

Jon Sigurdsson, President & CEO, comments:

“In line with expectations, we see a positive trend in sales, with particularly strong sales towards the end of the quarter. We are pleased to see a positive organic sales growth in prosthetics in the first quarter of the year and increasing profitability. Due to vaccinations, some markets have opened, but many key markets are still impacted by measures to control the pandemic and the outlook remains uncertain. However, the long-term prospects and underlying fundamental drivers of the prosthetics and bracing & supports markets are not expected to change and we expect to realize some pent-up demand. This year marks an important milestone as Össur celebrates its 50-year anniversary of Life Without Limitations. We continue to receive notable recognition, such as the acknowledgement from the World Intellectual Property Organization on our technological leadership. We are also proud to commemorate the company’s anniversary by becoming carbon neutral this year, marking another important contribution to social responsibility and sustainable development. I would like to thank our highly dedicated and driven team of employees and our valuable customers for their resilience, flexibility, and positive team spirit through these unprecedented times.”

Highlights Q1 2021

- Sales amounted to USD 161 million. Sales growth was flat in local currency but increased by 2% organic compared to a decline in local currency of 2% and a decline of 5% organic in Q1 2020.
- Prosthetics grew by 3% organic compared to a 4% decline in Q1 2020. Bracing & supports (B&S) declined by 1% organic compared to a decline of 7% in Q1 2020.
- Gross profit margin was 64% in Q1 2021 compared to 62% in Q1 2020.
- EBITDA margin was 18% in Q1 2021 compared to 14% in Q1 2020.
- Net profit in Q1 2021 amounted to USD 11 million or 7% of sales, a growth of 62% compared to Q1 2020.
- Cash generated by operations amounted to USD 20 million or 12% of sales in Q1 2021 compared to USD 31 million or 20% of sales in the comparable period.
- NIBD/EBITDA was 3.9x at the end of Q1 2021. The current NIBD/EBITDA is temporarily above the target ratio of 1.5x-2.5x, primarily due to temporarily lower EBITDA in 2020.
- In Q1 2021, Össur completed acquisitions of entities with combined annual sales of USD 11 million.
- The financial guidance for the full year 2021 is unchanged, 10-15% organic sales growth, 21-23% EBITDA margin before special items, 3-4% CAPEX of sales, and an effective tax rate of 23-24%.

Key financials and guidance	Q1 2021	Q1 2020	Guidance 2021
Net sales in USD million	161	154	
Sales growth/(decline), organic	2%	(5)%	10-15%
EBITDA margin before special items	18%	14%	21-23%
CAPEX as % of sales	3%	6%	3-4%
Effective tax rate	24%	25%	23-24%

USD million	Q1 2021	Q1 2020	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	
Income statement								
Net sales	161	154	630	686	613	569	521	
Gross profit	103	96	391	439	387	355	328	
Operating expenses (excl. other income/expenses)	86	85	338	341	304	280	256	
EBITDA	29	22	93	141	107	97	94	
EBITDA before special items	29	22	93	150	115	103	98	
EBIT	17	11	28	98	79	75	72	
Net profit	11	7	8	69	80	58	51	
Sales growth								
Sales growth USD	%	5	(4)	(8)	12	8	9	8
Organic growth	%	2	(5)	(10)	5	5	5	4
Currency effect	%	5	(2)	(0)	(4)	1	0	(1)
Acquired/divested business	%	(2)	3	2	11	2	4	5
Balance sheet								
Total assets	1,213	1,098	1,214	1,091	914	793	746	
Equity	584	544	577	569	538	500	467	
Net interest-bearing debt (NIBD)	386	308	381	302	180	121	119	
Cash flow								
Cash generated by operations	20	31	119	120	92	90	88	
Free cash flow	9	15	68	63	39	55	42	
Key ratios								
Gross profit margin	%	64	62	62	64	63	62	63
EBIT margin	%	10	7	4	14	13	13	14
EBITDA margin	%	18	14	15	21	18	17	18
EBITDA margin before special items	%	18	14	15	22	19	18	19
Equity ratio	%	48	50	48	52	59	63	63
NIBD to EBITDA*		3.9	2.2	4.1	2.0	1.6	1.2	1.2
Effective tax rate	%	24	25	38	24	18	16	25
Return on equity*	%	2	11	1	12	15	12	11
CAPEX to net sales	%	2.9	5.7	3.8	4.6	5.0	3.4	4.7
Market								
Market value of equity	2,924	2,506	3,380	3,340	2,055	1,871	1,582	
Number of shares in millions	423	425	423	425	431	437	443	
Diluted EPS in US cents	2.7	1.7	1.9	16.2	18.7	13.3	11.6	

