




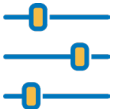


# Q3 2023 Investor Presentation

Sveinn Sölvason, President and CEO  
G. Arna Sveinsdottir, CFO

24 October 2023

# Key takeaways

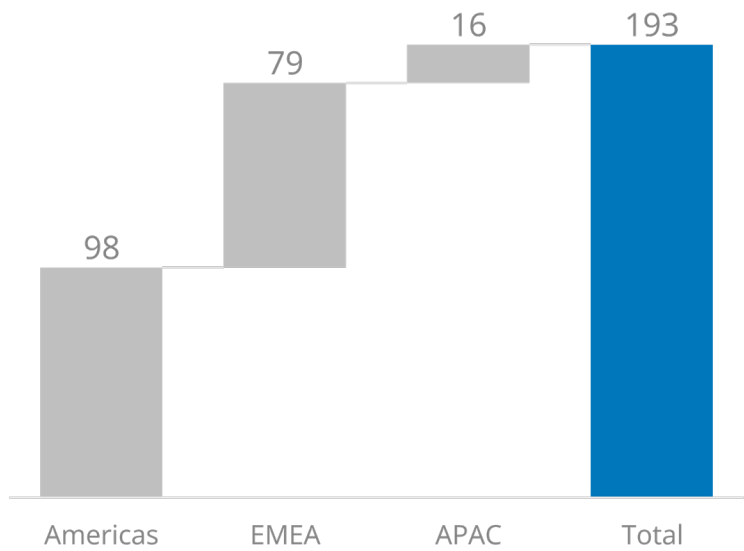
Topic	Takeaway
 <b>Growth</b>	<ul style="list-style-type: none"><li>• Sales amounted to USD 193M (7% organic, 8% local currency)</li><li>• Strong segment growth attributed to strong volume growth in Prosthetics and Patient Care, favorable solution mix, and sales prices increases in Prosthetics and B&amp;S</li><li>• Solid regional growth in Americas and EMEA but decline in APAC due to a strong comparable quarter and signs of economic slowdown in China</li></ul>
 <b>Profitability</b>	<ul style="list-style-type: none"><li>• Gross profit margin was positively impacted by strong sales growth, positive product mix, and lower freight cost but adversely impacted by higher unit cost, time-lag in reimbursement, and investments in Össur Leg.</li><li>• EBITDA margin 19% vs. 20% in the comparable quarter last year (18% 9M 2023 vs. 18% 9M 2022)</li><li>• Growth in EBITDA despite inflation driven cost growth and currency headwinds</li></ul>
 <b>Cash flow</b>	<ul style="list-style-type: none"><li>• Cash generated by operations was strong or 17% of sales vs. 12% in the comparable quarter last year</li><li>• Decreasing inventory continues to be offset by built-up of stock for Bionics, in line with strong performance</li><li>• CAPEX in the quarter was 5% of sales, mainly due to facility upgrades and investments in Össur Leg concept</li><li>• Free cash flow was 9% in the quarter compared to 7% in the comparable quarter last year</li></ul>
 <b>Leverage</b>	<ul style="list-style-type: none"><li>• Leverage at 2.9x EBITDA before special items at the end of the quarter, share buybacks continue to be paused</li><li>• Expect to stay within the target range 2.0-3.0x, excluding any acquisitions</li></ul>

# Sales growth and EBITDA



## Regions

USD million

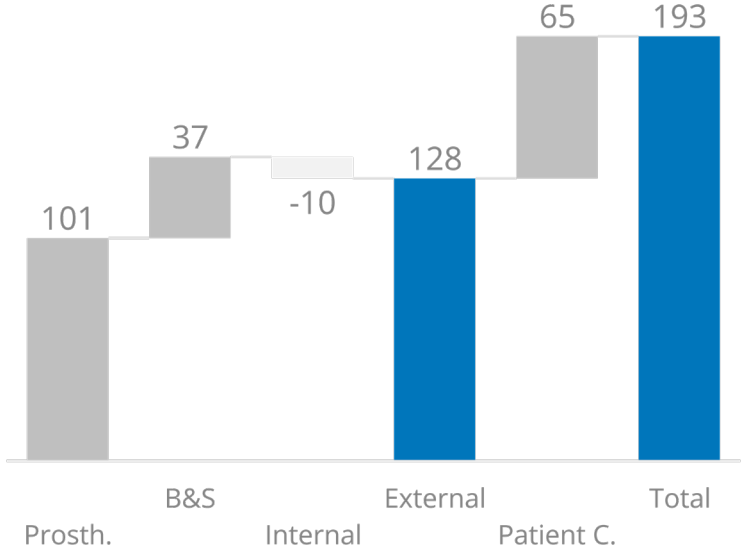


### Organic growth

6%	9%	-3%	<b>7%</b>
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## Segments

