



Interim Report Q2 2023

Announcement no. 15/2023

## Sveinn Sölvason, President and CEO, comments:

*“Sales amounted to 201 million and the EBITDA margin was 19% in Q2 2023. Organic growth was 11% driven by strong contribution from all our business segments and regions. We recently introduced our Growth’27 strategy with a growth ambition of 7-10% average local currency growth in 2023-2027. As demonstrated by a strong sales performance for the first half of 2023, we are firmly on track. Our high-end solutions are performing well in line with our Innovative Solutions growth driver, and we see strong volume growth in Prosthetics and Patient Care in line with our Patient Reach & O&P Value Creation growth drivers. Our strategy to provide more patients access to high-end solutions is evident in the results, as bionics as % of Prosthetics sales amounted to 25%, which is among the highest we have seen historically. Strong progress on other key financial parameters with a healthy development in profitability, despite inflation driven cost, and solid cash generation.”*

## Highlights Q2 2023

- Sales amounted to USD 201 million in Q2 2023. Sales growth was 13% in local currency and increased by 11% organic.
- Prosthetics sales grew by 18% organic, Bracing & Supports (B&S) sales grew by 5% organic and Patient Care sales grew by 8% organic in Q2 2023. Growth is attributed to strong volume growth and positive product mix with strong performance in our high-end solutions, in addition to price increases.
- Gross profit margin was 63% in Q2 2023 compared to 61% in Q2 2022. The gross profit margin is improving in line with increased productivity in manufacturing and some normalization in unit cost, partly attributed to lower freight cost.
- EBITDA amounted to USD 37 million in Q2 2023, and the EBITDA margin was 19% compared to 18% in Q2 2022. EBITDA margin is increasing in line with strong sales performance and increasing gross profit margin attributed to increased productivity in manufacturing, but partly offset by cost growth mainly due to inflation.
- Net profit grew by 10% in Q2 2023 and amounted to USD 16 million or 8% of sales.
- Cash generated by operations is increasing and amounted to USD 33 million or 16% of sales in Q2 2023 compared to 10% in the comparable quarter. Solid cash generation but cash flow adversely impacted by inventory and CAPEX investments.
- NIBD/EBITDA before special items was 3.1x at the end of Q2 2023, above the target ratio of 2.0-3.0x. 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 temporarily above the target leverage range.
- In line with a strong performance in the first half of the year, the financial guidance for the full year 2023 has been updated to 7-8% organic growth (previously 4-8%) and ~5% CAPEX of sales (previously 3-4%). Guidance for EBITDA margin before special items remains unchanged or 17-20% and effective tax rate remains unchanged or 23-24%.
- Lukas Märklin has been appointed as Chief Operating Officer. Mr. Märklin joins Össur from Straumann and his experience within the global medical device industry makes him well-suited to lead Operations at Össur.

Key financials and guidance	1H 2023	1H 2022	Q2 2023	Q2 2022	Guidance (current)	Guidance (previous)
Net sales in USD million	383	351	201	181		
Sales growth, organic	10%	2%	11%	-1%	7-8%	4-8%
EBITDA margin	17%	17%	19%	18%		
EBITDA margin before special items	17%	17%	19%	18%	17-20%	17-20%
CAPEX as % of sales	6%	4%	7%	5%	~5%	3-4%
Effective tax rate	23%	24%	23%	24%	23-24%	23-24%

USD millions	Q2 2023	Q2 2022	1H 2023	1H 2022	FY 2022	FY 2021	FY 2020	FY 2019	
Income Statement									
Net sales	201	181	383	351	719	719	630	686	
Gross profit	126	111	238	216	440	455	391	439	
Operating expenses (excl. other income / exp.)	101	91	199	181	373	360	338	341	
EBITDA	37	33	66	60	114	149	93	141	
EBITDA before special items	37	33	66	60	128	149	93	150	
EBIT	25	21	41	35	65	97	28	98	
Net profit	16	14	26	24	43	66	8	69	
Sales Growth									
Sales growth USD	%	11	(5)	9	0	0	14	(8)	12
Growth breakdown:									
Organic growth	%	11	(1)	10	2	4	10	(10)	5
Currency effect	%	(1)	(6)	(3)	(5)	(7)	3	0	(4)
Acquired/divested business	%	2	3	2	3	3	1	2	11
Balance Sheet									
Total assets	1,348	1,220	1,348	1,220	1,325	1,247	1,214	1,091	
Equity	663	622	663	622	636	627	577	569	
Net interest-bearing debt (NIBD)	410	367	410	367	404	363	381	302	
Cash Flow									
Cash generated by operations	33	17	46	31	92	128	119	120	
Free cash flow	10	1	8	6	35	74	68	63	
Key Ratios									
Gross profit margin	%	63	61	62	61	61	63	62	64
EBIT margin	%	12	11	11	10	9	14	4	14
EBITDA margin	%	19	18	17	17	16	21	15	21
EBITDA margin before special items	%	19	18	17	17	18	21	15	22
Equity ratio	%	49	51	49	51	48	50	48	52
Net debt to EBITDA before special items*		3.1	2.7	3.1	2.7	3.2	2.4	4.1	2.0
Effective tax rate	%	23	24	23	24	23	24	38	24
Return on equity*	%	7	9	7	9	7	11	1	12
CAPEX / Net sales	%	7.2	4.6	5.8	3.8	3.6	3.7	3.8	4.6
Market									
Market value of equity	1,975	1,772	1,975	1,772	2,035	2,724	3,380	3,340	
Number of shares in millions	421	423	421	423	423	423	423	425	
EPS in US cents	3.8	3.4	6.2	5.6	10.3	15.6	1.9	16.3	
Diluted EPS in US cents	3.8	3.4	6.2	5.6	10.3	15.5	1.9	16.2	