* Financial ratios are based on operations for the preceding 12 months. Note: The Company applied IFRS 16 on 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated.

Management's report

Financial performance

Sales

Sales increased by 2% organic in Q1 2021 There was a positive trend in sales in Q1 2021, with particularly strong sales towards the end of the quarter. Sales in Q1 2021 amounted to USD 161 million compared to USD 154 million in Q1 2020, corresponding to a 2% organic increase, 0% including acquisitions/divestments (local currency growth) and a 5% reported increase (USD growth).

The long-term prospects or underlying fundamental drivers of the prosthetics and bracing & supports (B&S) markets are not expected to change. Össur continues to monitor the development of the COVID-19 pandemic closely with a primary focus on business continuity and the safety of employees and customers. Guidelines from local and global healthcare authorities are being followed.

Acquisitions completed in Q1 Össur made acquisitions in Q1 2021 with an effective date as of mid-March. Sales of the acquired entities on a full year basis amount to around USD 11 million.

Net divested sales amounted to USD 3 million in Q1 Net impact on sales from acquisitions and divestments completed in 2020 amounted to USD 3 million in Q1 2021 corresponding to a 2%-point negative effect on the reported growth rate. Currency movements in Q1 2021 impacted sales growth positively by USD 8 million, which corresponds to about a 5%-point positive effect on the reported growth rate. Further information on impact from acquired and divested sales can be found in the Company Announcement from Q4 2020.

Sales by region (USD million)	Q1 2021	Organic growth*	Δ Acq. / div.	Δ Curr. Effect	USD growth*
Americas	82	0%	+11%	+3%	13%
EMEA	64	2%	-16%	+6%	(9%)
APAC	15	15%	0%	+18%	34%
Total	161	2%	-2%	+5%	5%

Sales by segment (USD million)	Q1 2021	Organic growth*	Δ Acq. / div.	Δ Curr. Effect	USD growth*
Prosthetics	100	3%	+9%	+4%	17%
Bracing & supports	61	(1%)	-16%	+6%	(11%)
Total	161	2%	-2%	+5%	5%

*growth/(decline)

Prosthetics sales have continued to be more resilient than B&S sales during the pandemic In Q1 2021, prosthetics sales amounted to USD 100 million and increased by 3% organic. In the quarter, sales of bionic products accounted for 19% of prosthetics component sales compared to 21% in Q1 2020. B&S sales amounted to USD 61 million in Q1 2021 and declined by 1% organic.

Strong sales in March

The impact of COVID-19 varies by geography. Americas and key European markets are still affected by the COVID-19 pandemic, but sales started to normalize towards the end of the quarter in addition to some realization of pent-up demand. Sales have recovered in most markets within APAC. Some volatility can though be expected due to the uncertain situation around COVID-19 in emerging markets.

Q1 2021 consisted of 63 trading days compared to 64 trading days in Q1 2020. Sales in January and February 2021 were 90-100% of sales in January and February 2020 and 2019. However, sales in March 2021 were 120-130% of sales in March 2020 and 100-110% of sales for the same month in 2019.

