americas and U.S. Can you elaborate a little bit on when you think that you will be back on sort of a more market growth track in the U.S.? Is it sort of already here in H2? Can you maybe provide a little bit of data points on what's going on in terms of any regional differences or any product differences or any sort of segment differences that makes you come out a little bit soft on the America side still after having done a lot of work in the U.S.?

Sveinn Sölvason
President and CEO | Embla Medical

Yeah. That's a good question. Looking here into the second half of the year, our expectation is for a stronger second half across all three business areas. In our core Prosthetics business, supported by our ongoing efforts to kind of refocus our commercial efforts in addition to more impact from Neuro Orthotics. It's encouraging to see our sales beginning to gain some traction on the Neuro Orthotics side and growing from a low base in the U.S. That's a little bit on the Prosthetics and Neuro. Also, we see good progress on our Bracing business here towards the latter half of quarter two and expect that to continue into the second half of the year.

Sveinn Sölvason
President and CEO | Embla Medical

As I mentioned earlier, our Americas Patient Care business has continued to show sort of gradual quarter-over-quarter movement in the right direction, and we continue to expect that here in the second half of the year also. Yeah, across our three business areas, we remain optimistic here going into the second half of the year.

Martin Brenøe
Analyst | Nordea

Okay. Is it fair to say that before we should expect you to take market shares from, let's say, Hanger and maybe especially Ottobock, you would need to have the K2 product ready which will only be in late 2027, because until then, you will miss out on a significant part of the market growth. Would that be a fair assumption or is that a bit too harsh?

Sveinn Sölvason
President and CEO | Embla Medical

Well, Martin, I think as what we've talked about, sort of we have a super solid bionics range. We have the Navii, we have the RHEO, we have the Icon. These products are eligible for reimbursement under the expanded reimbursement code in the U.S. and will have the vast majority of these K2 patients. There is a patient cohort where we would benefit from having a dedicated low active product. We are encouraged with the progress we are seeing on the development front for a low active knee. I don't believe we're losing market share in the U.S., but we would certainly benefit from having that particular product to strengthen our range.

Martin Brenøe
Analyst | Nordea

Okay. Maybe just one final question. Then I'll jump back in the queue. We had a presentation here in the house recently, which were from a humanoid distributor in Europe. You were called out as a potential long-term winner of this humanoid segment as you are probably one of the most advanced companies within robotics, and especially with the hands, you have a special, unique knowledge. I was just wondering if you can put a few words on the long-term prospects of humanoids and whether that is something that you could see more partnerships as we see this segment is potentially a fast-growing segment over the next five, 10 years.

Sveinn Sölvason
President and CEO | Embla Medical

Yeah. Thanks, Martin. That's an interesting theme in itself. I can provide some high-level reflections. First and foremost, we are one of the companies globally that has the most intellectual property or built-up knowledge around how to apply devices to the human body to enhance mobility levels. We have lots of engineering knowledge, lots of robotic knowledge, lots of knowledge around the whole software side. This is a super interesting theme. Yes, potentially there are opportunities for collaborations. Then this can theoretically be a growth theme of some sort for our organization. For now, I wouldn't want to be more specific around that. This is certainly something that we are following extremely closely.

Martin Brenøe
Analyst | Nordea

Okay. Thank you very much. I'll jump back in the queue.

Sveinn Sölvason
President and CEO | Embla Medical

Thanks, Martin.

Operator

Our next question will be from the line of Tobias Nissen from Danske Bank. Please go ahead. You'll now be unmuted.

Tobias Nissen
Analyst | Danske Bank

Good morning, Sveinn, and good morning, Arna. Just have a few questions that start out with Patient Care. With the ForMotion rollout now being complete, if you can say a little bit more what's actually going on then beneath the line, also in terms of productivity and profitability. I was mainly seeing improvements here, and then the revenue, or you can say the volumes, are a bit lacking. How should we actually see this? That it was come with the, what I was going to say, sort of delay. Perhaps a little bit more on actually what changes here in the second half of the year. I know you pointed to that the second half is usually the strongest for you. Can Patient Care actually move back to market-like growth in the second half of the year? Or is this mostly like a 2027 story?

Tobias Nissen
Analyst | Danske Bank

That'll be my first question.

Sveinn Sölvason
President and CEO | Embla Medical

Hi, Tobias. Thanks for the question. Again, going back to Patient Care, I risk maybe repeating some of my earlier comments. At the end of the day, our goal in Patient Care is to deliver great care for the patients that rely on our services. When it comes to the financial performance, we have 200 clinics. Each and every one of those clinics, the net financial results will be a result of their ability to drive patient intake, productivity as in patient visits per CPO, which is the general industry benchmark for productivity, and then ultimately the fixed cost line. We have been driving very focused initiatives to address these at a high level, these key levers, if you will, any retail healthcare franchise.

