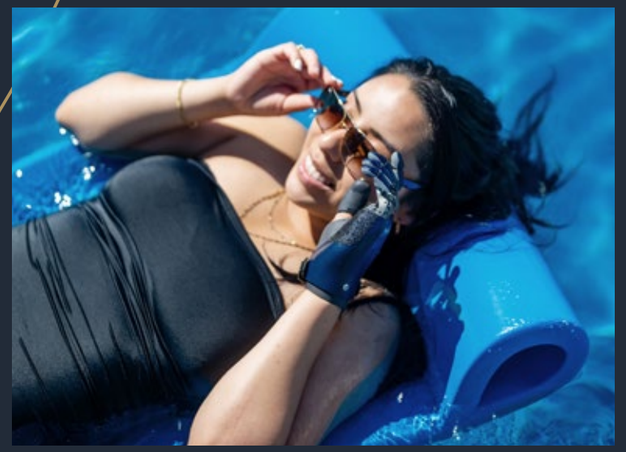

EMBLA MEDICAL™

ANNUAL REPORT

2024

EMBLA MEDICAL™

ANNUAL REPORT 2024

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EMBLA MEDICAL IN BRIEF

Embla Medical is a leading global provider of innovative mobility solutions that help people live a Life Without Limitations®. Founded as Össur in 1971, Embla Medical is now home to industry-leading brands Össur, Fior & Gentz, College Park and ForMotion.

We Improve People's Mobility

Össur is a leading global provider of prosthetics and bracing & supports solutions. Fior & Gentz is an innovative developer of neuro orthotics, and College Park designs and manufactures lower limb prosthetics. ForMotion patient care clinics are spread across multiple countries and provide patients with compassionate care from world-class healthcare professionals. Embla Medical is focused on reaching more people with our mobility solutions and contributing to the advancement of the Orthotic & Prosthetic industry in a sustainable manner. Our commitment and responsibility extend to our people and our planet as we embrace diversity and recognize the impact we have on the world around us.

Embla Medical is listed on Nasdaq Copenhagen, has operations in 36 countries and more than 4,000 employees worldwide.

Our Purpose

Embla Medical is a purpose-driven company dedicated to improving people's mobility through the delivery of Prosthetics, Neuro Orthotics, Bracing & Supports and Patient Care.

Our passionate commitment to improving people's quality of life through innovation and patient outcomes has been the core of our success.

Helping people live a
Life Without Limitations®
is why we exist as a company.

EMBLA MEDICAL™

ÖSSUR FIOR&GENTZ college park ForMotion CLINIC

OUR VALUES

HONESTY

Stay True

We show respect by adhering to facts and reality, fulfilling promises and claims, and admitting failures. We nurture honest communication throughout the company by sharing information and respecting each other's time and workload.

FRUGALITY

Make Every Step Count

We use resources wisely. The company aims to minimize costs across all areas of its business through effective communication, preparedness, planning and optimized processes.

COURAGE

Aim Higher

We are open to change and constantly strive for improvement. We challenge unwritten rules, show initiative, and take calculated risks, while at the same time, take responsibility for our ideas, decisions and actions.

Our Values

Embla Medical's core values of Honesty, Frugality and Courage serve as the foundation and driving force behind the company's success, guiding employees across the organization in their day-to-day activities and decision-making. At Embla Medical we believe that by honoring the values, the company will achieve long-term sustainable success, furthering our mission of improving people's mobility.

Our Sustainability Commitment

We apply our core values in our approach towards sustainability. We show courage in setting ambitious goals and are honest about where we stand, acknowledge the challenges we face and what we can improve. We practice frugality by using our resources wisely and efficiently. Our sustainability commitment is captured under the theme of Responsible for Tomorrow®, understanding that the decisions and actions we take today, will impact future generations.

RESPONSIBLE FOR TOMORROW®

Vision

Enable Life Without Limitations

Mission

We Improve People's Mobility

Goal

Serve More People for Profitable Growth

OVERVIEW

LETTER FROM THE CEO

As we look back on a successful 2024, what stands out most is delivering on our relentless commitment to improving people‘s mobility. Our innovative product solutions and patient care have a positive impact on millions of lives around the world.

The year was marked by several milestones, most notably the establishment of Embla Medical, beginning to unite our patient care business under the ForMotion brand, and the acquisition of Fior & Gentz, to name a few.

Additionally, positive market trends such as the expanded US Medicare coverage for advanced bionic prosthetics for less mobile K2 amputees, brings potential for improved quality of life for a large patient population.

We continue to execute well on our Growth’27 strategy delivering solid sales in line with our long term financial ambition. For 2024, we delivered 6% organic growth driven by a strong performance in Prosthetics & Neuro Orthotics and Patient Care, while growth in local currency was 9% supported by positive impact from the acquisition of Fior & Gentz. Our EBITDA margin also came in strong for the year at 20% reflecting operational efficiency and effective cost control.

In the beginning of 2024, we acquired Fior & Gentz, a leading maker of transformative and innovative lower limb neuro orthotic devices for people living with neurological conditions. The acquisition is an important milestone in our growth journey, marking our expansion into the field of Neuro Orthotics. An exciting field which broadens our ability to support individuals with chronic mobility challenges. We are very pleased to see the integration progressing according to plan as we transfer product distribution to our commercial distribution network and existing O&P clinics in mature, reimbursed markets.

I am also thrilled with our progress within R&D, as we launched several exciting innovations during the year. These include two new bionic knees – Icon®, a new user-friendly and versatile knee solution, and Navii®, our next generation Rheo Knee®, which comes in a fully waterproof version featuring a powerful actuator. Beyond these new knee solutions, we also launched the Pro-Flex® Terra foot, which offers increased flexibility, balance and adaptability for low-active patients. I am very proud of our ability to innovate, while addressing real patient needs.

2024 was also the year we introduced a new unified brand identity, ForMotion, for our patient care facilities. The goal of ForMotion is to bring our network of O&P clinics under a single cohesive brand. This transition will be implemented in phases, eventually encompassing our entire global network of O&P patient care facilities, which currently operate under different brand names. This unified network will deliver comprehensive, modern, and innovative care while honoring the expertise and heritage unique to each location.

Another highlight was the 2024 Paralympic Games, where a global team of elite para-athletes using Össur’s renowned prosthetics won 22 medals and set five new Paralympic records. The Paris Paralympics established new benchmarks for excellence, inclusivity, and audience engagement. Every competitor rose to the occasion, and I was fortunate to personally meet many of our inspiring athletes, who truly embody Life Without Limitations®.

Lastly, we are incredibly proud to have been named one of TIME Magazine’s World’s Best Companies in Sustainable Growth 2025, an accolade that reflects our commitment to advancing a robust sustainability agenda.

I am excited to see what the future will bring and sincerely thank our employees, customers, end-users, and shareholders for their trust and continued collaboration to improve people‘s mobility.

Sveinn Sölvason
President and CEO

OVERVIEW

2024 HIGHLIGHTS

Acquisition of Fior & Gentz

Science Based Targets initiative (SBTi) validates Össur emissions reduction targets

Össur ranked among top performing companies by Nordic Business Diversity Index

Össur establishes new parent organization named Embla Medical

Launch of Pro-Flex® Terra in select markets

Össur Kristinsson, founder of Össur in 1971, leaves strong legacy of innovation upon passing away

Two new board members join Embla Medical, Caroline Vagner Rosenstand and Tina Abild Olesen

Embla Medical's CEO participates in a dialog on competitiveness and growth with Nordic heads of government and representatives

The Icelandic Ministry for Foreign Affairs and Össur sign agreement to donate prosthetics to Ukraine

OT World Congress held in Leipzig, Germany

Launch of two new bionic knees - Icon® by College Park and Navii® by Össur and Iceross Seal-In® X Locking Liner TF by Össur

ForMotion, our new global patient care brand, introduced

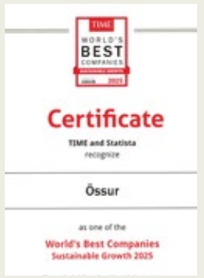
Team Össur athletes and Össur Ambassadors awarded 11 Gold Medals, 7 Silver Medals, 4 Bronze Medals and set 5 Paralympic Records at the Paralympic Games in Paris

Launch of 3rd generation Naked Prosthetics finger device portfolio

A record-breaking partnership between Össur and Nissan and Team Össur member Richard Whitehead

US Medicare grants extended coverage for lower-limb active K2 amputee patients to access bionic solutions

Embla Medical hosts a successful networking session for members of Festa, a leading organization promoting sustainability across Iceland



Embla Medical (Össur) named one of the World's Best Companies in Sustainable Growth 2025 by TIME Magazine

2024 Financial Highlights

855m
Highest Ever Sales Recorded
(USD)

+6%
Organic Sales Growth

+9%
Local Currency Growth
(including acquisitions)

20%
EBITDA Margin
(before special items)

2024 Sustainability Highlights

-2%
Emissions Intensity 2023/2024
Market Based Emissions (tCO2e/mUSD)

51% : 49%
Gender Ratio
Male : Female

7.9 of 10
Employee Engagement Index

0.6
Incident Rate
Total Recordable Incident Rate (TRIR) per 100 FTEs

OVERVIEW

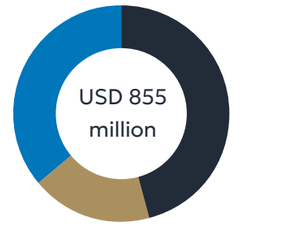
BUSINESS SEGMENTS

Our Business Segments

Embla Medical operates within three business segments of the non-invasive orthopaedics market; Prosthetics & Neuro Orthotics, Bracing & Supports and Patient Care.

Business Segments

Sales in 2024 by Business Segment



Prosthetics & Neuro Orthotics

49% of total sales

Our prosthetics product portfolio, marketed under the Össur and College Park brands, includes a range of premium lower and upper limb prosthetic components. The portfolio ranges from solutions to support low active individuals who may be challenged to maintain the ideal balance of safety, comfort, and mobility, to solutions designed to enable especially active people to excel and engage in high-impact activities.

Our neuro orthotics product portfolio, marketed under Fior & Gentz, includes a range of premium knee and ankle orthotic joints to create innovative custom-made orthotics for patients with gait impairment due to neurological conditions.