USD million

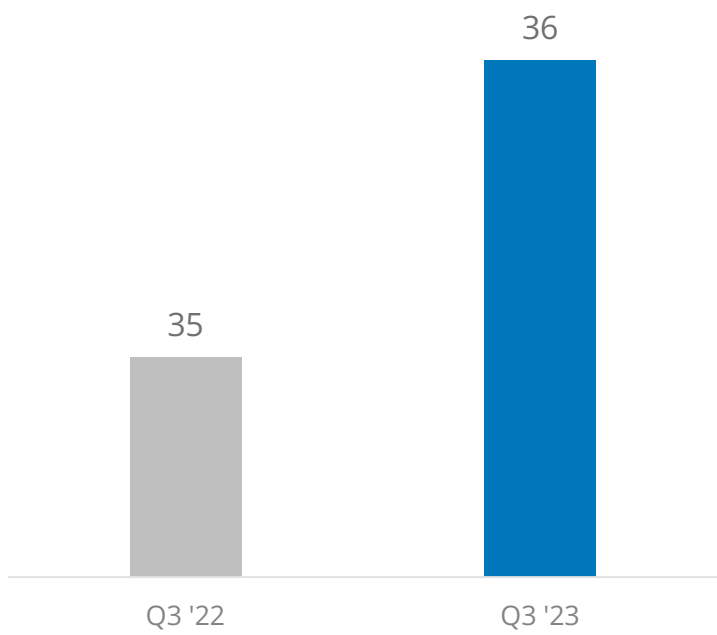


### Organic growth

12%	1%	29%	<b>7%</b>	5%	<b>7%</b>
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## EBITDA