The COVID-19 pandemic has impacted prosthetics and B&S differently. Throughout the COVID-19 pandemic, prosthetics sales have been more resilient than B&S. The demand for prosthetic solutions is, in the markets that Össur generates the majority of sales, mostly driven by servicing the existing amputee population with maintenance, renewals, and upgrades of their prosthesis. It is expected that there will be some pent-up demand in prosthetics for both mechanical and bionic products. The demand for B&S products is largely driven by injuries, surgeries, and prevalence of osteoarthritis (OA). The COVID-19 pandemic and the associated lockdowns have had a significant impact on amateur sports and activity levels that have resulted in fewer injuries. Recent data from hospital systems in Europe show double-digit declines for various types of injuries to joints and ligaments. It is not expected that there will be pent-up demand for injury solutions. COVID-19 has impacted volumes of elective surgeries such as knee replacement surgeries, that drive demand for post-operative bracing solutions. OA bracing sales have also been impacted, primarily due to limitations to physician access. Some pent-up demand is expected for post-op and OA bracing.

Operations

Gross profit margin 64% in Q1

In Q1 2021, Gross profit amounted to USD 103 million or 64% of sales compared to USD 96 million or 62% of sales in Q1 2020. Manufacturing capacity was reduced in March 2020 due to lower sales in relation to COVID-19, which resulted in a lower gross profit margin. Össur's manufacturing sites and warehouses are back to operating at normal capacity.

OPEX increased by 1% in Q1 2021

Operating expenses amounted to USD 86 million or 53% of sales in Q1 2021 compared to USD 85 million or 56% of sales in Q1 2020. Total operating expenses increased by 1%:

- Sales & marketing (S&M) expenses increased by 3% in Q1 2021 and amounted to 37% of sales compared to 38% of sales in Q1 2020. The growth in S&M is mainly related to investments in emerging markets.
- Research & development (R&D) expenses declined by 2% in Q1 2021 and amounted to 5% of sales, the same as in Q1 2020.
- General & administrative (G&A) expenses declined by 3% in Q1 2021 and amounted to 12% of sales compared to 13% of sales in Q1 2020.

Management remains focused on managing cost in line with sales recovery with the ultimate objective to maintain and increase profitability as sales normalize.

Operating profit

EBITDA margin of 18% in Q1

EBITDA in Q1 2021 amounted to USD 29 million or 18% of sales compared to USD 22 million or 14% of sales in Q1 2020. Currency impact on the EBITDA margin including hedge was positive by about 150 basis points in the quarter.

Financial items, income tax and net profit

Net financial expenses in Q1 2021 amounted to USD 2 million, compared to USD 1 million in Q1 2020.

Effective tax rate of 24% in Q1 Income tax amounted to USD 4 million in Q1 2021, corresponding to a 24% effective tax rate. Income tax amounted to USD 2 million in Q1 2020, corresponding to a 25% effective tax rate.

Net profit in Q1 2021 amounted to USD 11 million compared to USD 7 million in Q1 2020. Diluted earnings per share in Q1 2021 amounted to 2.7 US cents compared to 1.7 US cents in Q1 2020.

Cash flow

Cash generated by operations and capital expenditures

Cash generation of USD 20 million Cash generated by operations amounted to USD 20 million or 12% of sales in Q1 2021 compared to USD 31 million or 20% of sales in Q1 2020.

CAPEX was 3% of sales in Q1 Capital expenditures for Q1 2021 amounted to USD 5 million or 3% of sales, compared to USD 9 million or 6% of sales for Q1 2020. With sales recovering from the COVID-19 impact, CAPEX is expected to be in the historical range of 3-4% of sales.

Bank balances and cash equivalents

Cash and undrawn facilities amounted to USD 256 million Bank balances and cash equivalents amounted to USD 87 million at the end of Q1 2021 and USD 169 million of existing credit facilities are undrawn. Bank balances and cash equivalents in addition to undrawn credit facilities at the end of Q1 2021, therefore, amounted to USD 256 million.

Capital structure

Net-interest bearing debt

NIBD/EBITDA at 3.9x Net interest-bearing debt, including lease liabilities, amounted to USD 386 million at the end of Q1 2021 compared to USD 381 million at year-end 2020. Net interest-bearing debt to EBITDA corresponded to 3.9x at the end of Q1 2021. Due to the impact of COVID-19, the net interest-bearing debt to EBITDA ratio is temporarily above the level in the Capital Structure and Dividend policy (1.5x-2.5x NIBD/EBITDA).