SUB-SEGMENT	END-USER PROFILE	IMPROVING MOBILITY
Mechanical Products	People living with lower and upper limb loss or limb difference	Broad product offering of prosthetics and neuro orthotics
Bionic Products	People living with lower and upper limb loss or limb difference	Advanced microprocessor-controlled feet, knees, hands, fingers, and neuro orthotic joints

Bracing & Supports

17% of total sales

Össur's osteoarthritis (OA) solutions are designed to enhance quality of life, reduce pain, and improve mobility for people living with osteoarthritis. Össur offers the Unloader One® range of knee braces that relieve pain from knee osteoarthritis, as well as the Unloader® Hip which is designed to reduce pain by optimizing load dispersion for patients suffering from mild and moderate osteoarthritis of the hip.

Össur's injury solutions are designed for people recovering from fractures, ligament injuries or for those in need of post-operative treatment solutions. These solutions are designed to support the healing process of bone and soft tissue injuries.

SUB-SEGMENT	END-USER PROFILE	IMPROVING MOBILITY
Injury Solutions	People recovering from fractures, ligament injuries or need post-operative treatment	Products stabilizing joints and improving healing
OA Solutions	People living with Osteoarthritis (OA)	Non-surgical treatment by unloading affected joint with braces

Patient Care

34% of total sales

Embla Medical provides patients with world-class care through a global network of leading Orthotic & Prosthetic (O&P) facilities, currently operating under various brand names and transitioning over time to the ForMotion brand. Each location is staffed by expert clinicians and highly skilled professionals in mobility.

SUB-SEGMENT	END-USER PROFILE	IMPROVING MOBILITY
Prosthetics	People living with lower and upper limb loss or limb difference	Fitting patients with lower and upper limb prostheses
Orthotics	People living with neurological, gait, and musculoskeletal conditions	Fitting patients with orthotics and assistive devices

Our Geographical Segments

With operations in 36 countries, Embla Medical's industry-leading brands have global operations in three regions: Americas, EMEA and APAC.

Regional Overview

Americas
46%
of sales
USD 393 million
Organic growth: 3%
Employees: ~1,500

EMEA
46%
of sales
USD 395 million
Organic growth: 10%
Employees: ~1,800

APAC
8%
of sales
USD 67 million
Organic growth: 4%
Employees: ~200

HQ Employees: ~700

THE CHOICE OF CHAMPIONS

A global team of elite para athletes who use Össur's renowned prosthetics won 22 medals and set five new Paralympic Records during the 2024 Paralympic Games in Paris.

If Team Össur were a country, this exceptional performance would have placed them in 11th place in the overall medal rankings. Össur's carbon fiber Cheetah® sports blades, easily identified by their distinctive yellow stripe, dominated several categories of Athletics competition. With record-breaking attendance and iconic venues, the Paris Paralympic Games set new standards for excellence, inclusivity and audience enthusiasm.

5
PARALYMPIC RECORDS

STRATEGY

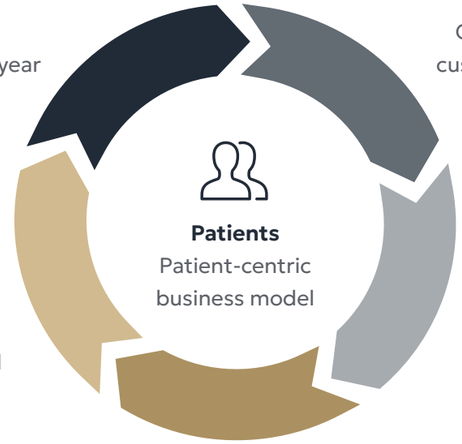
BUSINESS MODEL

Our business is about improving people's mobility so they can live a Life Without Limitations®. We develop and manufacture a wide range prosthetic, neuro orthotic and bracing & supports solutions in addition to serving patients in need of various mobility solutions in our patient care facilities across the globe.

Innovation
New product introductions every year

Manufacturing
Off-the-shelf and customized solutions

Prescribers and Payers
Over 90% of products and services reimbursed



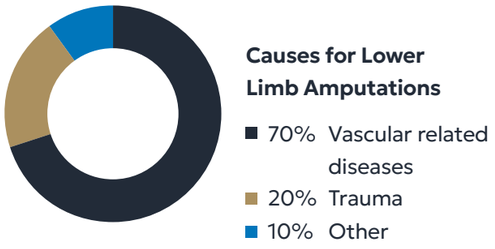
Sales and Marketing
Mainly direct sales but also distribution

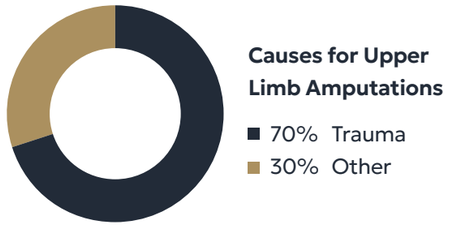
Patient Care
Own O&P clinics and independent providers

Patients

The patients we serve include people with lower and upper limb loss due to, for example, vascular diseases including diabetes, as well as cancer, trauma and congenital defects. They also include individuals who require off-the-shelf or customized orthotic solutions as they may have mobility impairment due to neurological conditions, developed osteoarthritis in knee or hip ligaments, have musculoskeletal conditions present at birth or caused by illness or injury, or require enhanced healing post-surgery or due to injuries.

Prosthetic Patients





> 850,000
New major lower limb amputees per year

65-70
is the average age of the amputee population

> 25,000
New upper limb amputees per year

30-40%
of new amputees are fitted with prosthetic solutions

Source: Embla Medical Management estimates

Growing Number of Amputees Receiving Prosthetics

Source: Embla Medical Management estimates

The main cause for lower limb amputation is vascular related diseases. Based on market data, it is however evident that the proportion of people living with limb absence due to trauma, cancer and congenital defects is higher than the incidence rate would suggest. The reason being that the average life expectancy of people with lower limb loss due to vascular related disease is shorter than of those with limb absence due to other causes. This underscores the potential opportunities in catering to the needs of chronic patients that need lifelong service and why 70-80% of Patient Care is recurring revenue.

Innovation

Embla Medical develops and manufactures prosthetic, neuro orthotic and bracing & supports solutions, from an idea to a finished product. With every product, the aim is to deliver cost effective medical solutions that provide value for patients and the healthcare system. To obtain independent clinical evidence for product outcomes as well as health economic data, Embla Medical initiates and promotes clinical studies in cooperation with leading scientists, institutions, and healthcare professionals in the field.

As part of our ambition to be at the forefront of innovation and new technology, we participate in externally funded projects, collaborating with partners from industry and academia alike. We take part in various projects where world class scientists are involved in cutting edge research. This enables us to join forces in shaping the technology of the future with the mission of improving people's mobility.

Manufacturing and Quality

Embla Medical maintains a strong global manufacturing function. At Embla Medical, there is a continuous strive for efficiency, which includes finding ways to optimize the manufacturing process and investments have been made to make the manufacturing platform increasingly scalable.

Manufacturing of prosthetic solutions takes place in Iceland, Scotland, United States and Mexico. Neuro orthotics are manufactured in Germany, and manufacturing of bracing solutions takes place in Mexico with outsourcing of soft goods to China. We also operate a few smaller manufacturing facilities in select countries.

Manufacturing Locations

We place great emphasis on quality, which is an intrinsic part of our processes. Embla Medical entities maintain certified Quality Management Systems (QMS) based on ISO standards, ensuring compliance with applicable medical device regulations in the countries where we operate.

Sales and Marketing

Products are delivered to users of our products and solutions through healthcare providers who specialize in assisting individuals who suffer from impaired mobility. In Prosthetics and Neuro Orthotics, these customers are Orthotic & Prosthetic (O&P) clinics and in Bracing & Supports, it is a combination of O&P clinics, hospitals, and surgery centers. Our customers claim reimbursement from private or public insurance as Embla Medical's products and services are in most cases reimbursed. We have operations in 36 countries and largely sell our products through our own direct sales network.

Patient Care

Embla Medical products are serviced through a global network of patient care clinics. Moreover, in selected countries, Embla Medical manages its own Patient Care facilities under the ForMotion brand. Each location is staffed by expert clinicians and highly skilled mobility professionals. The clinics help people with limb loss or limb difference, and those in need of gait and musculoskeletal support - improving their mobility and quality of life.

Prescribers and Payers

Prescribers include healthcare professionals who prescribe products and services based on the clinical indication of their patients. These include orthopaedic surgeons, non-surgical physicians, rehabilitation, and emergency physicians as well as other professionals providing medical diagnosis.

Payers include healthcare systems, insurance companies and individuals. In most cases, when an individual has been fitted with a product, Embla Medical's customers claim reimbursement from the relevant public institutions or private insurance companies. Around 90% of Embla Medical's product sales and services are estimated to be reimbursed by a third party. Generally, Embla Medical's sales in the developed markets are mostly reimbursed while sales in emerging markets are mostly paid out-of-pocket.

STRATEGY

GROWTH'27 STRATEGY

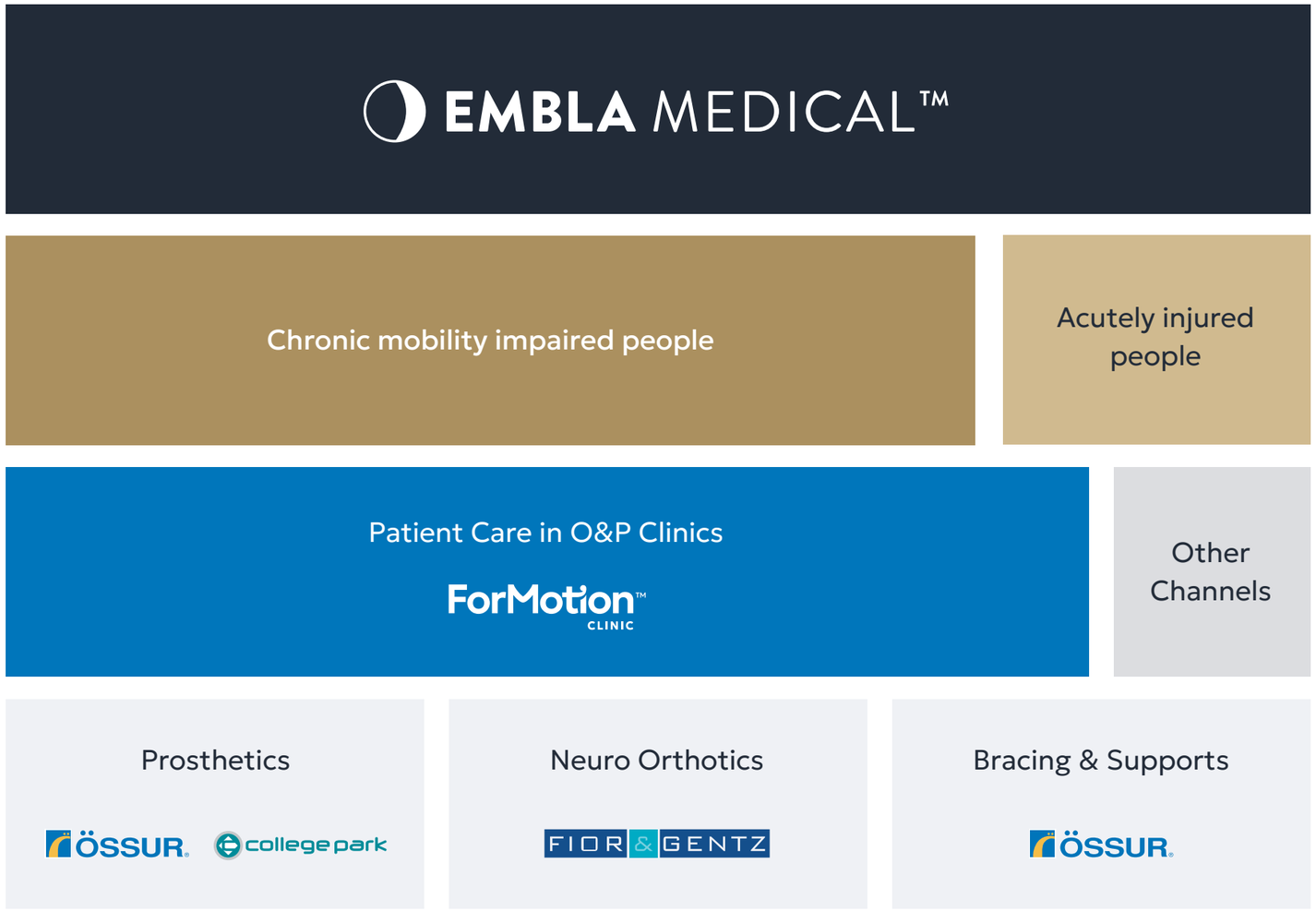
Embla Medical introduced its five-year Growth'27 strategy in 2023. The focus of the Growth'27 strategy is to reach more people in need of mobility solutions.