Sveinn Sölvason
President and CEO | Embla Medical

If I approach the situation from, again, the geographic standpoint, we see our efforts yielding positive results in the Americas market which is the region where we have made a lot of, you could say, small to medium-sized acquisitions. This was also the region where we were especially challenged here throughout 2025. It's very encouraging to see that our efforts are moving our results in the right direction. Same for APAC, where our results differ from what we had expected is mainly Europe, where we have been stable historically. However, our challenge is related to two specific markets. In Sweden, it is more a market issue. It's the only country where we have tenders. You win some, you lose some.

Sveinn Sölvason
President and CEO | Embla Medical

Now we are going through a period where we have lost some tenders and have also won some, but those we won won't kick in until at the very end of the year. That's a little bit of a specific situation. While in France, our main effort has been on the patient intake side and productivity side. We are simply not seeing as fast of a progress as what we had anticipated. We have a great business in France, a super strong team. This was the last big entity where we integrated or where we implemented the brand and have been simplifying that business. We have to acknowledge that the impact of our initiatives is slower than what we had anticipated. Overall, we still believe that we are focusing on the main initiatives.

Sveinn Sölvason
President and CEO | Embla Medical

We have a great Patient Care franchise with lots of opportunity to grow and to increase productivity and to ultimately just provide great care, because that's our goal. At the same time, I'm not going to tiptoe around it. We are disappointed with not seeing more traction on the top line. We'll get there.

Tobias Nissen
Analyst | Danske Bank

Okay, thanks. Perhaps just to touch on the narrow ends of the top line guide, the 5%-7%, clearly if they had an 8% at the top. What's actually driving this? Is this the soft, you can say Patient Care here in the first half of the year? Or is there something else related to this? What could actually need to happen in the second half of the year to reach that 7%, Sveinn?

Sveinn Sölvason
President and CEO | Embla Medical

Yeah. Again, big picture on growth and how we think about growth. We guide 5%-8%, which is a little bit of broad range. We have our Prosthetics & Neuro Orthotics business area, which is driven by very structurally strong growth types, where we have a strong position and lots of super solid points here in the quarter two results, and growing again double digits here in this part of our business. Bracing is where we have a little bit more headwinds. We expect that business to grow 2%-3%, we're below that here in the first half of the year, we expect a stronger second half, mainly supported by these new product launches that came into the picture late quarter two.

Sveinn Sölvason
President and CEO | Embla Medical

Overall here, if I look at the first six months of the year, we're slightly better on the Prosthetics & Neuro side, we are slightly behind on the Patient Care side. Looking at the second half of the year, we still expect a good performance in our Prosthetics & Neuro Orthotics piece, and as I mentioned earlier, a stronger second half in Bracing. On the Patient Care side, we do expect second half to be stronger than first half, it's clear that we are not where we would have wanted to be here after the first six months in Patient Care. That's clear.

Tobias Nissen
Analyst | Danske Bank

Cool, thanks. That's all for me. I'll jump back in the queue.

Sveinn Sölvason
President and CEO | Embla Medical

Thank you, Tobias.

Operator

Next up is Yiwei Zhou from SEB. Please go ahead. Your line will be unmuted.

Yiwei Zhou
Analyst | SEB

Good morning, thank you for taking my questions. Also couple questions from my side. Firstly, Sveinn, could you give an update on one of the topics we have not talked about for a long time? I remember a few years back you comment on this Össur leg solution, or we call it Embla leg now, and also a shared digital platform. How does that progress currently?

Sveinn Sölvason
President and CEO | Embla Medical

Hi, Yiwei. Thanks for your question. That's a good topic, it kind of goes back to the bigger picture, strategic picture in our industry. Our ability to win markets here and stay competitive in the prosthetics product market is dependent on our ability to bring the right products to market, serve our customers well, and also support our B2B customers with their efforts around fabrication. Fabrication of the customized piece of a mobility solution still remains one of the key strategic topics in our industry. There's a lot of cost in the industry around fabrication, around often, how should I put it? Often, processes which are not very productive when it comes to the fabrication piece. In our key markets, we offer our core customers an ability to also do the customized piece using different technologies, using scanning technologies, but we also have our Direct Socket technology.