USD million



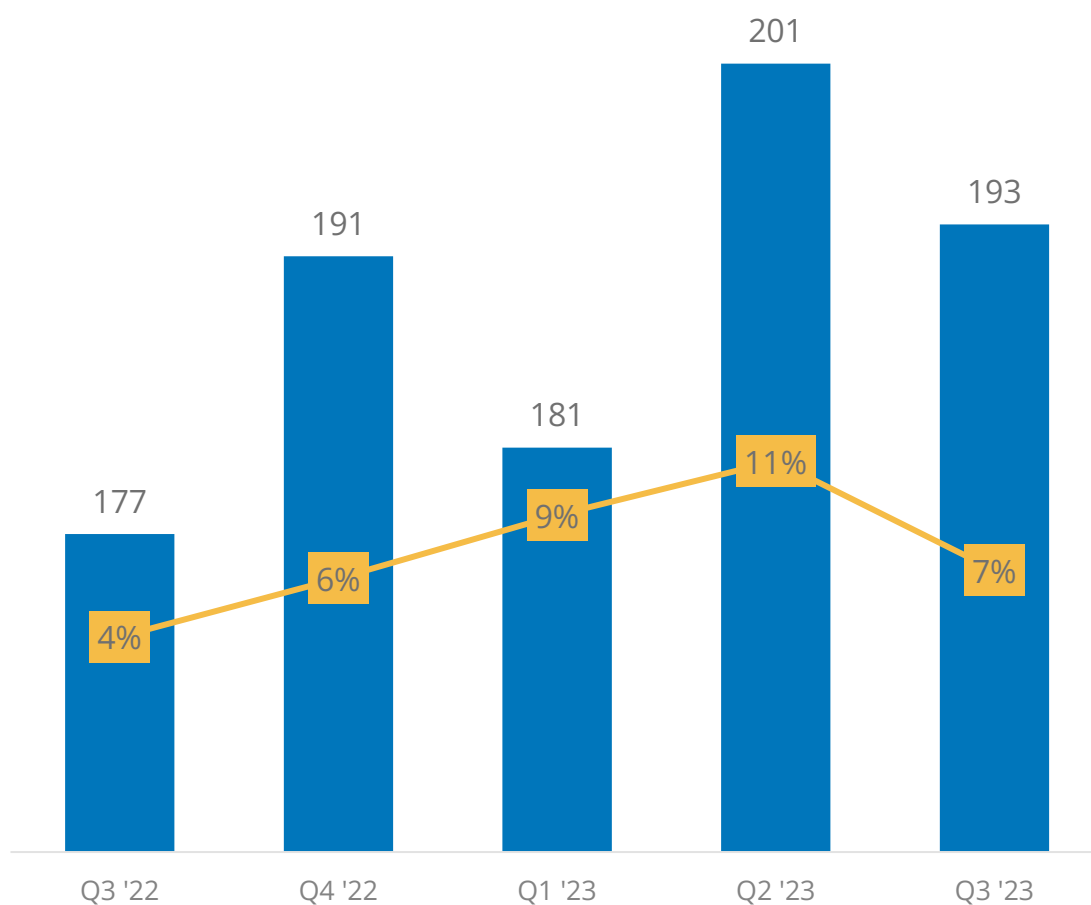
### EBITDA margin

20%	<b>19%</b>
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# Financial performance