## Management's report

### Financial performance

#### Sales

**Sales increased by 11% organic in Q2 2023**

Sales were strong across all regions and business segments. Sales in 1H 2023 amounted to USD 383 million, compared to USD 351 million in 1H 2022, corresponding to 10% organic growth, a 12% increase including acquisitions (local currency growth) and a 9% reported growth (USD growth). Sales in Q2 2023 amounted to USD 201 million compared to USD 181 million in Q2 2022, corresponding to 11% organic growth, an 13% increase including acquisitions (local currency growth) and a 11% reported growth (USD growth).

**Negative FX impact of USD 3M in Q2 2023**

Impact on sales from acquisitions amounted to USD 3 million in Q2 2023 corresponding to about a 2%-point positive effect on the reported growth rate. However, reported sales were USD 3 million lower in Q2 2023 due to changes in FX when comparing to Q2 2022, which corresponds to about a 1%-point negative effect on the reported growth rate.

Sales by geographical segment (USD million)	Q2 2023	Organic growth	Δ Acq. / div.	Δ Curr. effect	USD growth	1H 2023	Organic growth	Δ Acq. / Div.	Δ Curr. effect	USD growth
Americas	99	11%	3%	(0%)	14%	185	10%	3%	(0%)	13%
EMEA	86	10%	0%	(1%)	9%	165	8%	1%	(4%)	5%
APAC	17	16%	0%	(6%)	9%	32	18%	0%	(7%)	11%
<b>Total</b>	<b>201</b>	<b>11%</b>	<b>2%</b>	<b>(1%)</b>	<b>11%</b>	<b>383</b>	<b>10%</b>	<b>2%</b>	<b>(3%)</b>	<b>9%</b>

Sales by business segment (USD million)	Q2 2023	Organic growth	Δ Acq. / div.	Δ Curr. effect	USD growth	1H 2023	Organic growth	Δ Acq. / Div.	Δ Curr. effect	USD growth
Prosthetics	103	18%	3%	(1%)	20%	194	15%	3%	(3%)	16%
Bracing & Supports	38	5%	0%	(1%)	4%	74	5%	0%	(3%)	2%
Internal product sales	(10)	35%	0%	(3%)	32%	(19)	32%	0%	(4%)	28%
<b>External sales</b>	<b>131</b>	<b>13%</b>	<b>2%</b>	<b>(1%)</b>	<b>14%</b>	<b>249</b>	<b>11%</b>	<b>2%</b>	<b>(2%)</b>	<b>11%</b>
Patient Care	70	8%	0%	(2%)	6%	134	8%	1%	(4%)	6%
<b>Total</b>	<b>201</b>	<b>11%</b>	<b>2%</b>	<b>(1%)</b>	<b>11%</b>	<b>383</b>	<b>10%</b>	<b>2%</b>	<b>(3%)</b>	<b>9%</b>

**Strong growth in all regions and segments**

Sales were strong in all regions and business segments in Q2 2023, largely driven by volume growth and positive product mix with increased sales and fittings of high-end solutions in Prosthetics and Patient Care, in addition to impact of price increases for Prosthetics and B&S products. Growth in the Americas and EMEA was strong in all business segments with contribution from all our key markets. In APAC, all key markets contributed to double digit growth in the quarter.

**Strong volume growth and performance in high-end solutions**

In Q2 2023, prosthetics sales amounted to USD 103 million and increased by 18% organic. In the quarter, sales of bionic products accounted for 25% of prosthetics component sales compared to 18% in Q2 2022. Growth in prosthetics was mainly driven by volume growth, positive product mix, in addition to price increases. Performance in our high-end solutions was strong, such as the recently launched Power Knee™, and we observe a strong market acceptance from our recently launched waterproof bionic Proprio Foot®. Other product categories also performed well. Bracing and Supports (B&S) sales amounted to USD 38 million in Q2 2023 and increased by 5% organic, due to volume growth, sales price increases, and strong growth in our high-end bracing solutions. Patient Care sales amounted to USD 70 million in Q2 2023 and increased by 8% organic. Patient Care sales grew in all key markets, driven by growth in patient volume and positive solutions mix.