Sveinn Sölvason
President and CEO | Embla Medical

Overall, we've seen good progress around these topics, and this is also where it provides us with strength to also be a Patient Care provider. Because in our Patient Care business, we are also doing lots of fabrication and are working hard on simplifying some of those processes using technology like scanning, 3D printing, et cetera. Our goal is to utilize those capabilities and offer these services to also our independent customers. Sorry for a little bit long answer because it's a very strategic theme for us. Overall, we see good progress with these complete solutions on both the U.S. side and the Europe side.

Yiwei Zhou
Analyst | SEB

If you compare the clinics which are using your solution, if you compare to one year ago and three years ago, could you quantify a bit of the percentage of the clinics? There's been increasing or more faster development?

Sveinn Sölvason
President and CEO | Embla Medical

Well, I don't have a specific KPI for you there, Yiwei. We see some regional differences. Another key theme in all of this is not necessarily the central fabrication strategy that we talked about a couple of years ago in relation to the complete leg, but also our efforts to introduce more digital workflows in our own Patient Care operation, where we are using scanning and 3D printing to build some of the custom components. While in other markets, you could say the traditional central fabrication value proposition is perhaps a little bit stronger for various reasons. There's a range of solutions here that are all ultimately addressing the same topic, which is fabrication. There is a shortage of CPOs out there. Patient volumes are there. Patient volumes are strong, reimbursement is stable.

Sveinn Sölvason
President and CEO | Embla Medical

A lot of our B2B independent clinical customers see this as a value-add service. Some of these different tracks, if you will, around how to solve for the customized piece that is needed for each and every mobility solution.

Yiwei Zhou
Analyst | SEB

Is it fair to understand that this has been a margin driver for your own clinics, own Patient Care business? You talked about the profitability in your Patient Care business have improved last quarter, also this quarter.

Sveinn Sölvason
President and CEO | Embla Medical

This is and will be one of the main kind of productivity drivers for our Patient Care business going forward. Yes, that's correct.

Yiwei Zhou
Analyst | SEB

Great. Thanks. Next question here on the Patient Care business. You have talked about for a long time, but have you lost any patients during the restructuring and rebranding process? If you can comment on this.

Sveinn Sölvason
President and CEO | Embla Medical

Well, if we look at that question kind of on a region by region basis, I think that has not been a major theme, no.

Sveinn Sölvason
President and CEO | Embla Medical

Have we lost some patients? Probably, yes. No, if you're asking whether the whole brand changes caused confusion or anything like that, no, that's not our view. Has, however, all of this changed, both with regards to brand, system, and process changes, has that led to loss of capacity utilization? Yes, because all this change means less time seeing patients. That is one of the main drivers or issues that we've been working through. Again, I want to refer back to my earlier answer. We see good progress across our portfolio, our issues are mainly concentrated on what are two big European markets, and we're just working super hard on working through those challenges at the moment.

Yiwei Zhou
Analyst | SEB

Great. Very helpful. My last question, just want to follow up on the tariff refunds. I got some numbers this morning from you, that the second half, you will still be a small refund benefit. Is it a $1 million net of expense per quarter or in total in the second half? If you can elaborate a bit.

Arna Sveinsdóttir
CFO | Embla Medical

Yes. We do expect from what we submitted, we already received these payments, we still expect that we will get in total $1 million additional payments for tariffs in the second half. Timing is unknown.

Yiwei Zhou
Analyst | SEB

Okay. This is in total $1 million? It's not per quarter.

Arna Sveinsdóttir
CFO | Embla Medical

Yes, total $1 million.

Yiwei Zhou
Analyst | SEB

Okay.

Arna Sveinsdóttir
CFO | Embla Medical

No, total $1 million. It is still uncertain about timing, that is still being validated.

Yiwei Zhou
Analyst | SEB

Yeah

Arna Sveinsdóttir
CFO | Embla Medical

Authorities.

Yiwei Zhou
Analyst | SEB

Perfect. Thank you. It's very clear. I will jump back in later.

Sveinn Sölvason
President and CEO | Embla Medical

Great. All right. Thank you.

Operator

As a reminder, press five star to ask a question. Next up is Beatrice Fairbairn from Berenberg. Please go ahead, your line will now be unmuted.

Beatrice Fairbairn
Analyst | Berenberg

Hi. Thank you so much for taking my questions. In Patient Care in Sweden, you noted that you expect some tenders to kick in. Could you give some color around when you expect those to kick in? You also, in your release, you noted that you expect return to growth broadly in line with the O&P industry. Could you provide some color on when you kind of expect to get up to this kind of growth? Secondly, you noted growth from new markets such as Ukraine in Prosthetics & Neuro Orthotics. Could you give some color here and perhaps quantify the impact on sales growth from these markets? Thank you.