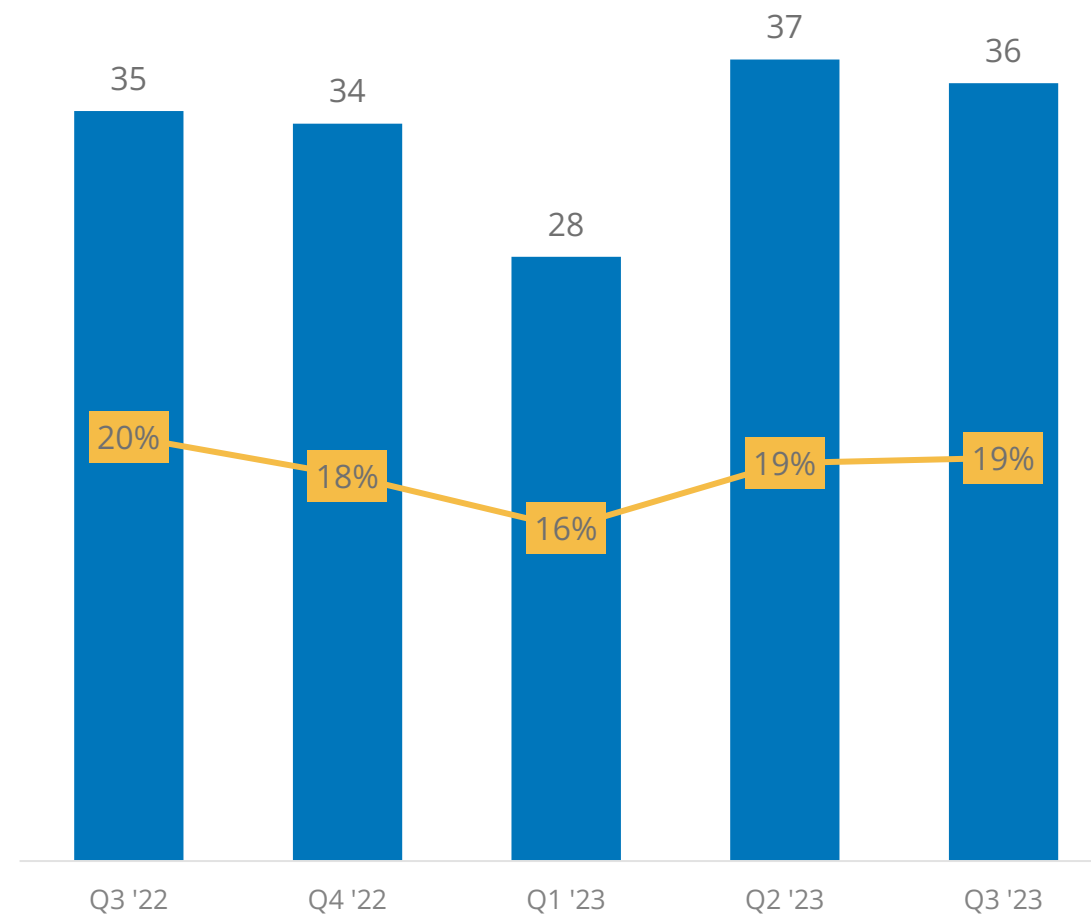
## Sales and organic growth

USD million



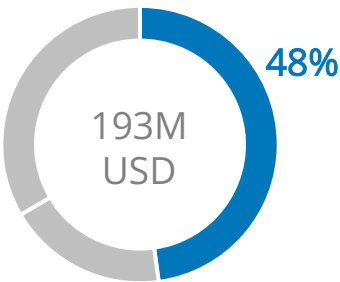
## EBITDA and EBITDA margin

USD million and before special items



# Prosthetics sales

% of total sales



Year-to-date sales

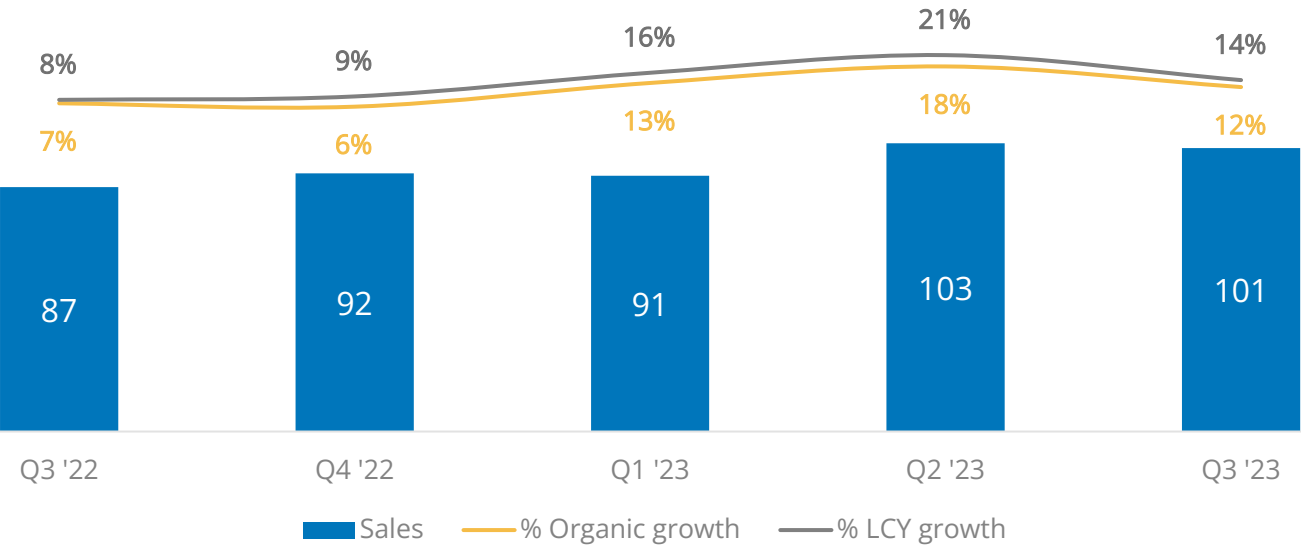
296  
USD million

Year-to-date growth

14%  
organic growth

## Sales

USD million

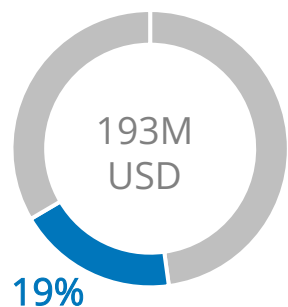


## Highlights

- Strong performance in Americas and EMEA attributed to strong volume growth, positive product mix and some price increases.
- Reported growth in APAC was negative, mainly due to extraordinary strong comparable quarter.
- Strong contribution in Bionics, such as Rheo Knee®, Power Knee™ and Proprio Foot®. Other product categories also performed well.
- Bionic sales accounted for 25% of prosthetics product sales in Q3 2023.