The strategy addresses key industry themes and supports our transformation into an increasingly patient-centric company. It is our aim to drive accelerated organic growth and continue generating value for individuals and healthcare systems.

Unlocking a Larger Playing Field as an Increasingly Patient-Centric Organization

Over the past years, we have been transitioning from a product-focused company to an increasingly patient-centric organization. This shift primarily focuses on chronic mobility categories, where individuals require lifelong solutions, as well as on those who have suffered acute injuries requiring short-term solutions. This transition presents opportunities to gain direct access to patients, payers, and providers while addressing a broader set of chronic mobility categories.

Patient-Centric Organization

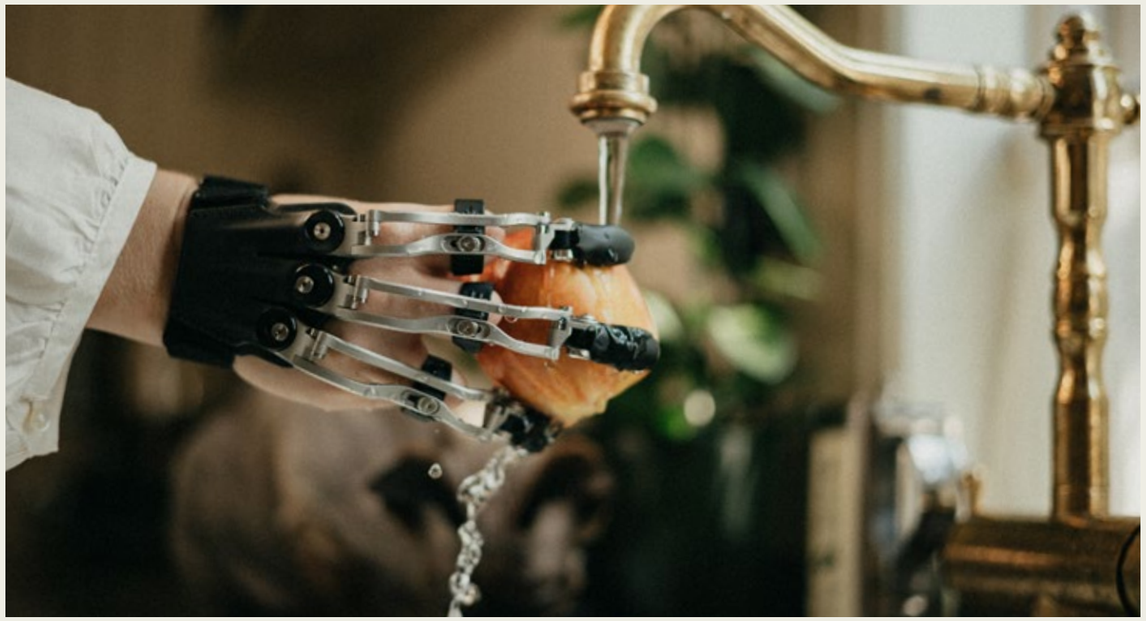


Growth Drivers

Patient Reach, Innovative Solutions, and O&P Value Creation are the three growth drivers that form the basis of Growth'27. These growth drivers address our ambition to become increasingly patient driven and to cater for the needs of individuals with chronic mobility challenges. In other words, they guide our strategic priorities within Prosthetics, Neuro Orthotics and Patient Care.

In Bracing & Supports, we will continue to drive growth in line with our "Bracing Simplified" strategy, by being a trusted partner for our customers through the delivery of a simplified and strong product portfolio.

Patient Reach	We connect directly with patients and reach out to payers and prescribers.
Innovative Solutions	We embrace innovation in all our actions. We provide innovative and patient-centric solutions combining product and service.
O&P Value Creation	We offer business solutions to our customers, including Orthotic & Prosthetic (O&P) clinics enabling seamless service and close partnership.



Embla Medical's M&A strategy is also integral to the execution of Growth'27 as it involves actively seeking strategic acquisitions to support our vision of enabling Life Without Limitations®. In addition, our foundational pillars of Sustainability, People, and Scalability are the backbone of successfully implementing our strategic ambitions.

Patient Reach

Patient Reach is about creating value by improving our ability to reach and serve patients effectively. The patient population we focus on – individuals with chronic mobility impairments - remains widely underserved in terms of access to quality mobility solutions. For instance, global fitting rates in prosthetics still only amount to 30-40%. Access to proper care and products differs greatly between countries, influenced by the maturity of infrastructure and healthcare systems. Patient Reach is about collaborating with our primary stakeholders in each market to reach more patients and increase access to high-quality mobility solutions. Our primary stakeholders are classified into four segments: Certified Prosthetists & Orthotists (CPOs), Payers (public and private insurance companies), Referral sources (physicians and rehabilitation doctors), and Patients.

Innovative Solutions

Embla Medical's history is deeply rooted in innovation. We integrate innovation into all our actions, creating value for our customers through functional trade-up and ease of doing business. With the Growth'27 strategy, our focus is to drive innovation across the entire value chain and offer lifelong health services, ultimately improving the quality of life for the patients who rely on our products and services.

We aim to capture commercial opportunities with innovative solutions by pursuing advancements in technology and clinical applications that can be perceived as transformational for our patients.

We channel our efforts into developing solutions that not only meet the current lifestyle needs of patients but also provide them with the prospect of sustained mobility over the long term. To ensure that patients have access to our products and services, we continue to prioritize the collection of clinical evidence and engage with payers and reimbursement systems around the world.

Our innovation efforts enhance our Patient Reach through three distinct growth drivers; contribute to higher fitting rates, increase bionic penetration, and drive functional trade-up.

Contribute to higher fitting rates

Increase bionic penetration

Drive functional trade-up

O&P Value Creation

O&P Value Creation forms the third pillar of the Growth'27 strategy, connecting Patient Reach and Innovative Solutions. It revolves around driving productivity in the whole value chain, aiming to attract and better service a greater number of patients in the O&P clinics, and becoming a better partner to our O&P customers.

Over the last decade, we have strategically expanded our Patient Care portfolio, focusing on defining key processes and leveraging economies of scale. Today, our Patient Care facilities span 11 countries with approximately 200 locations across all regions.

Most patients visiting O&P clinics face chronic mobility challenges, which often lead to the formation of strong bonds between the patient and their Certified Prosthetist & Orthotist (CPO). While some solutions offered are off-the-shelf, others are more intricate, requiring frequent clinic visits. In both cases, maintaining a consistently high standard of care is crucial to delivering enhanced value to patients, underscoring the importance of having a robust clinic presence.

A key element in O&P Value Creation is driving innovation and productivity in the delivery of mobility solutions within our Patient Care facilities. The end-goal is to achieve better patient outcomes, enhanced service and overall patient experience, resulting in higher-quality care and an increased number of patients seeking care at our clinics.

Bracing Simplified

In the Bracing & Supports segment, our robust product portfolio addresses fundamental healthcare challenges for both acute and chronic injuries.

We began implementing our Bracing Simplified strategy in 2021 and continue to focus on the four key pillars of the strategy: Identity, Customer Convenience, Product Confidence and Responsibility. Our goal with Bracing Simplified is to have a strategy that extends beyond innovation alone, recognizing the increasing costs and diminishing effectiveness of relying solely on innovation to drive growth within the bracing industry. Furthermore, our aim is to establish a framework that enhances efficiency and streamlines our operations.

Identity

Be the trusted partner for our customers

Customer Convenience

Reduce complexity for our partners

Product Confidence

Provide our partners with a simplified and strong portfolio

Responsibility

Reduce our footprint and that of our partners

Acquisitions

We will continue to pursue growth opportunities through strategic acquisitions aligned with our vision of enabling Life Without Limitations®. Our M&A focus will be on acquisitions that enable us to reach and serve more patients, through a combination of market access, technology and portfolio expansions.

Market Access **Technology** **Portfolio Expansion**

In January 2024, Embla Medical acquired Fior & Gentz, a market leader in lower limb neuro orthotic solutions. Fior & Gentz develops and distributes knee and ankle orthotic joints to create innovative custom-made orthotics for patients with gait impairment due to neurological conditions. You can read more about the acquisition in the Introducing Neuro Orthotics chapter.

Financial Ambition for the Growth'27 Period

Sales Growth

7-10%	=	**5-7%**	+	**2-3%**
Local currency growth p.a. on average		Organic growth p.a. on average		Acquisitive growth p.a. on average

EBITDA Margin Before Special Items

- The ambition is to gradually increase the EBITDA margin before special items.
- EBITDA margin expansion is subject to acquisitions and currency movements, in addition to changes in the business mix.