**Price increases in 2023**

Around 90% of Össur product sales and services are reimbursed by public and private insurance companies. In 2022, most reimbursement systems did not increase their prices but in 2023, some reimbursement systems have increased prices up to inflation levels. Össur has implemented price increases in 2023 for Prosthetics and Bracing & Supports products in line with regional development in reimbursement.

**Operations**

**Gross profit margin of 63% in Q2 2023**

Gross profit for 1H 2023 amounted to USD 238 million or 62% of sales compared to USD 216 million or 61% of sales for 1H 2022. In Q2 2023, gross profit amounted to USD 126 million or 63% of sales compared to USD 111 million or 61% of sales in Q2 2022.

We are seeing inflationary pressure on both labor cost and raw material but estimate freight cost to decline by approximately USD 6-7 million in FY 2023 compared to FY 2022. In Q2 2023, freight cost declined, driven by lower freight rates and reduced volume shipped from Asia but offset by temporary use of more expensive means of freight for some raw materials.

Unit cost has been increasing at a faster rate than price increases in recent years, due to inflation and supply chain. However, with lower freight cost and improved productivity, we are already seeing some normalization in our unit cost, although it is still above normalized levels.

**OPEX ratio of 50% in Q2 2023**

Operating expenses, excluding other income, amounted to USD 199 million or 52% of sales compared to USD 181 million or 52% of sales in 1H 2022. Operating expenses amounted to USD 101 million or 50% of sales in Q2 2023, compared to USD 91 million, also 50% of sales in Q2 2022.

Operating expenses increase in the quarter is mainly due to inflation and higher labor cost, including merit increases and higher variable compensation in line with strong sales performance, but was partly offset by cost saving initiatives announced in Q3 2022 to support further growth and profitability. Total annual cost savings amount to USD 15 million which started to materialize from the beginning of 2023. Össur has begun to reinvest around one third of the cost savings, primarily in emerging markets and digital initiatives.

**Operating profit**

**EBITDA margin before special items 19% in Q2 2023**

In 1H 2023, EBITDA amounted to USD 66 million or 17% of sales compared to USD 60 million or 17% of sales in 1H 2022. In Q2 2023, EBITDA amounted to USD 37 million or 19% of sales compared to USD 33 million or 18% of sales in Q2 2022. Profitability is increasing and the EBITDA grew despite inflation driven OPEX growth and adverse impact from FX changes. Currency impact on the EBITDA margin before special items including hedge was negative by approximately 20 basis points in the quarter.

**Financial items, income tax and net profit**

Net financial expenses in 1H 2023 amounted to USD 8 million, compared to USD 3 million in 1H 2022. Net financial expenses in Q2 2023 amounted to USD 5 million, compared to USD 2 million in Q2 2022. Higher financial expenses are partly due to a globally higher interest rate environment.

**Effective tax rate of 23% in Q2 2023**

Income tax amounted to USD 8 million in 1H 2023, corresponding to a 23% effective tax rate compared to USD 8 million in 1H 2022, corresponding to a 24% effective tax rate. Income tax amounted to USD 5 million in Q2 2023, corresponding to a 23% effective tax rate compared to USD 5 million in Q2 2022, corresponding to a 24% effective tax rate.

**Net profit margin of 8% in Q2 2023**

Net profit in 1H 2023 amounted to USD 26 million or 7% of sales compared to USD 24 million or 7% of sales in 1H 2022. Diluted earnings per share in 1H 2023 amounted to 6.2 US cents compared to 5.6 in 1H 2022. Net profit in Q2 2023 amounted to USD 16 million or 8% of sales compared to USD 14 million or 8% of sales in Q2 2022. Diluted earnings per share in Q2 2023 amounted to 3.8 US cents compared to 3.4 in Q2 2022.

**Cash flow and capital structure**

**Cash generated by operations**

**Cash generation of USD 33 million in Q2 2023**

Cash generated by operations amounted to USD 46 million or 12% of sales in 1H 2023 compared to USD 31 million or 9% of sales in 1H 2022. Cash generated by operations amounted to USD 33 million or 16% of sales in Q2 2023 compared to USD 17 million or 10% of sales in Q2 2022.

Cash generation is increasing but adversely impacted by working capital due to increasing inventory in the first half of 2023 but also partly due to increasing accounts receivables in line with strong sales performance in Q2. Össur is currently overinvested in inventory. Inventory build-up mainly consisting of bionic components to secure production of Bionics in addition to build-up of high-volume, low-cost bracing & supports products in the last two years due to the supply chain challenges. Inventory levels are being lowered in bracing & supports and are expected to gradually normalize.

**Capital expenditures**

**CAPEX was 7% of sales in Q2 2023**

Capital expenditures in 1H 2023 amounted to USD 22 million or 6% of sales, compared to USD 13 million or 4% of sales in 1H 2022. Capital expenditures in Q2 2023 amounted to USD 15 million or 7% of sales, compared to USD 8 million or 5% of sales in Q2 2022. CAPEX in the quarter is above a normalized level as we are making investments in scaling our Össur Leg concept and expanding in some key locations to support further growth.