# Bracing & Supports sales

## % of total sales



## Year-to-date sales

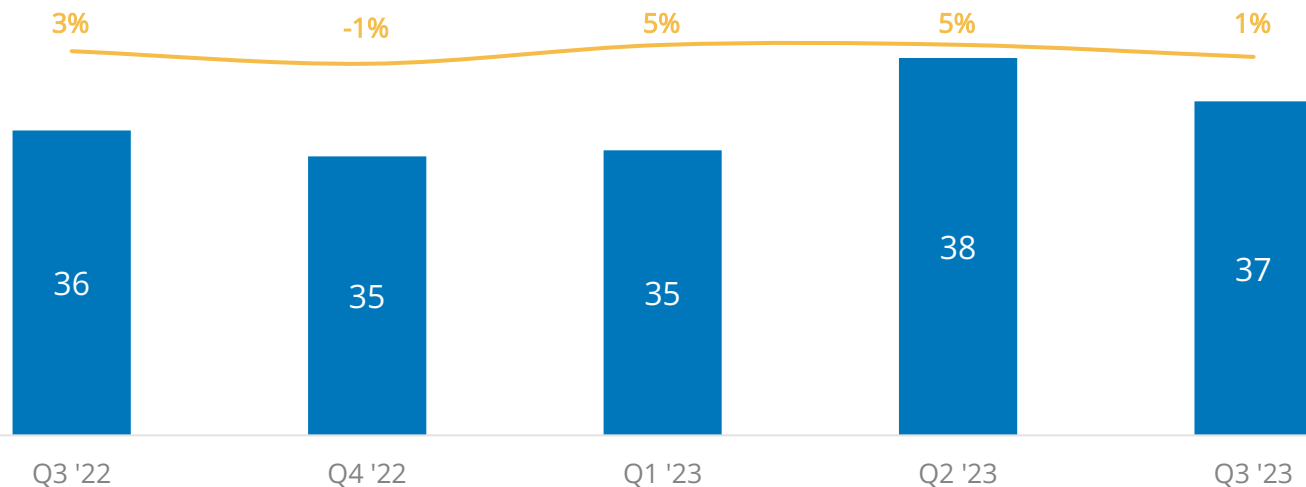
**110**  
USD million

## Year-to-date growth

**4%**  
organic growth

## Sales

USD million



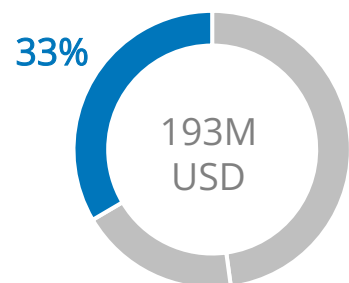
■ Sales — % Organic growth

## Highlights

- Soft sales in Americas mainly due to changes in e-commerce channels.
- Strong performance in EMEA both in terms of volume and price.
- Good contribution from APAC driven by Australia & New Zealand.
- Strong contribution from high-end bracing solutions such as Unloader One®.
- Continued focus on execution of the Bracing Simplified strategy.