Capital Allocation

- We will prioritize growth opportunities, value-adding investments and acquisitions, while maintaining a healthy balance sheet with a target range of 2.0-3.0x NIBD/EBITDA before special items.
- Excess capital will be returned to shareholders via purchase of own shares.

MARKETS

MARKETS AND TRENDS

Embla Medical is a leading global provider of innovative mobility solutions that help people live a Life Without Limitations®. Home to several leading brands, Embla Medical is dedicated to improving people's mobility by providing Prosthetics, Neuro Orthotics, Bracing & Supports and Patient Care through a global network of Orthotic & Prosthetic facilities.

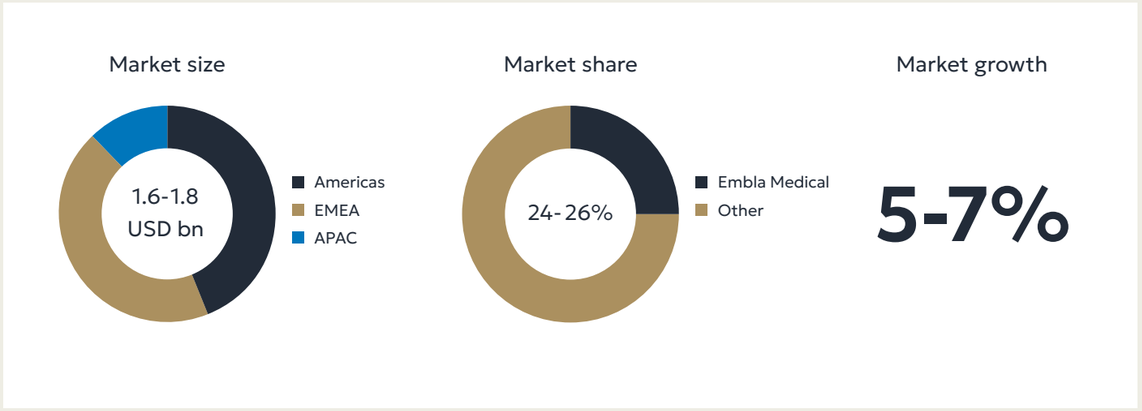
The Prosthetics Product Market

Prosthetics include artificial limbs and related products for people who were born with limb loss or limb difference, or who have had limbs amputated. Through the Össur and College Park brands, we provide a full range of premium lower and upper limb prosthetics, including feet, knees, hands, fingers, liners, and other components. The size of the global prosthetics product market is estimated to be approximately USD 1.6-1.8 billion. Embla Medical is the second largest company operating in Prosthetics with a market share estimated at 24-26%. The growth rate of the market is estimated to be 5-7%.

Growth in the prosthetics industry is driven by volume and mix with a consistent renewal and maintenance cycle for prosthetic products, increasing fitting rates for prosthetics patients, increasing reimbursement coverage, new innovative technologies being accepted for reimbursement, and increasing healthcare coverage and disposable income in emerging markets. The primary sales channel in the prosthetics market is Orthotic & Prosthetic clinics (Patient Care clinics).

Pricing in the prosthetics product market is on average relatively stable with yearly pricing adjustments due to inflationary trends but also influenced by regional specific developments in reimbursement.

Prosthetics Product Market



Source: Embla Medical Management estimates
Note: Estimates only account for component sales from providers to suppliers, i.e. not clinical services

The Neuro Orthotics Product Market

Neuro orthotics include products for people suffering from stroke, spinal cord injuries, multiple sclerosis, cerebral palsy or other neurological conditions. Through the Fior & Gentz brand, we provide a full range of premium orthotic joints for custom ankle foot orthoses and knee ankle foot orthoses.

The size of the global neuro orthotics product market that Embla Medical operates in is estimated to be approximately USD 400-500 million and Embla Medical's market share is estimated at 4-6%. The growth rate of the market is estimated to be 10-12%.

Growth in the neuro orthotics industry is driven by volume and mix with a consistent renewal and maintenance cycle, increasing fitting rates, increasing reimbursement coverage, new innovative technologies being accepted for reimbursement and increasing healthcare coverage.

Pricing in the neuro orthotics product market is on average relatively stable with yearly pricing adjustments due to inflationary trends but also influenced by regional specific developments in reimbursement.

The Bracing & Supports Product Market

Bracing & Supports include products used to provide support for therapeutic and preventative purposes. Through the Össur brand we provide a comprehensive line of products with primary focus on osteoarthritis and injury solutions including devices supporting the spine, knee, hip, foot, ankle, and hands.

The size of the global Bracing & Supports product market that Embla Medical operates in is estimated to be approximately USD 2.8-3.0 billion and Embla Medical's market share is estimated at 5-7%. The growth rate of the market is estimated to be 2-3%.

Market growth is driven by healthy volume growth. Increased amateur sports and activity levels, increased volumes of elective surgeries such as knee replacement surgeries, that drive demand for post-operative bracing solutions, and the utilization of high-end innovative products such as the Unloader® OA bracing products, support market growth in Bracing & Supports. The primary sales channel in the bracing & supports market is Orthotic & Prosthetic clinics (Patient Care clinics), hospitals, and orthopaedic clinics.

Price levels are relatively stable with yearly pricing adjustments due to inflationary trends but also influenced by regional specific developments in reimbursement, but for some markets, there is moderate price pressure for selected product categories, mainly products of a lower innovation level.

The Patient Care Market

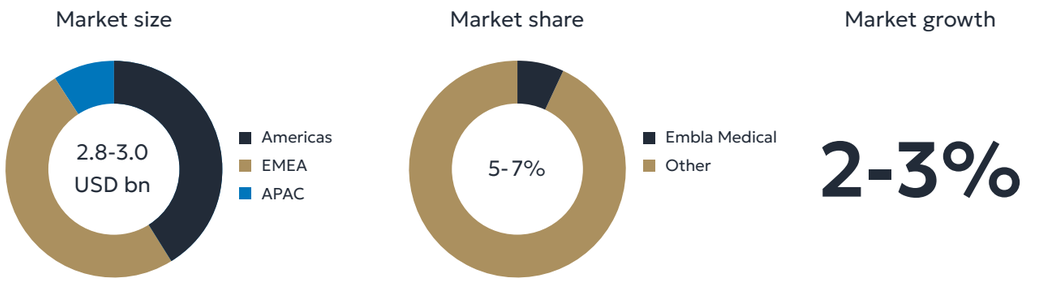
The Patient Care market consists of patient care clinics, often referred to as Orthotic & Prosthetic clinics or O&P clinics, that provide services to patients with orthotic & prosthetic mobility challenges.

The size of the global Patient Care service market is estimated to be approximately USD 14-15 billion. Embla Medical is estimated to be the third or fourth largest company operating in the market with a market share estimated at 2-3%. The growth rate of the market is estimated to be 3-5%.

Growth in the Patient Care service market is driven by volume and mix with a consistent renewal and maintenance cycle, increasing fitting rates for orthotics & prosthetics patients, increasing reimbursement coverage, new innovative technologies being accepted for reimbursement, and increasing healthcare coverage and disposable income in emerging markets.

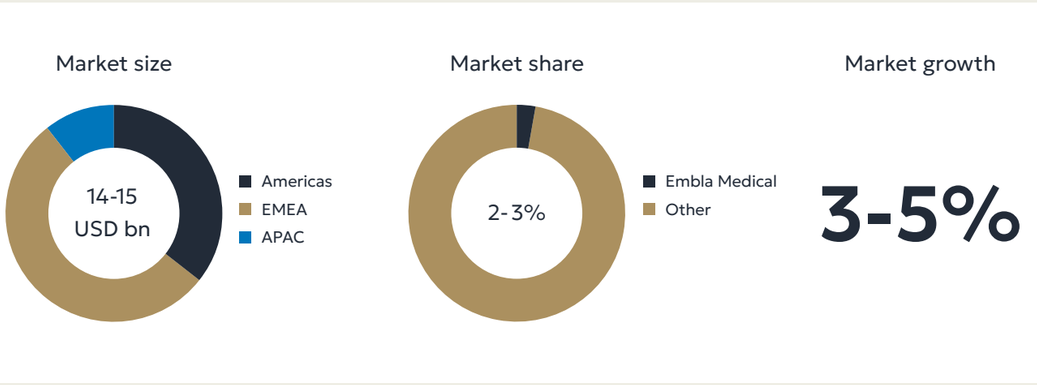
Pricing in the market is determined by regional specific reimbursement systems and is on average limited to moderate. Selected markets increase reimbursement rates up to inflationary levels, while most markets have limited rate adjustments.

Bracing & Supports Product Market



Source: Embla Medical Management estimates
Note: Estimates only account for component sales from providers to suppliers, i.e. not clinical services

Patient Care Market



Source: Embla Medical Management estimates

Orthopaedic Industry Stakeholders

In the orthopaedic industry, many stakeholders and decision makers are involved in the purchasing decision. Stakeholders can be categorized into five groups.

1

Patients
People who receive medical treatment and use our products and service solutions. Also referred to as a user or end-user of our products.

2

Prescribers
Healthcare professionals who prescribe the products, based on the condition/clinical indication of the patient.

3

Providers
Healthcare professionals who provide patients with products, such as CPO's, doctors, podiatrists.

4

Payers
Public and private insurance companies. Around 90% of Embla Medical sales are reimbursed by a third party.

5

Influencers
Healthcare systems, insurance companies, medical associations, patients and their families.

Industry Trends Create Opportunities

Economic development around the world and global macrotrends create demand and opportunities for growth. We have selected six trends that have a positive impact on demand for Embla Medical's products and services:

An aging and more active population

- The global population of 65 and older is increasing and so is the amputee population.
- A growing number of people afflicted by vascular disease, the leading cause of amputation.
- An increased number of fractures, joint instability, and joint afflictions.

Improved treatment options and penetration of high-end solutions

- New innovative technologies being accepted for reimbursement.
- Increasing healthcare coverage and better access to patients with increasing fitting rates.
- Increased acknowledgment of total health economic benefits of high-end solutions.

Access to healthcare improving in emerging markets

- Global economic growth will be powered by emerging markets.
- Disposable income increasing in emerging markets and willingness to pay out-of-pocket.
- Increasing healthcare coverage in emerging markets.

Healthcare consumerism empowering patients

- Individuals are taking greater control in their healthcare decisions, pushing for solutions that fit their needs.
- Patients leave their healthcare provider if not satisfied and search for a new one online.
- Increased push for transparency that helps people make informed decisions about their care.

Healthcare consolidation and budget management

- Healthcare systems efforts to manage cost, increasing need for innovation and health economic benefits.
- Consolidation in the Patient Care service market.
- Demand for cost effective solutions without compromising quality.