Share buybacks

Share buybacks are temporarily on hold The share buyback program was temporarily put on hold on 17 March 2020 due to the impact of the COVID-19 pandemic, as the net interest-bearing debt to EBITDA ratio is temporarily above the level in the Capital Structure and Dividend policy. The purpose of the share buyback programs is to adjust the capital structure in line with a desired capital level of 1.5-2.5x net interest-bearing debt to EBITDA outlined in Össur's Capital Structure and Dividend Policy. At the end of Q1 2021, treasury shares totaled 902,277.

Other matters

Competitive bidding

The inclusion of off-the-shelf (OTS) orthoses in competitive bidding took effect beginning in January 2021 (Round 2021). The competitive bidding process requires that all products subject to the program be paid at amounts lower than the historical fee schedule for these items. Based on sales in Q1 2021 on products subject to the competitive bidding process, Össur estimates the impact to be materializing as expected but varying between different states in the US. Other general assumptions on the competitive bidding have not changed from the previous announcement in Q4 2020.

Patents

Össur protects its investment in R&D by strategically growing its intellectual property portfolio. In March 2021, the company was recognized by the World Intellectual Property Organization (WIPO) for its intellectual property leadership in conventional mobility assistive technology. WIPO is a specialized agency of the United Nations and the WIPO Technology Trends Report 2021: Assistive Technology is the first study to systematically investigate patenting and technology trends across assistive technology at scale, analyzing data from patent filings from 1998-2019.

Key findings in the report show that Össur ranks second in the world for top patent applicants in conventional mobility assistive technologies. Össur is also listed among the top applicants in patent filings for advanced prosthetics and exoskeletons and ranks 12th in the world among top patent applicants for emerging assistive technologies. WIPO's acknowledgement of Össur's contribution to innovation confirms the company's industry leadership in R&D.

Carbon Neutral in 2021

As part of its larger commitment to sustainability, Össur will be carbon neutral in 2021. This includes carbon neutrality for energy and fuel consumption, waste generation, business travel, transportation of goods, and electricity consumption of finished goods suppliers. Having established a thorough overview of the company's carbon footprint, Össur will achieve this by continuing to reduce emissions, improve energy efficiency, source all electricity from renewable sources and offset remaining emissions by supporting emission reduction projects. Össur has partnered with First Climate, a leading service provider of carbon emissions management, to achieve carbon neutrality in 2021.

Financial guidance

Guidance	Guidance FY 2021	Actual FY 2020
Sales growth/(decline), organic	10-15%	(10%)
EBITDA margin before special items	21-23%	15%
CAPEX as % of sales	3-4%	4%
Effective tax rate	23-24%	38%

No changes have been made to the financial guidance for FY 2021.

The financial guidance assumes continued impact from COVID-19 in 1H 2021 but gradually subsiding in Q2 with Q3 and Q4 being largely unaffected, and some realization of pent-up demand. Further information on the financial guidance can be found in the Company Announcement from Q4 2020.

At current foreign exchange rates, keeping all other factors constant, the EBITDA margin is expected to be positively impacted by about 50 basis points net of hedge in 2021 when compared to 2020. Additional information on foreign exchange assumptions can be found in the next section.

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 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 2.0-2.5 million when unhedged. The same movement in ISK/USD is estimated to have an annual impact on EBITDA in the range of +/- USD 2.7-3.2 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 2020	1.1412	0.0074
Average exchange rate Q1 2021	1.2056	0.0078
Closing rate 23 April 2021	1.2065	0.0080
Estimated average exchange rate for 2021*	1.2063	0.0079
Change in estimated exchange rate 2021 compared to last year's average	6%	7%

* Estimated average exchange rate is calculated as the exchange rate of Q1 2021 combined with the closing rate on 23 April 2021 for the remainder of the year.

Financial calendar and upcoming events & conferences

Q1 2021 conference call details

Össur will host a conference call on 27 April 2021 at **9:00 CEST / 7:00 GMT / 3:00 EDT**. To participate in the call please dial:

Europe: + 45 35 44 55 77, +44 (0) 333 300 0804 or +46 (0) 8 566 426 51

The United States: + 1 631 913 1422

Iceland: +354 800 7437

The PIN CODE to access the call is 92694992#. A webcast can be followed on the Össur website: www.ossur.com/investors.