# Patient Care sales

## % of total sales



## Year-to-date sales

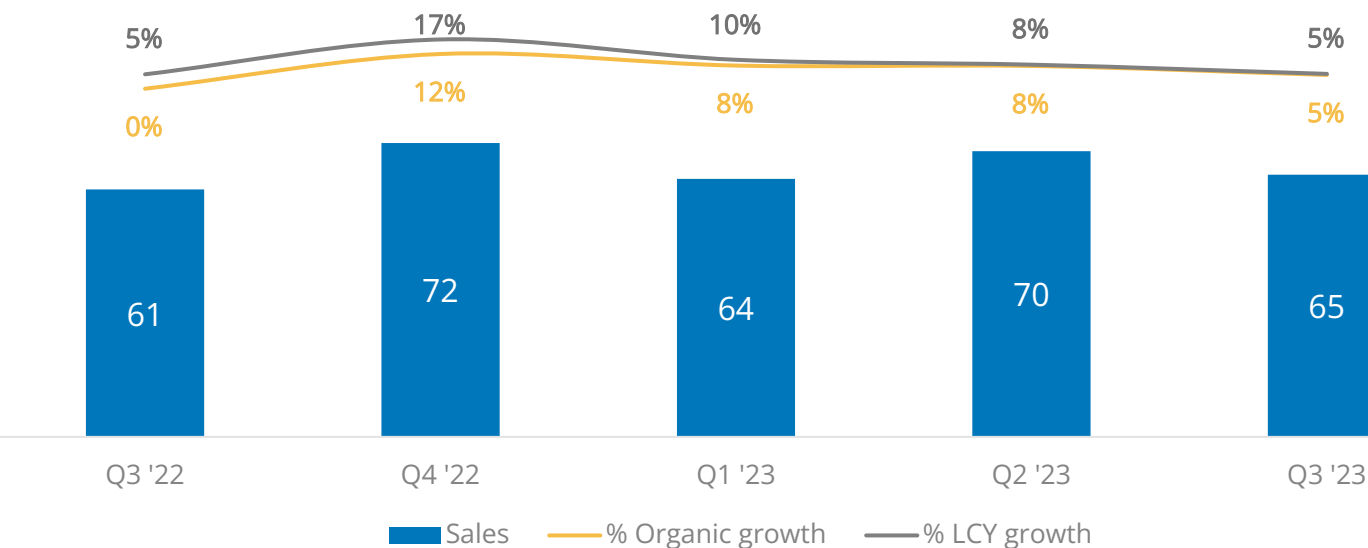
**198**  
USD million

## Year-to-date growth

**7%**  
organic growth

## Sales

USD million



## Highlights

- Strong and healthy increase in patient volume across our global Patient Care business, however with limited increase in reimbursement rates in some markets, impacting growth and margin development in those markets.
- Strong performance in Americas, attributed to volume growth and positive solution mix with increased sales and fittings of high-end solutions.
- Growth in EMEA was good with strong growth in some countries, whereas other countries were temporarily impacted by delays in reimbursement approvals.
- Sales in APAC were soft but work in progress is healthy and outlook is good.

*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)	9M 2023	9M 2022	Q3 2023	Q3 2022
<b>Net sales</b>	<b>575</b>	<b>528</b>	<b>193</b>	<b>177</b>
<i>Reported growth</i>	9%	-1%	9%	-2%
<i>Organic growth</i>	9%	3%	7%	4%
<b>Gross profit</b>	<b>357</b>	<b>324</b>	<b>119</b>	<b>108</b>
<i>Gross profit margin</i>	62%	61%	62%	61%
<b>EBITDA before special items</b>	<b>102</b>	<b>95</b>	<b>36</b>	<b>35</b>
<i>EBITDA margin before special items</i>	18%	18%	19%	20%
<b>EBIT</b>	<b>65</b>	<b>44</b>	<b>24</b>	<b>9</b>
<i>EBIT margin</i>	11%	8%	12%	5%
<b>Income tax</b>	<b>-12</b>	<b>-10</b>	<b>-4</b>	<b>-2</b>
<i>Effective tax rate</i>	23%	24%	23%	22%
<b>Net profit</b>	<b>40</b>	<b>30</b>	<b>14</b>	<b>7</b>
<i>Net profit margin</i>	7%	6%	7%	4%

## Highlights

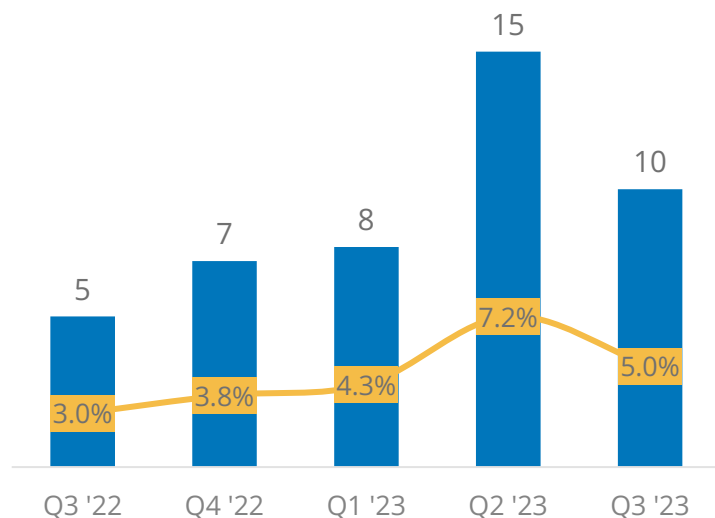
- Reported sales growth of 9% in Q3.
- Positive FX impact of USD 3M on sales in Q3.
- Gross profit margin was 62% in Q3 2023 vs. 61% in comparable quarter (63% before special items), positively impacted by strong sales growth, positive product mix, and lower freight cost but adversely impacted by higher unit cost, time-lag in reimbursement, and investments in Össur Leg.
- EBITDA margin was 19% compared to 20% in the comparable quarter (18% in 9M 2023 vs. 18% 9M 2022).
- Effective tax rate of 23% in Q3 2023.
- Net profit growing by 107% and amounted to USD 14M in Q3 2023, albeit impacted by the expense of special items in the comparable quarter in 2022.