Digitalization increasing ease of doing business

- How people communicate is transformed through digitalization, patients to healthcare providers and businesses to businesses.
- Increased automation through digital processes in order flow and manufacturing.
- Data can enable improved and timely service delivery to patients.

MARKETS

INTRODUCING NEURO ORTHOTICS

On 16 January 2024, Embla Medical announced the acquisition of Fior & Gentz, a leading maker of lower limb neuro orthotic components. Fior & Gentz develops and distributes orthotic knee and ankle joints for the fabrication of custom-made neuro orthoses for patients with gait impairments due to neurological conditions. Fior & Gentz was founded in 1997 in Lüneburg, Germany and employs around 100 people.

The acquisition of Fior & Gentz marks an important milestone for Embla Medical's Growth'27 strategy, enabling us to address chronic mobility challenges more broadly. By entering the field of Neuro Orthotics, we are expanding into a new yet highly complementary product segment. This allows us to support patients with chronic neurological conditions such as stroke, multiple sclerosis, and cerebral palsy with innovative neuro orthotics delivered through Orthotic & Prosthetic clinics in mature, reimbursed markets.

Currently, most of Fior & Gentz's sales are generated in Germany, where the Orthotics business has a strong foundation and favorable reimbursement has been developed over the years. Orthotics are increasingly recognized as a viable mobility solution for patients suffering from chronic neurological diseases. However, there is significant opportunity to grow in other markets by leveraging Embla Medical's commercial infrastructure and established relationships with Orthotic & Prosthetic clinics worldwide.

Fior & Gentz aligns closely with our culture and offers compelling commercial synergies and accretive financials. In a market supported by strong structural growth, this acquisition has the potential to deliver significant long-term value creation for Embla Medical.

Strong Long Term Growth Drivers

(Potential to exceed underlying market growth of 10-12% YoY)

Expand Patient Reach

- Growing patient population as more patients will be diagnosed with chronic neurological diseases
- Increasing fitting rates as the awareness and knowledge on the functional benefits of Neuro Orthotics expands

Increased Product Use

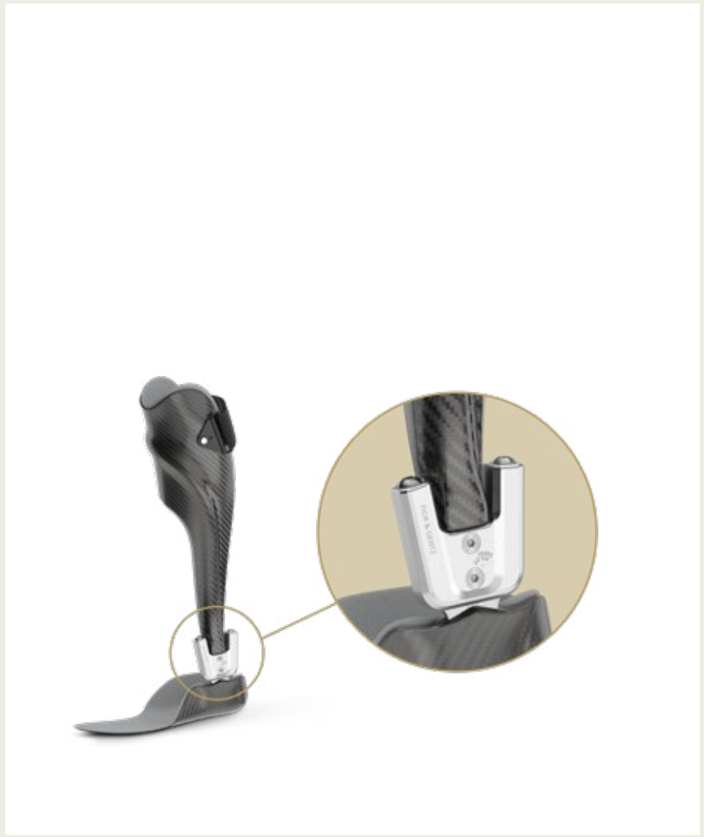
- Market Access: Potential to substantially improve reimbursement as demand for more efficient mobility solutions increases
- High-end product and service offering leading to improved renewal cycles

Increase Value

- Functional trade-up through use of more advanced Neuro Orthotics (Bionics)
- Innovation leading to better clinical outcomes and higher price points

Highly Innovative and Differentiated Neuro Orthotic Product Portfolio

Ankle Foot Orthosis (AFO)

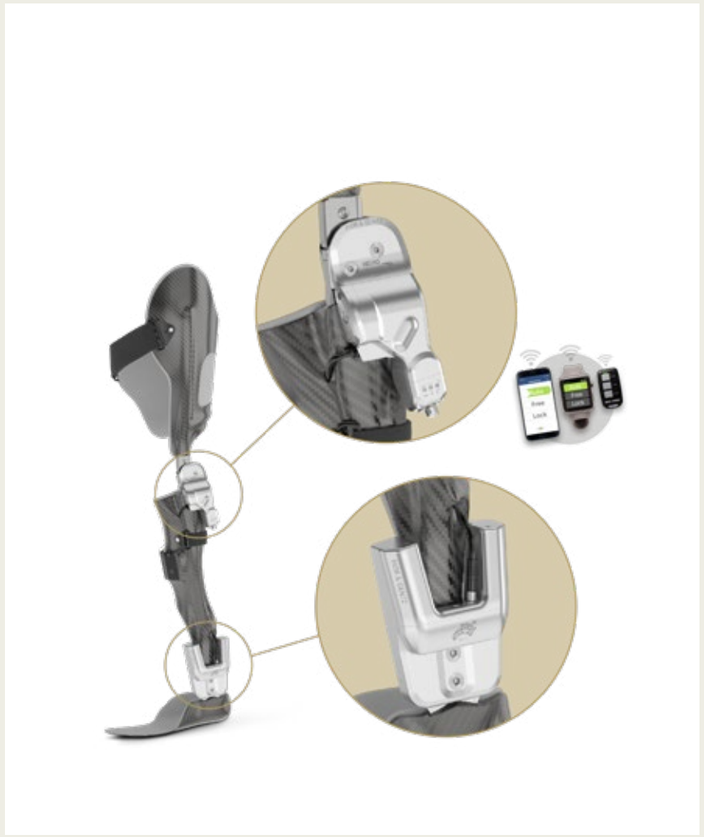


- Designed to provide customized support for patients with different levels of mobility impairment.
- If the patient's plantar flexors are weak, the orthosis provides compensatory stability during standing and walking, while enhancing safety and preventing falls.

Knee, Ankle and Foot Orthosis (KAFO)

- Designed to provide critical support for patients with paralysis or muscle weakness affecting the knee, ankle, and foot.
- The orthotic joints possess adjustable and dynamic functional elements that allow the orthosis function to be adapted to the patient's needs.

Neuro HiTronic and Neuro HiSwing R+ (Bionic Knee Joints)



- The Neuro HiTronic system knee joint and the Neuro HiSwing R+ system ankle joint are suitable for knee-ankle-foot orthosis (KAFO) with microprocessor-controlled swing phase and stance phase control providing a particularly high level of safety for the patient, while achieving a more natural gait.
- The Neuro HiSwing R+ as the worldwide first developed hydraulic system ankle joint could be also used in AFO's.

Chronic Neurological Disorders Represent a Significant Untapped Market Opportunity for Neuro Orthotics To Improve Patient Mobility

Examples of relevant indications for custom-made orthoses for paralyzed patients (non-exhaustive)

NEUROLOGICAL DISORDER	Stroke (Apoplexy)	Multiple Sclerosis	Cerebral Palsy (CP)	Spinal Cord Injuries
PREVALENCE	1 in 4 adults over the age of 25 will have a stroke in their life[1]	2.9m (globally)[3]	2 out of 1,000 live births will have Cerebral Palsy in their life[5]	15m (globally)[6]
MOBILITY STATISTICS	Est. 15-30% of stroke patients experience some form of lower limb weakness or paralysis. 25-30% of these patients do not regain their ability to walk independently[2]	Within 10-15 years of disease onset, 80% of patients report gait disturbance. 50-70% of MS patients report falls within 6-month period.[4]	At least 25% of adults with CP report deterioration in walking. Adults with CP experience 6x as many falls as healthy adults[5]	~70% of spinal cord patients end up in a wheelchair (powered or manual) while the remaining patients use walkers, braces, and crutches as their mobility aid[7]
MOBILITY SUPPORT	Canes/crutches, wheelchairs, physiotherapy, balance training, orthoses	Canes/crutches, wheelchairs, physiotherapy, balance training, orthoses	Braces, canes/crutches, wheelchairs, orthoses	Canes/crutches, walkers, wheelchairs, and scooters
ESTIMATED PENETRATION ORTHOTICS AND NEURO ORTHOTICS[8]	Developed Markets: Below 5% (Germany 15-20%)	Developed Markets: Below 5%	Developed Markets: Below 5%	Developed Markets: Below 5%

Sources:
1) www.world-stroke.org
2) AHA/ASA – Stroke Journal "Long-term outcomes of stroke patients with and without walking ability (B.B.Kwakkel, 2003)
3) National Multiple Sclerosis Society
4) http://herl.pitt.edu/jrrd/Souza_MS_Lit_review_JRRD.pdf
5) National Institutes of Health https://pmc.ncbi.nlm.nih.gov/articles/PMC9804547/Ss
6) World Health Organization https://www.who.int/news-room/fact-sheets/detail/spinal-cord-injury
7) https://www.researchgate.net/publication/287111063
8) Embla Medical Management estimates

INTERVIEW WITH

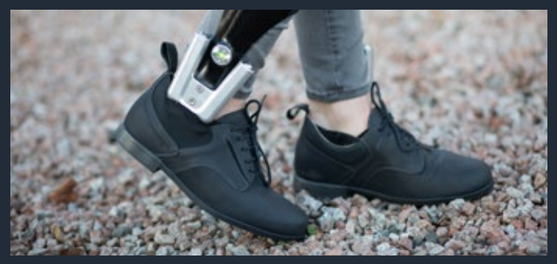
Jörg Fior
Fior & Gentz Founder

Ralf Gentz
Fior & Gentz Founder

Q1: What attracted you to join forces with Embla Medical, and how do you envision the combined business developing over the next 3-5 years?

A: Over the years, we've had ongoing dialog with Össur - now Embla Medical - as we share the same vision and mission about enabling life without limitations through transformative innovation that improves people's mobility. Joining Embla Medical is an exciting opportunity for us to expand our global reach and collaborate with talented people around the world. Additionally, our product offering in the neuro orthotic space is an excellent match to Embla Medical's Growth'27 strategy, which addresses chronic mobility challenges through a broad and innovative product portfolio.