**Bank balances and cash equivalents**

**Cash and undrawn facilities of USD 116 million**

Bank balances and cash equivalents amounted to USD 71 million at the end of Q2 2023 and USD 45 million of existing facilities were undrawn. Bank balances and cash equivalents in addition to undrawn credit facilities at the end of Q2 2023 amounted to USD 116 million.

**Net interest-bearing debt**

**NIBD/EBITDA before special items at 3.1x**

Net interest-bearing debt, including lease liabilities, amounted to USD 410 million at end of Q2 2023 compared to USD 404 million at year-end 2022. Net interest-bearing debt to EBITDA before special items corresponded to 3.1x at quarter-end Q2 2023, above the target range of 2.0-3.0x. All else equal, we expect net-interest bearing debt to EBITDA before special items to decrease and be within the target range before year-end.

**Share buybacks and treasury shares**

**Share buybacks continue to be paused**

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 3.1x, above the target level, at the end of Q2 2023. At the end of Q2 2023, treasury shares totaled 701,647.

## Financial guidance

	Guidance FY 2023 (current)	Guidance FY 2023 (April)	Guidance FY 2023 (January)
Sales growth, organic	7-8%	4-8%	4-8%
EBITDA margin before special items	17-20%	17-20%	17-20%
CAPEX as % of sales	~5%	3-4%	3-4%
Effective tax rate	23-24%	23-24%	23-24%

Growth in all business segments and regions has been strong in the first half of the year with total organic growth of 10%. The strong performance can be attributed to a good momentum in sales of high-end innovative solutions and good market acceptance of recently launched products such as the Power Knee and bionic Proprio Foot. We further seeing an overall strong volume growth in Prosthetics and Patient Care, some impact of price increases in Prosthetics and B&S, and positive solutions mix by fitting and selling more high-end solutions. As such, the financial guidance for organic growth has been narrowed to 7-8% (previously 4-8%).

EBITDA margin in the first half of the year is 17%, same as in the first half of 2022. It should be noted that due to seasonality in the Orthotic & Prosthetics (O&P) industry, the second half of the year is stronger in terms of sales, and hence profitability, in line with scalability in core operations. We expected an underlying gradual increase in profitability in line with strong sales performance. At current currency rates, and keeping all other factors constant, we expect the EBITDA margin to be in the range of 17-20%. All else equal, given current outlook, we expect to be around the middle of the range.

Capital expenditures (CAPEX) in the first half of 2023 amounted 6% of sales. CAPEX in the second quarter of 2023 was above a normalized level as we are making investments in scaling our Össur Leg concept and expanding in some key locations to support further growth. Due to the impact, we expect CAPEX to be ~5% of sales (previously 3-4%). CAPEX relative to sales is expected to be higher in 2023 than the normalized average historical level of 3-4%.

Guidance for effective tax rate remains unchanged in the range of 23-24%.

## 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 2.5-3.5 million when unhedged. The same movement in ISK/USD is estimated to have an annual impact on EBITDA in the range of +/- USD 3.0-4.0 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
Average exchange rate Q1 2023	1.0721	0.0070
Average exchange rate Q2 2023	1.0893	0.0073
Closing rate 24 July 2023	1.1096	0.0076
Estimated average exchange rate for FY 2023*	1.0952	0.0074
Change in estimated exchange rate FY 2023 compared to last year's average	4%	0%

\*Estimated average exchange rate is calculated as the exchange rate of Q1&Q2 2023 combined with the closing rate on 24 July 2023 for the remainder of the year.

## Other matters

### Lukas Märklin appointed as Chief Operating Officer

Egill Jónsson, Executive Vice President of Operations, has decided to retire at the end of the year after 27 years with Össur. Lukas Märklin has been appointed as Chief Operating Officer (COO) and will be a member of the Össur Executive Committee. A native of Switzerland, Mr. Märklin comes to Össur from Straumann, the world's largest dental implant manufacturing group. His career with Straumann spans over two decades, most recently serving as Senior Vice President of Operations. Mr. Märklin holds a master's degree in mechanical engineering from ETHZ Swiss Federal Institute of Technology.

## Financial calendar and conferences

### Q2 2023 conference call details

Össur will host a conference call on 25 July 2023 at **9:00 CET / 7:00 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](http://www.ossur.com/investors).

### Financial calendar

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

Nordea Small-&Mid-Cap Seminar (Stockholm)	24 August 2023
Goldman Sachs European Medtech Conference (London)	6-7 September 2023
Danske Bank's Winter Seminar (Copenhagen)	30 November 2023
SEB Nordic Seminar (Copenhagen)	8-10 January 2024

## For further information

### Contact Details

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### Össur corporate announcements by e-mail

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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](http://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**

**30.06.2023**

Össur hf

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110 Reykjavík

Id-no. 560271-0189

## Statement by the Board of Directors and President and CEO

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The Condensed Interim Consolidated Financial Statements of Össur hf. for the period from 1 January 2023 to 30 June 2023 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 382.6 million and the net profit amounted to USD 25.9 million. Össur's Consolidated total assets amounted to USD 1,347.7 million at the end of period, liabilities were USD 684.3 million, and equity was USD 663.4 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 30 June 2023 and financial performance and cash flow for the period ended 30 June 2023.