Financial calendar

Interim report Q2 2021	22 July 2021
Interim report Q3 2021	26 October 2021
Interim report Q4 2021 and Annual Report 2021	1 February 2022
Annual General Meeting	8 March 2022

Conferences

ABGSC Investor Day Seminar (virtual)	26 May 2021
Goldman European Medtech Conference (UK)	8 – 9 September 2021
ABGSC Small & Mid Cap Seminar (DK)	22 September 2021
Danske Bank Winter Seminar (virtual)	30 November - 2 December 2021

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 global leader in non-invasive orthopaedics that helps people live a Life Without Limitations. A recognized “Technology Pioneer” with a rich 50-year history, Össur focuses on improving people’s mobility through the delivery of innovative technologies in Prosthetics and Bracing & Supports. Significant investment in research and development have led to over 2,000 patents, award-winning designs, successful clinical outcomes, and consistently strong market positions. Össur is signatory to the UN Global Compact, UN Women’s Empowerment Principles, contributes to the UN Sustainable Development Goals and will be carbon neutral in 2021. Össur operates globally and employs around 3,500 employees. 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**

31.3.2021

Össur hf
Grjóthálsi 5
110 Reykjavík
Id-no. 560271-0189

Statement by the Board of Directors and President and CEO

The Condensed Interim Consolidated Financial Statements of Össur hf. for the period from 1 January to 31 March 2021 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 160.8 million and the net profit amounted to USD 11.4 million. Össur's Consolidated total assets amounted to USD 1,213.2 million at the end of period, liabilities were USD 629,5 million, and equity was USD 583.7 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 31 March 2021 and operating performance of the period ended 31 March 2021.

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 to 31 March 2021 and confirm them by means of their signatures.

Reykjavík, 27 April 2021

Board of Directors

Niels Jacobsen
Chairman of the Board

Arne Boye Nielsen

Alberto Esquenazi

Guðbjörg Edda Eggertsdóttir

Svafa Grönfeldt

President and CEO

Jón Sigurðsson

Consolidated Income Statement

All amounts in USD '000	Notes	Q1 2021	Q1 2020
Net sales	3	160,846	153,593
Cost of goods sold		(58,249)	(57,750)
Gross profit		102,597	95,843
Other income / (expenses)		273	57
Sales and marketing expenses		(59,935)	(58,407)
Research and development expenses		(7,272)	(7,423)
General and administrative expenses		(18,944)	(19,567)
Earnings before interest and tax (EBIT)		16,719	10,503
Financial income		154	533
Financial expenses		(2,974)	(2,605)
Net exchange rate difference		1,148	940
Net financial income / (expenses)		(1,672)	(1,132)
Earnings before tax (EBT)		15,047	9,371
Income tax		(3,656)	(2,326)
Net profit		11,391	7,045
Attributable to:			
Owners of the Company		11,128	6,647
Non-controlling interests		263	398
Net profit		11,391	7,045
Earnings per share			
Earnings per share (US cent)		2.7	1.7
Diluted earnings per share (US cent)		2.7	1.7

Consolidated Statement of Comprehensive Income

All amounts in USD '000	Q1 2021	Q1 2020
Net profit	11,391	7,045
Items that may be reclassified subsequently to profit or loss:		
Change in cash flow hedges	1,953	(3,278)
Exchange differences on translating foreign operations	(5,450)	(14,449)
Income tax relating to components of other comprehensive income	(1,768)	1,074
Other comprehensive income, net of income tax	(5,265)	(16,653)
Total comprehensive income	6,126	(9,608)
Attributable to:		
Owners of the Company	5,863	(10,006)
Non-controlling interests	263	398
Total comprehensive income	6,126	(9,608)

Consolidated Balance Sheet

Assets			
All amounts in USD '000	Notes	31.03.2021	31.12.2020
Property, plant and equipment	5	55,881	58,466
Right of use assets	6	115,172	112,909
Goodwill	7	622,760	612,191
Other intangible assets	8	58,287	59,502
Investment in associates		13,417	13,352
Other financial assets		6,314	3,941
Deferred tax assets		27,084	27,512
Non-current assets		898,915	887,873
Inventories		99,067	93,231
Accounts receivables		92,393	98,353
Other assets		35,276	32,511
Bank balances and cash equivalents		87,499	102,363
Current assets		314,235	326,458
Total assets		1,213,150	1,214,331