In Germany, we have successfully established a proof-of-concept for our portfolio. If we can replicate this success in other markets, we should be able to develop and build a meaningful business over the next 3-5 years as there are many similarities to the prosthetics business.



Q2: How well established is the neuro orthotics market outside of Germany in terms of awareness, reimbursement, and infrastructure? Which markets will you prioritize?

A: Orthotics and Neuro Orthotics are partially established in some developed markets, but much depends on individual solutions addressing specific needs which may have obtained reimbursement in select markets. However, as a category, Neuro Orthotics remain far from maturity in most developed markets – likely one to two decades behind prosthetics – due to low awareness. Neuro Orthotics hold significant potential for treating a range of chronic neurological disorders across multiple markets if we are successful in increasing awareness and establishing reimbursement.

From a commercial perspective, our immediate priorities for the rollout strategy include the U.S., Western European markets, and Australia.

Q3: Can you talk about the innovation cycle and the need for ongoing replacements for patients?

A: We continuously launch new products as part of our product life cycle management strategy. The growing demand for personalized and functionally advanced neuro orthotics is driving a need for regular upgrades and product launches. This is especially true for sophisticated and intelligent products, such as Bionics.

All new product developments are highly innovative, ensuring our innovation leadership and competitive edge. On average, it takes about three years for new products to enter the market from idea through development to manufacturing and commercialization. This timeline varies based on factors such as functionality, level of sophistication, digitalization and reimbursement.

Commenting on the integration of Fior & Gentz within the Embla Medical commercial organization, Thomas Beckers, Managing Director Portfolio Brands, shared the following insights.

Q4: Has anything come as a surprise during the integration process? What has been the initial feedback from colleagues and your clinical customers?

A: Wherever we go, we get amazing feedback from both internal stakeholders, customers and patients. It is particularly rewarding to see patients' reactions after a test fitting. Patients can have high expectations when it comes to the solutions offered, which highlights the importance of properly training our customer base to assess patient needs and deliver custom fabricated solutions using Fior & Gentz joints.

Our local sales and marketing teams have shown great interest in the Fior & Gentz offerings. Our loyal customer relationships in key markets have helped us open doors and roll-out the portfolio. In most markets, we are appointing dedicated specialists who work closely with the local sales and marketing teams to ensure proper education, both internally and externally. Reimbursement remains a challenge in some markets, but through increasing awareness and proper education, we are seeing increased recognition of our neuro orthotic offerings. It will take time to develop this market, similar to the evolution we have seen in prosthetics over the years.

Expanding US Medicare coverage to K2 patients represents a Mid-to-Long-Term Growth Opportunity for Embla Medical

Classification of functional levels for prosthetic users

K1 ▪ Single-speed walker ▪ Household walking only **Not in scope for extended coverage**	**K2** ▪ Limited community walker ▪ Can handle curbs and stairs **In scope for extended coverage as of Sept 1, 2024**
K3 ▪ Unlimited community walker ▪ Can navigate most barriers **Lower extremity amputees under existing Medicare coverage**	**K4** ▪ Beyond basic walking ▪ High impact/high energy **Lower extremity amputees under existing Medicare coverage**

Today Medicare accounts for ~30% of the revenue of an avg O&P facility in the US. K2 and K3 patients account for the majority of Medicare's prosthetics claims today.

	K2	K3
Medicare **Claims**	~45%	~55%
Medicare **Payments**	~10%	~90%

Medicare total annual spend on lower limb MPKs: USD ~100M (Medicare + Medicare Advantage)

Source: Embla Medical Management estimates based on Medicare data

MARKETS

US MEDICARE COVERAGE EXPANDED

Expanded Coverage for Less Mobile K2 Patients

As of September 1, 2024, US Medicare expanded its coverage of microprocessor knees (MPKs or Bionic knees) to include K2-level amputees. This significant policy change will enable a broader patient population to access bionic knee technology.

Previously, Medicare had restricted access to these knees to only more active amputees classified as functional levels K3 and K4. Medicare changed its coverage policy based on a substantial body of research spanning more than a decade proving that more advanced prosthetic devices lead to significant clinical benefits for active K2 amputees, including reduced fall rates, improved mobility, and increased patient confidence while walking. These benefits, in turn, have the potential to improve patients' quality of life with also reducing healthcare expenditures.

This decision creates a pathway for K2 transfemoral amputees to use more functional knee and foot solutions than they have historically had access to. Importantly, K2 functional level patients account for a large part of the overall amputee population. Key requirements for K2 individuals to qualify for K3 knees and feet include (1) documentation that a bionic knee (MPK) or other K3 knee will improve functional outcomes, (2) that lower-level prosthetic options have been considered, and (3) that any microprocessor-controlled knee must include integrated stumble recovery.

In addition, the extended coverage may also grant these K2 functional level amputees with a transfemoral amputation access to a compatible high active K3 foot solution as a complement to the bionic knee when certain coverage criteria are met.

Embla Medical welcomes this decision, which we believe will considerably improve these individuals' lives, helping them become more active and able to perform critical activities of daily living more independently. As a leading global provider of innovative mobility solutions, we believe we can be part of the solution needed to address this patient population suffering from chronic mobility challenges, helping them live a Life Without Limitations®.

INTERVIEW WITH

Dave McGill

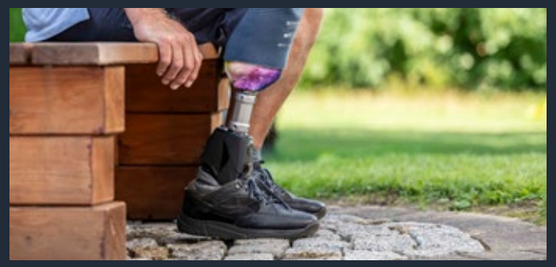
VP Market Access Americas

Q1: What are the biggest take aways from this coverage expansion – and what does it mean to Embla Medical and these patients?

A: This coverage expansion represents the most significant reimbursement change in lower extremity prosthetics of the 21st century. This is the first time ever US Medicare allows less mobile patients with amputations above the knee to receive microprocessor-controlled knees (MPKs). By doing so, Medicare has confirmed what clinicians have long understood and what research proves; that MPKs provide unique benefits to patients with greater mobility challenges. Embla Medical can now offer its technology to a patient group that historically was denied these devices.

Q2: How do you foresee the dynamics playing out between public and private payers regarding reimbursement?

A: Today, Medicare accounts for roughly 30% of all patients in an average O&P patient care facility. That's where we see the potential for more short-term growth – in Medicare. But more than half of an O&P's revenue comes from commercial health plans. Medicare's coverage expansion does not require those companies to follow suit. While we expect to see those commercial insurers adopt Medicare's new guidelines, we think that will happen



more slowly, as new Medicare policy tends to have a trickle-down effect on commercial health plans, but it doesn't happen overnight.

Q3: Could you please elaborate on the product validation / reimbursement approval process for bionic products? Is it harder to get K2 patients approved for these devices than K3 patients?

A: The short answer is that prosthetists will have to do more to get a K2 patient approved for an MPK than they do for a K3 patient. There are 5 new requirements that they must focus on: First, prosthetists have to show how a K3 knee will improve a patient's functional outcomes i.e. demonstrate that the MPK will help reduce falls/ injuries etc. Second, prosthetists have to show how the MPK will improve the K2 patient's ability to perform daily activities such as climbing stairs, grocery shopping, sitting and standing. Third, prosthetists have to document that they considered K2 knees and ruled them out. Fourth, prosthetists have to establish that the recommended MPK is "indicated" for use by K2 patients. Finally, prosthetists must use MPKs that have stumble recovery. Stumble recovery refers to one of the most basic functions of virtually all MPKs already on the market – the ability to increase resistance when the patient's knee would otherwise collapse. Össur's Rheo Knee and Navii and College Park's Icon have this function.

Q4: How have the different O&P clinics responded to the reform and is there any difference between independent O&P clinics and your network of patient care facilities? Are they similarly motivated?

A: Clinics see this as a long-overdue opportunity to provide patients with less mobility and a higher risk of falls prosthetic solutions that address those clinical issues. Ever since manufacturers first introduced MPKs, prosthetists understood that they would help K2 patients even more than K3's. This coverage expansion gives prosthetists the ability to provide a solution to patients that they have talked about for two decades. Our Market Access team has spent, and continues to spend, a great deal of time educating both independent O&P's and those that we own about these new requirements so that they can receive authorization approvals for these more advanced devices.

INNOVATION

PATIENT-DRIVEN INNOVATION

Strong Intellectual Property Portfolio

Developing and maintaining a strong intellectual property (IP) portfolio is key to sustaining our position at the forefront of innovation in the industry. Our IP portfolio consists of various types of IP assets, strategically developed, and registered to protect our products and technologies, as well as our industry-leading brands. At year-end 2024, the IP portfolio consisted of over 2,100 patents and patent applications as well as around 660 trademarks and 560 domain registrations. According to a report by the Icelandic Intellectual Property Office from 2023, Össur was recognized as the leading Icelandic company in patent filings in the field of life science for the period 2010-2022, having filed 63% of Icelandic patent applications in the United States and European Patent Offices.

Product Launches during 2024:

Pro-Flex® Terra

Össur
Prosthetics - Mechanical Feet

Pro-Flex Terra combines the performance expected from a high-active Pro-Flex foot with the adaptability and control needed for diverse everyday activities. With a pre-tensioned carbon unit, pre-compressed foam, and a single anchor point with gliding contact pad, Pro-Flex Terra is the next evolution in prosthetic foot technology.

Icon®

College Park
Prosthetics - Bionic Knees

Icon features responsive sensors, streamlined setup, and the intuitive Stride Studio™ app. Icon is a versatile solution for low to high activity users.

Navii®

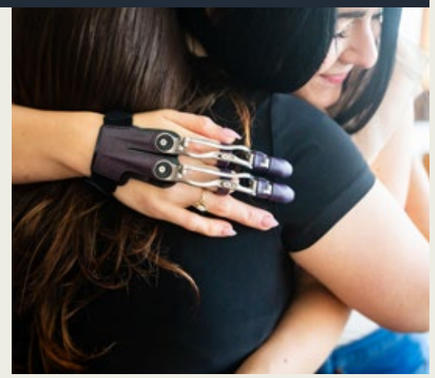
Össur
Prosthetics - Bionic Knees

Navii is a durable, waterproof microprocessor knee (MPK) with unparalleled freedom of movement. Navii ensures confidence in every step, no matter the terrain. Available in five nature-inspired colors, Navii's protective covers can be effortlessly switched with a magnetic snap-on to suit any occasion.