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 2023 to 30 June 2023 and confirm them by means of their signatures.

Reykjavík, 25 July 2023

### Board of Directors

Niels Jacobsen  
Chairman of the Board

Svafa Grönfeldt  
Vice Chairman

Alberto Esquenazi

Arne Boye Nielsen

Guðbjörg Edda Eggertsdóttir

### President and CEO

Sveinn Sölvason

## Consolidated Income Statement

All amounts in USD '000	Notes	1H 2023	1H 2022	Q2 2023	Q2 2022
Net sales	3	382,566	351,005	201,353	180,945
Cost of goods sold		(144,573)	(135,307)	(75,409)	(69,843)
<b>Gross profit</b>		<b>237,993</b>	<b>215,698</b>	<b>125,944</b>	<b>111,102</b>
Other income		1,488	209	430	61
Sales and marketing expenses		(144,435)	(131,273)	(73,272)	(65,980)
Research and development expenses		(19,148)	(16,898)	(9,414)	(7,616)
General and administrative expenses		(35,136)	(33,142)	(18,666)	(17,048)
<b>Earnings before interest and tax (EBIT)</b>		<b>40,761</b>	<b>34,594</b>	<b>25,023</b>	<b>20,519</b>
Financial income		3,137	509	2,130	332
Financial expenses		(11,224)	(5,693)	(6,786)	(2,946)
Net exchange rate difference		495	1,693	(472)	1,009
Net financial expenses		(7,592)	(3,491)	(5,128)	(1,605)
Effects of associates		666	284	682	165
<b>Earnings before tax (EBT)</b>		<b>33,835</b>	<b>31,387</b>	<b>20,577</b>	<b>19,079</b>
Income tax		(7,921)	(7,638)	(4,705)	(4,665)
<b>Net profit</b>		<b>25,914</b>	<b>23,749</b>	<b>15,872</b>	<b>14,414</b>
Attributable to:					
Owners of the Company		25,501	22,847	15,782	14,089
Non-controlling interests		413	902	91	325
<b>Net profit</b>		<b>25,914</b>	<b>23,749</b>	<b>15,872</b>	<b>14,414</b>
<b>Earnings per share</b>					
Earnings per share (US cent)		6.2	5.6	3.8	3.4
Diluted earnings per share (US cent)		6.2	5.6	3.8	3.4

## Consolidated Statement of Comprehensive Income

All amounts in USD '000	1H 2023	1H 2022	Q2 2023	Q2 2022
<b>Net profit</b>	25,914	23,749	15,872	14,414
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Change in cash flow hedges	1,223	470	421	(234)
Exchange differences on translating foreign operations	(488)	(21,969)	(1,014)	(19,445)
Income tax relating to components of other comprehensive income	224	(1,141)	(557)	(730)
<b>Other comprehensive income, net of income tax</b>	<b>959</b>	<b>(22,640)</b>	<b>(1,149)</b>	<b>(20,409)</b>
<b>Total comprehensive income</b>	<b>26,872</b>	<b>1,109</b>	<b>14,723</b>	<b>(5,995)</b>
Attributable to:				
Owners of the Company	26,459	207	14,632	(6,321)
Non-controlling interests	413	902	91	326
<b>Total comprehensive income</b>	<b>26,872</b>	<b>1,109</b>	<b>14,723</b>	<b>(5,995)</b>

## Consolidated Balance Sheet

### Assets

All amounts in USD '000	Notes	30.06.2023	31.12.2022
Property, plant and equipment	5	60,001	54,189
Right of use assets	6	119,072	125,131
Goodwill	7	684,747	680,400
Other intangible assets	8	63,578	62,003
Deferred tax assets		36,609	37,320
Investment in associates		14,346	13,751
Other financial assets		3,311	3,719
<b>Non-current assets</b>		<b>981,664</b>	<b>976,514</b>
Inventories		138,856	132,127
Accounts receivables		123,594	112,372
Other assets		32,295	27,717
Bank balances and cash equivalents		71,270	76,631
<b>Current assets</b>		<b>366,015</b>	<b>348,847</b>
<b>Total assets</b>		<b>1,347,679</b>	<b>1,325,361</b>

## Consolidated Balance Sheet

### Equity and liabilities

All amounts in USD '000		30.06.2023	31.12.2022
Issued capital and share premium		66,260	66,211
Reserves		(69,219)	(70,467)
Retained earnings		666,160	639,961
Equity attributable to owners of the Company		663,200	635,704
Non-controlling interest		218	(194)
<b>Total equity</b>		<b>663,419</b>	<b>635,510</b>
Borrowings		308,341	277,709
Lease liabilities	6	110,507	116,376
Deferred tax liabilities		28,656	29,596
Other financial liabilities		15,029	17,314
Provisions		6,865	5,808
Deferred income		6,569	6,042
<b>Non-current liabilities</b>		<b>475,967</b>	<b>452,844</b>
Borrowings		42,043	62,068
Lease liabilities	6	20,547	24,770
Accounts payable		29,428	28,653
Income tax payable		11,642	11,012
Provisions		13,708	19,325
Accrued salaries and related expenses		42,568	42,005
Other financial liabilities		15,993	18,524
Other liabilities		32,364	30,651
<b>Current liabilities</b>		<b>208,294</b>	<b>237,007</b>
<b>Total equity and liabilities</b>		<b>1,347,679</b>	<b>1,325,361</b>