Consolidated Balance Sheet

Equity and liabilities

All amounts in USD '000	Notes	31.03.2021	31.12.2020
Issued capital and share premium		74,871	74,871
Reserves		(36,402)	(31,514)
Retained earnings		540,283	529,155
Equity attributable to owners of the Company		578,752	572,512
Non-controlling interest		4,940	4,678
Total equity		583,692	577,190
Borrowings		328,434	339,978
Lease liabilities		109,468	108,013
Deferred tax liabilities		27,616	26,053
Provisions		7,373	7,955
Deferred income		6,596	6,739
Other financial liabilities		6,774	1,098
Non-current liabilities		486,261	489,836
Borrowings		16,704	17,545
Lease liabilities		18,816	17,857
Accounts payable		25,120	20,024
Income tax payable		3,537	4,160
Provisions		11,503	11,369
Accrued salaries and related expenses		38,699	38,226
Other liabilities		28,818	38,124
Current liabilities		143,197	147,305
Total equity and liabilities		1,213,150	1,214,331

Consolidated Statement of Cash Flow

All amounts in USD '000	Notes	Q1 2021	Q1 2020
Earnings before interests and tax (EBIT)		16,719	10,503
Depreciation and amortization	5, 6, 8	11,930	11,231
Change in inventories		(8,120)	(4,704)
Change in receivables		1,177	20,768
Change in payables		(1,376)	(6,430)
Other operating activities		(430)	(595)
Cash generated by operations		19,900	30,773
Interest received		178	473
Interest paid		(2,835)	(2,603)
Income tax paid		(3,298)	(4,458)
Net cash provided by operating activities		13,945	24,185
Purchase of fixed and intangible assets	5, 8	(4,593)	(8,793)
Acquisition of subsidiaries, net of cash in acq. entities		(16,468)	(4,898)
Other investing activities		(353)	72
Cash flows to investing activities		(21,414)	(13,619)
Proceeds from long-term borrowings		459	0
Repayments of long-term borrowings		(157)	(1,166)
Payments of lease liabilities		(4,644)	(3,931)
Changes in revolving credit facility		0	52,449
Payment of dividends		0	(9,276)
Change in treasury shares		0	(5,866)
Cash flows from / (to) financing activities		(4,342)	32,210
Net change in cash		(11,811)	42,776
Effects of exchange rate changes on:			
Balance of cash held in foreign currencies		(1,781)	(2,165)
Other items held in foreign currencies		(1,272)	(1,503)
Cash at beginning of period		102,363	58,611
Cash at end of period		87,499	97,719

Consolidated Statement of Changes in Equity

All amounts in USD '000	Share capital	Share premium	Statutory reserve	Share option reserve	Fair value reserve	Translation reserve	Accumulated profits	Attributable to owners of the parent	Non-controlling interests	Total equity
Balance at 1 January 2020	4,794	73,019	1,267	2,178	516	(51,069)	533,661	564,366	4,590	568,956
Net profit							6,647	6,647	398	7,045
Change in cash flow hedges					(2,622)			(2,622)		(2,622)
Transl. diff. of shares in subsidiaries						(14,031)		(14,031)		(14,031)
Total comprehensive income	0	0	0	0	(2,622)	(14,031)	6,647	(10,006)	398	(9,608)
Payment of dividends							(9,276)	(9,276)		(9,276)
Share option charge for the period				225				225		225
Share option vested during the period	7	4,069		(740)			107	3,443		3,443
Purchase of treasury shares	(11)	(9,300)						(9,311)		(9,311)
Balance at 31 March 2020	4,790	67,788	1,267	1,663	(2,106)	(65,100)	531,139	539,441	4,988	544,429
Balance at 1 January 2021	4,794	70,077	1,267	2,507	196	(35,484)	529,155	572,512	4,678	577,190
Net profit							11,128	11,128	263	11,391
Change in cash flow hedges					1,563			1,563		1,563
Transl. diff. of shares in subsidiaries						(6,828)		(6,828)		(6,828)
Total comprehensive income	0	0	0	0	1,563	(6,828)	11,128	5,863	263	6,126
Share option charge for the period				377				377		377
Balance at 31 March 2021	4,794	70,077	1,267	2,884	1,759	(42,312)	540,283	578,752	4,940	583,692

Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Statement of compliance

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 presented in accordance with the new and revised standards (IFRS / IAS) and new interpretations (IFRIC), applicable in the period. New and amended IFRS Standards that are effective for the current year did not have any impact on the Company's Financial Statements. The Company has not early applied new and revised IFRS standards 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 2020. The Company's Annual Financial Statements can be found on the Company's website www.ossur.com.

Basis of preparation

The 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 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 Financial Statements for the period ended 31 December 2020.

Notes to the Consolidated Financial Statements

2. Quarterly statements

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Net sales	160,846	169,571	171,786	134,553	153,593
Cost of goods sold	(58,249)	(60,230)	(63,897)	(56,391)	(57,750)
Gross profit	102,597	109,341	107,889	78,162	95,843
Gross profit margin	64%	64%	63%	58%	62%
Other income / (expenses)	273	(8,823)	(662)	(15,550)	57
Sales and marketing expenses	(59,935)	(59,664)	(57,689)	(53,525)	(58,407)
Research and development expenses	(7,272)	(8,435)	(7,731)	(7,429)	(7,423)
General and administrative expenses	(18,944)	(22,336)	(16,987)	(18,776)	(19,567)
EBIT	16,719	10,083	24,820	(17,118)	10,503
Net financial income / (expenses)	(2,820)	(2,303)	(2,603)	(2,710)	(2,072)
Net exchange rate difference	1,148	(4,073)	(1,905)	(842)	940
EBT	15,047	3,707	20,312	(20,670)	9,371
Income tax	(3,656)	190	(5,437)	2,774	(2,326)
Net profit / (loss)	11,391	3,897	14,875	(17,896)	7,045
EBITDA	28,649	23,644	35,549	12,060	21,734
EBITDA margin	18%	14%	21%	9%	14%
Organic sales growth	2%	-4%	-5%	-26%	-5%
LCY sales growth	0%	-8%	1%	-23%	-2%

3. Net sales

	Q1 2021	Q1 2020
Specified according to geographical segments:		
Americas	81,750	72,381
EMEA	63,671	69,687
APAC	15,425	11,525
Total	160,846	153,593
Specified according to product lines:		
Prosthetics	100,288	85,148
Bracing and Supports	60,558	68,444
Total	160,846	153,593

Notes to the Consolidated Financial Statements

4. Sales and expenses split by main currencies

	Q1 2021		
	LCY	USD	%
Sales			
USD	65,427	65,427	41%
EUR	32,817	39,565	25%
ISK	68,364	534	0%
Nordic curr. (SEK, NOK, DKK)		23,511	14%
Other (GBP, AUD, CAD & Other)		31,809	20%
Total		160,846	100%
COGS and OPEX			
USD	73,583	73,583	51%
EUR	21,421	25,826	18%
ISK	1,469,146	11,473	8%
Nordic curr. (SEK, NOK, DKK)		21,041	15%
Other (GBP, MXN, CAD & Other)		12,205	8%
Total		144,127	100%
	Q1 2020		
	LCY	USD	%
Sales			
USD	69,643	69,643	45%
EUR	33,304	36,719	24%
ISK	67,694	529	0%
Nordic curr. (SEK, NOK, DKK)		19,923	13%
Other (GBP, AUD, CAD & Other)		26,779	17%
Total		153,593	100%
COGS and OPEX			
USD	65,337	65,337	46%
EUR	26,069	28,742	20%
ISK	2,147,965	16,792	12%
Nordic curr. (SEK, NOK, DKK)		20,156	14%
Other (GBP, MXN, CAD & Other)		12,063	8%
Total		143,090	100%