Iceross Seal-In® X Locking TF and Icelock® 850 Hybrid

Össur
Prosthetics - Liners

The Iceross Seal-In X Locking Liner TF provides users with a combination of locking suspension and Seal-In, combining the benefits of both. Paired with Icelock 850 Hybrid, users who prefer the direct, mechanical connection to the socket of locking liners can now experience the many benefits of Seal-In vacuum and Unity® elevated vacuum suspension by Össur.



Next Generation Finger Portfolio

Naked Prosthetics
Prosthetics - Upper Limb

The third generation of Naked Prosthetics technology features significant enhancements to the PIPDriver®, MCPDriver®, ThumbDriver®, and GripLock Finger®. With a refreshed color palette, new surface textures, and customizable hardware, this update delivers greater personalization and improved durability, driven by market feedback and advanced manufacturing.

INTERVIEW WITH

Sveinn Sölvason

President and CEO

Q1: Can you elaborate on the priorities for Embla Medical's R&D Strategy? What makes you most excited 3-5 years down the road?

A: Our ability to innovate and service amputees with advanced solutions, aimed at improving independence and quality of life is a core element and focus of our R&D strategy. We are beginning to see supportive changes in the reimbursement landscape around the world, validating advanced prosthetics for less mobile patients, which allows us to service that population with solutions that are intended to have significant impact on people's mobility. Considering the clinical and social needs of this particular patient group, makes this change highly important and encourages us on our patient centric journey.

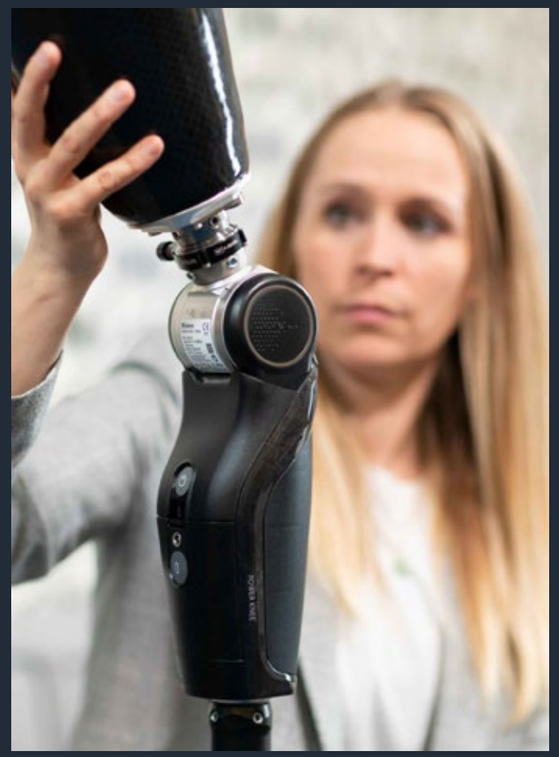
It is exciting to see how fast-evolving technologies such as Artificial Intelligence can play a critical role in product development and services going forward. This will undoubtedly transform our industry in the years to come and provide many new and exciting opportunities that will further improve quality of life for people around the world.

Q2: Embla Medical is known for being one of the pioneers and innovation leaders in the space of Prosthetics and Bionics – can you elaborate how your innovation model and solutions are differentiated in the industry?

A: Our innovation at Embla Medical is built on real patient needs with a great emphasis on customization, improving the experience, and usability for the individual patient.

What we aim to develop across Embla Medical are solutions that not only improve people's lives and mobility in the present but also in the future. A great example is our Pro-Flex® Pivot foot solution, which beyond offering a natural, comfortable, and adaptable gait for the amputee also limits the strain on the sound side knee, reducing the risk of developing osteoarthritis for our patients.

While we attempt to adopt every technical advancement available to us, we focus first and foremost on the application and how technology will directly benefit our patients. It is not always about complex technology, but it is always about patient perception and experience.



Q3: You have several external collaborators including Academia – can you talk to how these partnerships contribute?

A: Close collaboration with academia is important and allows us to access groundbreaking research very early on, interacting with subject matter experts in those fields. This allows us to focus on the application ourselves, the impact to patients, and practicalities around developing market-ready products. The partnership with universities also allows us to "pay it back" by granting students and faculty the opportunity to work in relation to a commercial environment where application and market needs are at the forefront. We see great value in these collaborations.

Q4: Last year you inaugurated a new innovation center – how has this helped drive the culture and collaboration across functions at Embla Medical?

A: It has been fantastic to finally establish a "new home" for our growing R&D team in Iceland, who are all dedicated to developing new solutions for the millions of people globally, who rely on our mobility solutions and services.

The new innovation center has further facilitated a "user centric" environment. We have a very open and informal atmosphere in R&D, which promotes our ways of working and the way we think about innovation, all the way from brainstorming and ideation through to concrete development projects and test activities. It's been great to see how interactions flourish across many functions within the organization with the opening of our new innovation center.

PERFORMANCE

FIVE-YEAR OVERVIEW

USD MILLION	2024	2023	2022	2021	2020
Net sales	**855**	786	719	719	630
Gross profit	**535**	486	440	455	391
Operating expenses (excl. other income)	**422**	398	373	360	338
EBITDA	**169**	139	114	149	93
EBITDA before special items	**173**	139	128	149	93
EBIT	**113**	89	65	97	28
Net profit	**69**	59	43	66	8
Sales Growth					
Sales growth USD %	**9**	9	0	14	(8)
- Organic growth %	**6**	9	4	10	(10)
- Currency effect %	**0**	(1)	(7)	3	0
- Acquired business %	**3**	1	3	1	2
Balance Sheet					
Total assets	**1,539**	1,386	1,325	1,247	1,214
Equity	**781**	705	636	627	577
Net interest-bearing debt (NIBD)	**414**	395	404	363	381
Cash Flow					
Cash generated by operations	**160**	126	92	128	119
Free cash flow	**77**	52	35	74	68

USD MILLION	2024	2023	2022	2021	2020
Key Ratios					
Gross profit margin %	**63**	62	61	63	62
EBIT margin %	**13**	11	9	14	4
EBITDA margin %	**20**	18	16	21	15
EBITDA margin before special items %	**20**	18	18	21	15
Equity ratio %	**51**	51	48	50	48
NIBD to EBITDA	**2.4**	2.8	3.2	2.4	4.1
Effective tax rate %	**24**	23	23	24	38
Return on equity %	**9**	9	7	11	1
CAPEX to net sales %	**4.6**	5.4	3.6	3.7	3.8
Full time equivalent at period end	**4,078**	3,999	3,892	3,761	3,385
Full time equivalent on average	**4,091**	3,945	3,866	3,668	3,505
Market					
Market value of equity	**2,125**	1,713	2,035	2,724	3,380
Number of shares in millions	**428**	421	423	423	423
EPS in US cents	**16.2**	14.0	10.3	15.6	1.9
Diluted EPS in US cents	**16.2**	14.0	10.3	15.5	1.9

PERFORMANCE

PERFORMANCE IN 2024

Financial Performance in 2024

- Sales amounted to USD 855 million where organic growth was 6% and local currency growth was 9% including acquisitions.
- Prosthetics & Neuro Orthotics sales grew by 9% organic, Bracing & Supports sales grew by 1% organic, and Patient Care sales grew by 5% organic. Growth is attributed to solid volume growth and positive product mix supported by strong performance in our high-end solutions.
- Gross profit margin was 63%, compared to 62% in 2023. The gross profit margin was positively impacted by cost reduction initiatives in manufacturing implemented during the first quarter of 2024, as well as favorable product mix and manufacturing efficiency.
- EBITDA margin before special items increased to 20% compared to 18% in 2023. The EBITDA margin expansion was driven by strong sales performance, cost savings and efficiency in manufacturing, and effective cost control in SG&A.
- Net profit grew by 17% and amounted to USD 69 million or 8% of sales compared to 7% of sales in 2023.
- Free cash flow amounted to USD 77 million or 9% of sales compared to 7% of sales in 2023.
- NIBD/EBITDA before special items was 2.4x at the end of 2024, within our target range of 2-3x EBITDA in line with our capital structure and capital allocation policy.

2025 Outlook

- Organic sales growth guidance is 5-8%, driven by continued strong volume growth and moderate price increases.
- EBITDA margin guidance is 20-21%, driven by scale and efficiency coupled with continued focus on cost control in SG&A.

Financial Guidance for 2025

USD MILLION	2024	2023	GUIDANCE 2025
Sales growth, organic	6%	9%	5-8%
EBITDA margin before special items	20%	18%	20-21%

Financial Performance

Sales Performance

Sales in 2024 amounted to USD 855 million, compared to USD 786 million in 2023, corresponding to 6% organic growth, a 9% increase including acquisitions (local currency growth) and a 9% reported growth (USD growth).

Impact on sales from acquisitions amounts to about a 3%-point positive effect on the reported growth rate. Currency movements in 2024 were neutral.

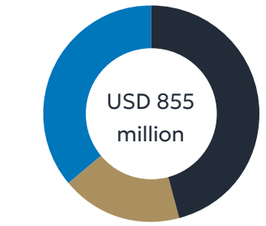
Sales by Geographical Segment

USD MILLION	2024	ORGANIC GROWTH	Δ ACQ.	Δ CURR. EFFECT	USD GROWTH
Americas	393	3%	0%	0%	2%
EMEA	395	10%	7%	0%	17%
APAC	67	4%	0%	(2%)	3%
Total	**855**	**6%**	**3%**	**0%**	**9%**

Sales by Business Segment

USD MILLION	2024	ORGANIC GROWTH	Δ ACQ.	Δ CURR. EFFECT	USD GROWTH
Prosthetics & Neuro Orthotics	451	9%	6%	(1%)	14%
Bracing & Supports	148	1%	0%	0%	1%
Internal product sales	(39)	9%	0%	(1%)	8%
External sales	**561**	**7%**	**5%**	**0%**	**11%**
Patient Care	294	5%	0%	0%	5%
Total	**855**	**6%**	**3%**	**0%**	**9%**

Business Segments



Prosthetics & Neuro Orthotics sales amounted to USD 451 million and grew by 9% organic in 2024. Bracing & Supports (B&S) sales amounted to USD 148 million and grew by 1% organic and Patient Care sales amounted to USD 294 million and grew by 5% organic.

Strong sales growth in Prosthetics and Neuro Orthotics was driven by solid volume growth and positive product mix supported by strong performance in our high-end solutions. Throughout 2024, the EMEA region demonstrated strong growth across key markets and product categories, including high-end solutions such as bionic and high-end mechanical feet.

Organic sales growth in Bracing and Supports came in modestly for the year where growth was good in key product categories, but sales were negatively impacted by challenging market dynamics in select product categories and markets.