## Consolidated Statement of Cash Flow

All amounts in USD '000	Notes	1H 2023	1H 2022	Q2 2023	Q2 2022
Earnings before interests and tax (EBIT)		40,761	34,594	25,023	20,519
Depreciation and amortization	5, 6, 8	24,788	25,020	12,347	12,365
Change in inventories		(6,627)	(12,801)	743	(6,751)
Change in receivables		(13,111)	(11,585)	(9,136)	(12,515)
Change in payables		4,311	1,182	5,257	6,360
Other operating activities		(4,338)	(5,074)	(1,346)	(2,759)
<b>Cash generated by operations</b>		<b>45,784</b>	<b>31,336</b>	<b>32,888</b>	<b>17,219</b>
Interest received		3,289	791	2,274	609
Interest paid		(11,139)	(4,978)	(6,905)	(2,285)
Income tax paid		(7,441)	(7,742)	(3,295)	(5,818)
<b>Net cash generated from operating activities</b>		<b>30,493</b>	<b>19,407</b>	<b>24,962</b>	<b>9,725</b>
Purchase of fixed and intangible assets	5, 8	(22,259)	(13,450)	(14,550)	(8,267)
Acquisition of subsidiaries, net of cash in acquired entities		(4,828)	(12,102)	(2,025)	(2,663)
Other investing activities		562	758	282	646
<b>Cash flows to investing activities</b>		<b>(26,525)</b>	<b>(24,794)</b>	<b>(16,293)</b>	<b>(10,284)</b>
Repayments of long-term borrowings		(6,763)	(6,123)	(6,755)	(5,908)
Changes in revolving credit facility		13,026	17,437	1,338	6,537
Payments of lease liabilities	6	(14,866)	(10,702)	(5,091)	(5,334)
Purchased treasury shares		0	(7,045)	0	(5,815)
<b>Cash flows from financing activities</b>		<b>(8,603)</b>	<b>(6,433)</b>	<b>(10,508)</b>	<b>(10,520)</b>
<b>Net change in cash</b>		<b>(4,635)</b>	<b>(11,820)</b>	<b>(1,839)</b>	<b>(11,079)</b>
Exchange rate effects on cash held in foreign currencies		(726)	(5,640)	(1,077)	(5,594)
<b>Cash at beginning of period</b>		<b>76,631</b>	<b>85,197</b>	<b>74,186</b>	<b>84,410</b>
<b>Cash at end of period</b>		<b>71,270</b>	<b>67,737</b>	<b>71,270</b>	<b>67,737</b>

## 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
<b>Balance at 1 January 2022</b>	<b>4,795</b>	<b>70,776</b>	<b>1,267</b>	<b>4,093</b>	<b>113</b>	<b>(51,390)</b>	<b>591,932</b>	<b>621,586</b>	<b>5,009</b>	<b>626,595</b>
Net profit							22,847	22,847	902	23,749
Change in cash flow hedges					376			376		376
Transl. diff. of shares in subsidiaries						(23,016)		(23,016)		(23,016)
Total comprehensive income	0	0	0	0	376	(23,016)	22,847	207	902	1,109
Share option charge for the period				1,172				1,172		1,172
Share option vested during the period	1	564		(956)			165	(226)		(226)
Purchase of treasury shares	(11)	(7,035)						(7,045)		(7,045)
<b>Balance at 30 June 2022</b>	<b>4,786</b>	<b>64,305</b>	<b>1,267</b>	<b>4,309</b>	<b>489</b>	<b>(74,406)</b>	<b>614,944</b>	<b>615,694</b>	<b>5,911</b>	<b>621,605</b>
<b>Balance at 1 January 2023</b>	<b>4,781</b>	<b>61,430</b>	<b>1,267</b>	<b>5,150</b>	<b>(1,028)</b>	<b>(75,856)</b>	<b>639,961</b>	<b>635,704</b>	<b>(194)</b>	<b>635,510</b>
Net profit							25,501	25,501	413	25,914
Change in cash flow hedges					978			978		978
Transl. diff. of shares in subsidiaries						(19)		(19)		(19)
Total comprehensive income	0	0	0	0	978	(19)	25,501	26,459	413	26,872
Share option charge for the period				1,078				1,078		1,078
Share option vested during the period	0	49		(789)			698	(41)		(41)
<b>Balance at 30 June 2023</b>	<b>4,781</b>	<b>61,479</b>	<b>1,267</b>	<b>5,439</b>	<b>(50)</b>	<b>(75,875)</b>	<b>666,160</b>	<b>663,200</b>	<b>218</b>	<b>663,419</b>