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

Notes to the Consolidated Financial Statements

5. Property, plant and equipment

2021	Buildings & sites	Machinery & equipment	Fixtures & office equip.	Computer equipment	Total
Cost					
At 1 January	2,251	69,654	45,193	15,701	132,799
Additions	124	1,384	445	705	2,658
Acquired on acquisition of subsidiary	0	73	5	0	78
Exchange rate differences	(92)	(562)	(985)	(214)	(1,853)
Fully depreciated assets	0	(1,872)	(264)	(133)	(2,269)
At 31 March 2021	2,283	68,677	44,394	16,059	131,413
Depreciation					
At 1 January	233	41,165	22,196	10,739	74,333
Charge for the period	10	2,184	1,399	968	4,561
Exchange rate differences	0	(363)	(552)	(178)	(1,093)
Fully depreciated assets	0	(1,872)	(264)	(133)	(2,269)
At 31 March 2021	243	41,114	22,779	11,396	75,532
At 31 March 2021	2,040	27,563	21,615	4,663	55,881
Depreciation classified by functional category:				Q1 2021	Q1 2020
Cost of goods sold				2,176	2,443
Sales and marketing expenses				1,102	807
Research and development expenses				239	301
General and administrative expenses				1,044	988
Total				4,561	4,539

Notes to the Consolidated Financial Statements

6. Right of use assets

2021	Buildings & sites	Machinery & equipment	Total
Cost			
At 1 January	141,323	5,796	147,119
Additions	5,592	0	5,592
Acquired on acquisition of subsidiary	3,553	0	3,553
Exchange rate differences	(2,250)	(235)	(2,485)
Disposal	(317)	0	(317)
At 31 March 2021	147,901	5,561	153,462
Depreciation			
At 1 January	30,149	4,061	34,210
Charge for the period	4,661	353	5,014
Exchange rate differences	(643)	(179)	(822)
Disposal	(112)	0	(112)
At 31 March 2021	34,055	4,235	38,290
At 31 March 2021	113,846	1,326	115,172
Depreciation classified by functional category:			
		Q1 2021	Q1 2020
Cost of goods sold		2,004	1,781
Sales and marketing expenses		1,002	890
Research and development expenses		601	534
General and administrative expenses		1,407	1,248
Total		5,014	4,453

7. Goodwill

	31.03.2021	31.12.2020
At 1 January	612,191	521,046
Arising on acquisition of subsidiaries	18,532	87,733
Purchase price allocation	577	(6,815)
Exchange rate differences	(8,540)	15,474
Impairment	0	(5,247)
At end of period	622,760	612,191

Notes to the Consolidated Financial Statements

8. Other intangible assets

2021	Cust./distrib. relationships	Patents	Trademarks	Software and other	Total
Cost					
At 1 January	40,026	18,363	2,576	44,517	105,482
Additions	0	27	11	366	404
Additions - internally generated	0	0	0	1,531	1,531
Purchase price allocation	(395)	0	0	0	(395)
Fully amortized assets	0	0	0	(123)	(123)
Exchange rate differences	(746)	(84)	2	(153)	(981)
At 31 March 2021	38,885	18,306	2,589	46,138	105,918
Amortization					
At 1 January	24,539	4,918	636	15,887	45,980
Charge for the period	995	291	20	1,049	2,355
Fully amortized assets	0	0	0	(123)	(123)
Exchange rate differences	(455)	1	0	(127)	(581)
At 31 March 2021	25,079	5,210	656	16,686	47,631
At 31 March 2021	13,806	13,096	1,933	29,452	58,287

Amort. and impairment classified by functional category:	Q1 2021	Q1 2020
Cost of goods sold	28	26
Sales and marketing expenses	1,424	1,302
Research and development expenses	366	415
General and administrative expenses	537	496
Total	2,355	2,239

9. Other information

Unusual conditions caused by the COVID-19 pandemic are resulting in uncertainty in the Company's economic environment and are impacting the financial performance of the Company. It is, however, the opinion of the Company's management that this does not effect the Company's ability to continue operating on a going concern basis. Management believes that COVID-19 only has a short-term impact on the Company's financials and does not change the long-term market fundamentals.