# Cash flow and leverage

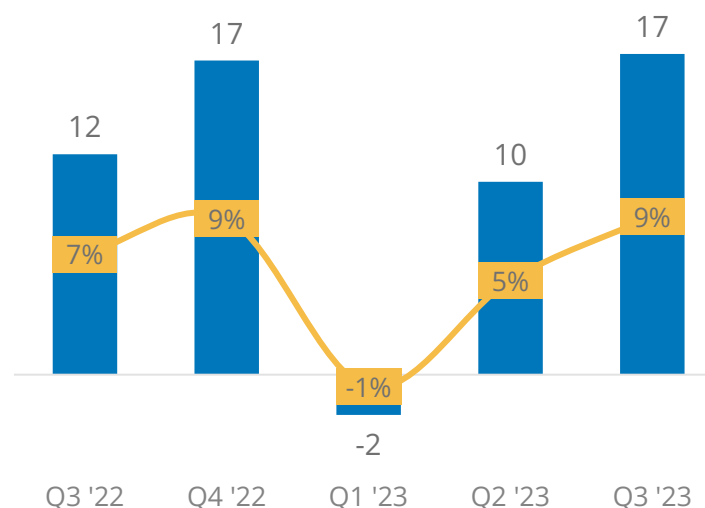
## Capital expenditures (CAPEX) and % of sales

USD million



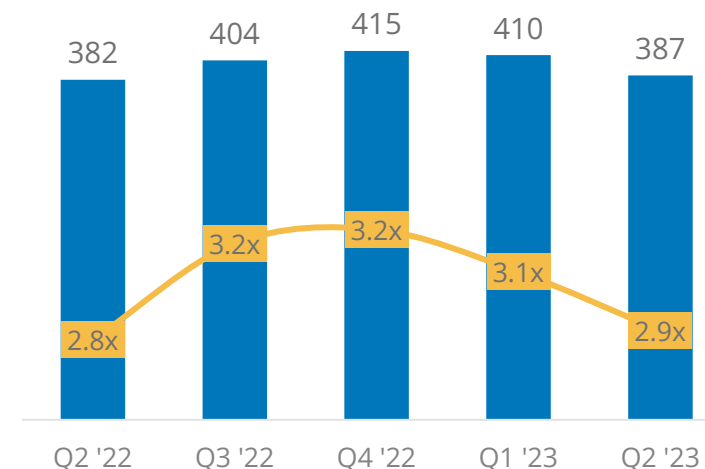
## Free cash flow and % of sales

USD million



## Net Interest-Bearing Debt (NIBD) and leverage

USD



## Highlights

- CAPEX affected by facility upgrades and investments in Össur Leg concept.
- Cash generated by operations was strong but free cash flow in Q3 2023 was slightly adversely impacted by net working capital investments, higher interest payments than Q3 2022, and CAPEX investments.
- Inventory remained unchanged in the quarter, as initiatives to lower finished goods inventory were offset by build up of bionics inventory in line with strong performance. Overinvestment in inventory is gradually expected to normalize.
- Leverage was 2.9x in Q3 2023, within target range, share buybacks continue to be paused, and lower leverage estimated before year-end (all else equal).

# Guidance considerations for 2023

	Current guidance	As of July
Sales growth Organic	7-8%	7-8%
EBITDA margin Before special items	17-20%	17-20%
CAPEX % of sales	~5%	~5%
Tax Effective tax rate	23-24%	23-24%





Q&A



# Financial calendar & upcoming investor conferences

## Financial calendar

Interim report Q4 2023 and Annual Report 2023	30 January 2024
Annual General Meeting 2024	13 March 2024

## Conferences

Danske Bank's Winter Seminar (Copenhagen)	30 November 2023
SEB Nordic Seminar (Copenhagen)	8-10 January 2024
GS European Medtech and Healthcare Services Conference (London)	4-5 September 2024



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Statements containing the financial outlook for 2023 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.