## Notes to the Consolidated Financial Statements

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### 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 for 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](http://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

	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Net sales	201,353	181,212	190,944	176,701	180,945
Cost of goods sold	(75,409)	(69,164)	(75,008)	(68,587)	(69,843)
<b>Gross profit</b>	<b>125,944</b>	<b>112,049</b>	<b>115,936</b>	<b>108,114</b>	<b>111,102</b>
Gross profit margin	63%	62%	61%	61%	61%
Other income / (expenses)	430	1,058	1,252	(3,757)	61
Sales and marketing expenses	(73,272)	(71,163)	(68,049)	(66,734)	(65,980)
Research and development expenses	(9,414)	(9,734)	(8,864)	(8,262)	(7,616)
General and administrative expenses	(18,666)	(16,470)	(19,047)	(20,339)	(17,048)
<b>EBIT</b>	<b>25,023</b>	<b>15,739</b>	<b>21,228</b>	<b>9,022</b>	<b>20,519</b>
Net financial expenses	(5,128)	(2,466)	(5,143)	(396)	(1,605)
Effects of associates	682	(16)	87	(14)	165
<b>EBT</b>	<b>20,577</b>	<b>13,257</b>	<b>16,172</b>	<b>8,612</b>	<b>19,079</b>
Income tax	(4,705)	(3,216)	(3,413)	(1,912)	(4,665)
<b>Net profit</b>	<b>15,872</b>	<b>10,041</b>	<b>12,759</b>	<b>6,700</b>	<b>14,414</b>
EBITDA	37,372	28,177	33,609	20,984	32,883
EBITDA margin	19%	16%	18%	12%	18%
EBITDA before special items	37,372	28,177	33,609	34,941	32,883
EBITDA margin before special items	19%	16%	18%	20%	18%
Organic sales growth	11%	9%	6%	4%	(1%)
LCY sales growth	13%	11%	9%	6%	2%

### 3. Net Sales

	1H 2023	1H 2022	Q2 2023	Q2 2022
<b>Sales by geographical segment:</b>				
Americas	185,496	164,789	98,654	86,919
EMEA	164,871	157,139	86,103	78,827
APAC	32,200	29,076	16,597	15,198
<b>Total</b>	<b>382,566</b>	<b>351,005</b>	<b>201,353</b>	<b>180,945</b>
<b>Sales by business segment:</b>				
Prosthetics	194,291	167,284	102,937	85,482
Bracing & Supports	73,514	71,848	38,145	36,769
Internal product sales	(19,088)	(14,948)	(10,061)	(7,618)
External product sales	248,717	224,184	131,021	114,633
Patient Care	133,849	126,821	70,333	66,312
<b>Total</b>	<b>382,566</b>	<b>351,005</b>	<b>201,353</b>	<b>180,945</b>

Presentation of sales by business segment has been changed in 2023, resulting in restatement of comparatives.

## Notes to the Consolidated Financial Statements

### 4. Sales and expenses split by main currencies

	1H 2023			Q2 2023		
	LCY	USD	%	LCY	USD	%
<b>Sales</b>						
USD	165,888	165,888	43%	88,617	88,617	44%
EUR	89,672	93,789	25%	47,800	48,899	24%
ISK	98,656	1,599	0%	1,367	915	0%
Nordic curr. (SEK, NOK, DKK)		45,188	12%		23,369	12%
Other (GBP, AUD, CAD & Other)		76,102	20%		39,553	20%
<b>Total</b>		<b>382,566</b>	<b>100%</b>		<b>201,353</b>	<b>100%</b>
<b>COGS and OPEX</b>						
USD	154,912	154,912	45%	78,068	78,068	44%
EUR	68,057	71,183	21%	36,251	37,084	21%
ISK	2,610,812	35,253	10%	25,495	17,057	10%
Nordic curr. (SEK, NOK, DKK)		41,450	12%		21,671	12%
Other (GBP, MXN, CAD & Other)		39,006	12%		22,451	13%
<b>Total</b>		<b>341,804</b>	<b>100%</b>		<b>176,331</b>	<b>100%</b>

  

	1H 2022			Q2 2022		
	LCY	USD	%	LCY	USD	%
<b>Sales</b>						
USD	148,885	148,885	42%	78,159	78,159	43%
EUR	76,345	83,456	24%	39,065	41,614	23%
ISK	147,554	1,141	0%	77,022	590	0%
Nordic curr. (SEK, NOK, DKK)		48,470	14%		25,003	14%
Other (GBP, AUD, CAD & Other)		69,052	20%		35,579	20%
<b>Total</b>		<b>351,005</b>	<b>100%</b>		<b>180,945</b>	<b>100%</b>
<b>COGS and OPEX</b>						
USD	129,896	129,896	41%	63,123	63,123	39%
EUR	62,970	68,595	22%	36,428	38,806	24%
ISK	4,337,543	33,575	11%	2,036,126	15,610	10%
Nordic curr. (SEK, NOK, DKK)		44,899	14%		22,495	14%
Other (GBP, MXN, CAD & Other)		39,446	12%		20,392	13%
<b>Total</b>		<b>316,411</b>	<b>100%</b>		<b>160,426</b>	<b>100%</b>