Sveinn Sölvason
President and CEO | Embla Medical

Hi, Beatrice. Thank you. First, on the Patient Care side, yes, the Sweden market is the only market where we operate where there are tenders. There's a long list of tenders, and the nature of the business is that you win some, you lose some. Currently we are seeing some impact of tenders lost. We have also won some, but those that we've won will not kick in until very late this year. I don't want to quantify specifically the impact, but that is what we refer to when we say a challenging market situation in Sweden. It's kind of we're working through this timing difference there is between tenders lost and tenders won. I can't quantify that more specifically. It has a meaningful impact. That's a bit the Patient Care story.

Sveinn Sölvason
President and CEO | Embla Medical

Yes, going back and the other part of that question was when do we expect to get back to kind of normalized industry growth? First and foremost, we expect second half to be stronger than the first half. Our aim is to kind of on a run rate basis, climb back to industry average growth here towards the latter half of the year. That's our aim. The biggest job here is to achieve consistent at least mid-single digit growth, which is in line with kind of the overall growth in this part of the value chain. We'll get there, and are working as hard as we possibly can to normalize our performance in Patient Care.

Sveinn Sölvason
President and CEO | Embla Medical

On your other question with regards to Ukraine, that is certainly impacting our numbers in Europe. As we talked about in the past, Ukraine will be a big market for prosthetics. We are doing everything we can to build a presence there and be of service with regards to that overall situation. With that said, our growth in Europe is still very strong across our traditional markets in both North and South Europe. The demand and the growth that we're seeing for our products in Ukraine is still having a positive impact on the big picture, but I can't quantify that in any more details.

Beatrice Fairbairn
Analyst | Berenberg

Okay, great. Thank you very much.

Sveinn Sölvason
President and CEO | Embla Medical

Thanks, Beatrice.

Operator

Our next question will be from the line of Tom Rosenfeld. Please go ahead, your line will be unmuted.

Tom Rosenfeld
Analyst | Intron Health Research

Good morning. Thank you for taking my question. It's another one on the Americas. In H2, you guide to some positive impact from the U.S. Medicare coverage expansion. Would you give us some more detail on the size of that tailwind and the timing?

Sveinn Sölvason
President and CEO | Embla Medical

Yes, if we look at the Americas region as we reported, it's a result of growth in our three business areas, our Prosthetics & Neuro Orthotics business, our Patient Care business, and Bracing & Supports. If we zoom in on the Prosthetics & Neuro Orthotics business, we are seeing positive impact from our launch of the FIOR & GENTZ knee joint, which is tapping into the reimbursement, relatively new reimbursement code for that particular technology. On the prosthetics side, this goes back to the overall coverage expansion for lower active patients where we do have a strong range. Icon, Navii, RHEO Knee, but we would still benefit from having this focused low active product, which I commented on that earlier, which we expect to launch late next year. We continue to expect tailwind from these structural changes.

Sveinn Sölvason
President and CEO | Embla Medical

For all our three business segments, we do expect a stronger second half than what we see here in the first half.

Tom Rosenfeld
Analyst | Intron Health Research

Thank you. One more question if that's okay.

Sveinn Sölvason
President and CEO | Embla Medical

Yeah.

Tom Rosenfeld
Analyst | Intron Health Research

CapEx is at 2% lift off. I know you've said that it's going to return to sort of 3%-4%, and it's mostly due to investment timings. Is there any scope for it to be lower going forward given that the Patient Care clinical integration is largely over now?

Arna Sveinsdóttir
CFO | Embla Medical

Yes, like we said, we do expect that the CapEx will go back to normalized level. We are seeing some timing now at the beginning of the year. We are seeing basically slow CapEx investments across all our categories, including resource improvements, which is one of the biggest investment we do in Patient Care. It is just a normal way of our business. One more thing in our business, we need to do changes and resource improvements in the Patient Care on a regular basis. We expect that we'll go to normalized level within the year.

Tom Rosenfeld
Analyst | Intron Health Research

Perfect. Thank you very much.

Operator

As no one else is lined up for questions, I'll now hand it back to Sveinn for any closing remarks.

Sveinn Sölvason
President and CEO | Embla Medical

Thank you very much, operator. Thanks everyone for calling in and participating here this morning. If you have any follow-ups, please reach out to our investor relations team. Otherwise, I wish you all a continued good summer. Thank you very much