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

## Notes to the Consolidated Financial Statements

### 5. Property, plant and equipment

<b>2023</b>	<b>Buildings &amp; sites</b>	<b>Machinery &amp; equipment</b>	<b>Fixtures &amp; office equip.</b>	<b>Computer equipment</b>	<b>Total</b>
<b>Cost</b>					
At 1 January	2,257	69,427	46,356	13,928	131,968
Additions	0	4,183	9,075	2,723	15,981
Business Combinations	0	82	29	0	111
Eliminated on disposal	0	(2,479)	(2,560)	(96)	(5,135)
Fully depreciated assets	0	(221)	(249)	(90)	(560)
Exchange rate differences	10	179	712	(50)	851
At 30 June 2023	2,267	71,171	53,363	16,415	143,216
<b>Depreciation</b>					
At 1 January	474	41,900	26,129	9,276	77,779
Charge for the period	8	4,135	2,612	1,719	8,474
Eliminated on disposal	0	(1,574)	(1,476)	(65)	(3,115)
Fully depreciated assets	0	(221)	(249)	(90)	(560)
Exchange rate differences	3	167	504	(37)	637
At 30 June 2023	485	44,407	27,520	10,803	83,215
<b>At 30 June 2023</b>	<b>1,782</b>	<b>26,764</b>	<b>25,843</b>	<b>5,612</b>	<b>60,001</b>
Depreciation classified by functional category:	<b>1H 2023</b>	<b>1H 2022</b>	<b>Q2 2023</b>	<b>Q2 2022</b>	
Cost of goods sold	4,282	4,420	2,135	2,188	
Sales and marketing expenses	2,191	2,394	1,114	1,220	
Research and development expenses	301	402	162	168	
General and administrative expenses	1,700	1,670	823	859	
<b>Total</b>	<b>8,474</b>	<b>8,886</b>	<b>4,234</b>	<b>4,435</b>	



## Notes to the Consolidated Financial Statements

### 6. Leases

#### Right of use assets

<b>2023</b>	<b>Buildings &amp; sites</b>	<b>Machinery &amp; equipment</b>	<b>Total</b>
At 1 January	122,647	2,484	125,131
Additions and renewals	2,874	2,017	4,891
Depreciation charge for the period	(10,356)	(937)	(11,293)
Eliminated on disposal	(255)	0	(255)
Exchange rate differences	557	41	598
<b>At 30 June 2023</b>	<b>115,467</b>	<b>3,605</b>	<b>119,072</b>

Depreciation classified by functional category:	<b>1H 2023</b>	<b>1H 2022</b>	<b>Q2 2023</b>	<b>Q2 2022</b>
Cost of goods sold	4,499	4,366	2,250	2,209
Sales and marketing expenses	2,250	2,183	1,125	1,104
Research and development expenses	1,350	1,310	675	663
General and administrative expenses	3,194	2,851	1,557	1,341
<b>Total</b>	<b>11,293</b>	<b>10,710</b>	<b>5,607</b>	<b>5,317</b>

#### Lease liabilities

In January 2023, a buyout agreement for one of the Company's main locations was signed and the remaining contractual payment made, totaling USD 5.0 million.

### 7. Goodwill

	<b>30.06.2023</b>	<b>31.12.2022</b>
At 1 January	680,400	644,153
Business combinations	1,133	54,229
Exchange rate differences	3,214	(17,982)
<b>At end of period</b>	<b>684,747</b>	<b>680,400</b>

## Notes to the Consolidated Financial Statements

### 8. Other intangible assets

2023	Cust./distrib. relationships	Patents	Trademarks	Software and other	Total
<b>Cost</b>					
At 1 January	36,939	25,009	2,803	50,242	114,993
Additions	54	1,700	29	214	1,997
Additions - internally generated	0	0	0	4,281	4,281
Exchange rate differences	(133)	398	15	(107)	173
At 30 June 2023	36,860	27,107	2,847	54,630	121,444
<b>Amortization</b>					
At 1 January	27,039	6,857	501	18,593	52,990
Charge for the period	1,058	679	42	3,242	5,021
Exchange rate differences	(200)	39	5	11	(145)
At 30 June 2023	27,897	7,575	548	21,846	57,866
<b>At 30 June 2023</b>	<b>8,963</b>	<b>19,532</b>	<b>2,299</b>	<b>32,784</b>	<b>63,578</b>
Amortization classified by functional category:					
	<b>1H 2023</b>	<b>1H 2022</b>	<b>Q2 2023</b>	<b>Q2 2022</b>	
Cost of goods sold	146	74	63	34	
Sales and marketing expenses	2,997	3,269	1,645	1,617	
Research and development expenses	683	647	317	340	
General and administrative expenses	1,195	1,434	481	622	
<b>Total</b>	<b>5,021</b>	<b>5,424</b>	<b>2,506</b>	<b>2,613</b>	