In Patient Care, we delivered solid growth in 2024, driven by strong patient volume growth and positive mix effects, especially in EMEA.

Operations

Gross profit in 2024 amounted to USD 535 million or 63% of sales compared to 62% of sales in 2023. The gross profit margin was positively impacted by cost reduction initiatives in manufacturing implemented during Q1 2024 in addition to scalability from strong sales performance, positive product mix, and manufacturing efficiency.

Operating Expenses

Operating expenses, excluding other income, amounted to USD 422 million or 49% of sales compared to 51% of sales in 2023. Lower OPEX relative to sales can be attributed to effective cost control within SG&A during the year.

EBITDA

EBITDA before special items amounted to USD 173 million or 20% of sales, compared to EBITDA before special items of USD 139 million or 18% of sales in 2023.

The expanded EBITDA margin in 2024 compared to 2023 was mainly driven by an increase in our gross margin as well as effective cost control in our SG&A costs. Currency impact on the EBITDA margin including hedging was neutral compared to 2023.

Financial Items, Income Tax and Net Profit

Net financial expenses in 2024 amounted to USD 26 million compared to USD 17 million in 2023. The increase in financial expenses compared to prior periods is mainly related to the higher borrowings in relation to the acquisition of Fior & Gentz in January 2024. In addition, net exchange rate differences due to currency developments impacted our net financial expenses negatively by around USD 4 million in 2024 compared to 2023.

Income tax amounted to USD 22 million in 2024, corresponding to a 24% effective tax rate, compared to USD 17 million in 2023 or 23% effective tax rate.

Net profit in 2024 amounted to USD 69 million or 8% of sales, compared to USD 59 million or 7% of sales in 2023. Net profit was positively impacted by stronger operating profit but negatively impacted by net financial items. Diluted earnings per share in 2024 amounted to 16.2 US cents, compared to 14.0 in 2023.

Cash Flow

Cash generated by operations amounted to USD 160 million or 19% of sales in 2024 compared to USD 126 million or 16% of sales in 2023. Cash generation was strong in 2024, driven by increased sales and stronger operating profit.

Capital expenditures (CAPEX) amounted to USD 39 million or 5% of sales in 2024 compared to USD 42 million or 5% of sales in 2023. CAPEX in the year was above a normalized level, mainly driven by facility expansion programs at key locations to support future growth. Programs were concluded during the third quarter 2024 and CAPEX returned to normalized levels of 3-4% of sales in Q4 2024.

Free cash flow in 2024 amounted to USD 77 million or 9% of sales, compared to USD 52 million or 7% of sales in 2023. Free cash flow was positively impacted by stronger operating results but negatively impacted by higher interest expenses and CAPEX.

Bank balances and cash equivalents amounted to USD 86 million at year-end 2024 and USD 50 million of existing facilities were undrawn. Bank balances and cash equivalents in addition to undrawn credit facilities at the end of 2024, therefore, amounted to USD 136 million.

Capital Structure

Net Interest-Bearing Debt
Net interest-bearing debt, including lease liabilities, amounted to USD 414 million at year-end 2024 compared to USD 395 million at year-end 2023. Net interest-bearing debt to EBITDA before special items corresponded to 2.4x at year-end 2024, which is within the target range of 2.0-3.0x.

Share Buybacks and Dividends
The purpose of the share buyback 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.

The leverage ratio is back within the target range of 2.0-3.0x and therefore the share buyback program is to be reinitiated.

At year-end 2024, treasury shares totaled 701,647.

PERFORMANCE

GUIDANCE FOR 2025

GUIDANCE	GUIDANCE 2025	ACTUAL 2024
Sales growth, organic	5-8%	6%
EBITDA margin before special items	20-21%	20%
For Modeling Purposes		
CAPEX as % of sales	3-4%	5%
Effective tax rate	23-24%	24%

For 2025, organic sales growth is expected to be in the range of 5-8%. Continued strong performance is expected in Prosthetics & Neuro Orthotics across regions, supported by solid growth in the core business, contributions from the launch of bionic knees Navii® and Icon® expected in Q1 2025, and positive impact from the US Medicare Coverage Expansion for K2 patients. In addition, the ongoing rollout of our Neuro Orthotics offerings (Fior & Gentz) into new markets is expected to contribute to growth, leveraging Össur's global commercial infrastructure and the ForMotion footprint within O&P clinics.

In Patient Care, we expect good growth in line or above market growth across regions with solid volume growth, and increased efficiency increased efficiency, bearing in mind that EMEA may be somewhat impacted by a strong comparison in 2025 compared to 2024.

Lastly, Bracing & Supports is expected to grow approximately in line with market growth, with solid growth in key regions and product categories in 2025, but some competitive pressure in selected markets.

EBITDA margin is expected to be in the range of 20-21% for 2025. The EBITDA margin is expected to be positively impacted by solid sales performance, a favorable product mix from high-end solutions, continued efficiency gains in manufacturing, and cost control in SG&A.

Potential impact as a result of the US trade tariffs has not been reflected in the guidance. It should be noted that potential tariffs can directly negatively impact Embla Medical's cost of goods sold (COGS). However, significant uncertainty remains regarding the details of implementation and which product groups may eventually be affected. When the situation becomes clearer, Embla Medical will provide more specific communication around the potential impact on its business and financial guidance.

At current foreign exchange rates, the EBITDA margin is expected to have a largely neutral impact compared to 2024, assuming all other factors remain constant. Additional information on foreign exchange assumptions can be found in the next section.

Foreign Exchange

Sales are particularly exposed to fluctuations in the EUR/USD exchange rate. Additionally, 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, while sales in ISK are minimal. A breakdown 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 3.5-4.5 million when unhedged. The same movement in ISK/USD is estimated to have an annual impact on EBITDA in the range of +/- USD 3.5-4.5 million when unhedged. Embla Medical utilizes forward contracts to hedge approximately 50% of the estimated net currency exposure in ISK.

GOVERNANCE

SHAREHOLDER INFORMATION

Embla Medical is a large cap company that has been listed on the Nasdaq Copenhagen since 2009 and prior to that on Nasdaq Iceland since 1999.

At year-end 2024, the share capital of Embla Medical was 427,636,122 nominal value, divided into the same number of shares. There is only one class of shares, and all shares carry one vote, besides treasury shares that do not carry voting rights.

Key Information Table

Market	ISIN	Ticker	Industry	No. of Shares
Nasdaq Copenhagen	IS0000000040	EMBLA	Healthcare	427,636,122

Ownership Structure

William Demant Foundation — Grant Activities

100%

William Demant Invest

Strategic Long-Term Investments

Demant 55-60%	EMBLA MEDICAL™ 51%	visionrt 93%	jeudan 42%
Vitrolife 29%	CELLAVISION 20%	REVENIO 20%	INVISIO® 18%

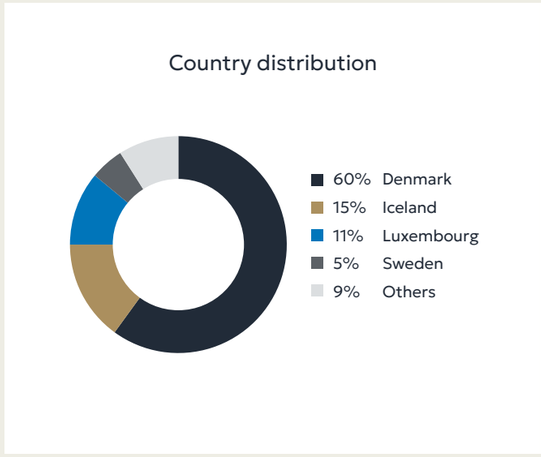
Other Investments

GN >10%	PLEO 8%

Embla Medical's largest shareholder is William Demant Invest A/S (WDI) which held 51% of the total shares and 51% of the voting rights at year-end 2024.

WDI has been a shareholder in Embla Medical (previously Össur) since 2004. In an announcement from WDI on 4 January 2018, when their ownership in Embla Medical crossed the 50% threshold, it was stated that the intention was to hold 50-60% of Embla Medical's shares going forward. Apart from Embla Medical, the fund's investment activities include holdings in Demant, a leading provider of hearing aids, as well as Vision RT, Vitrolife, CellaVision, Revenio, Jeudan, INVISIO, GN Store Nord and Pleo. At year-end 2024, the following shareholders had announced holdings above 5% to the company.

Shareholders - Geographical Distribution



Major Shareholders

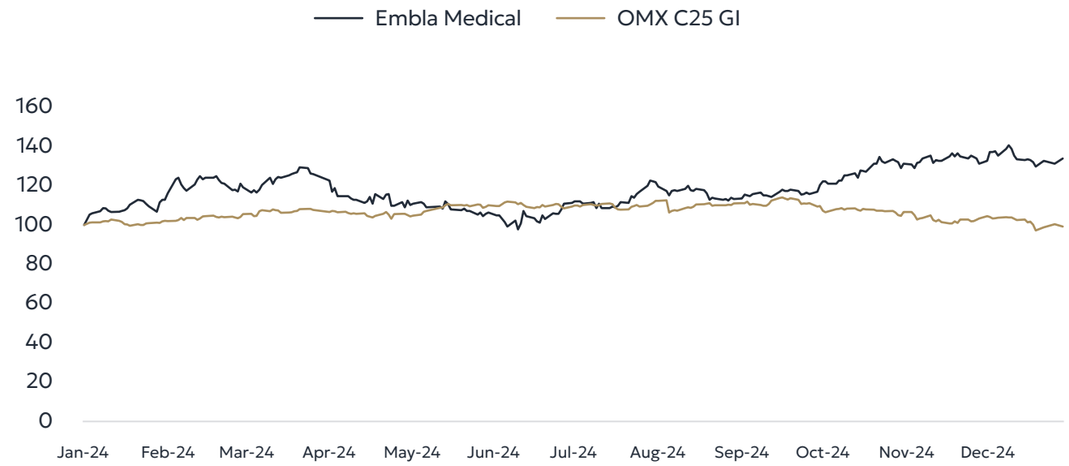
The following shareholders have announced holdings above 5% to the company:

INVESTOR	TYPE	COUNTRY	THRESHOLD CROSSED
William Demant Invest	Investment Fund	Denmark	50%
Inter Long Term Capital S.A.	Investment Fund	Luxembourg	10%
ATP	Pension Fund	Denmark	5%
Lífeyrissjóður verzlunarmanna	Pension Fund	Iceland	5%

Share Performance

Embla Medical's share price increased by 30% in 2024, from DKK 27.5 per share at year-end 2023 to DKK 35.6 per share at year-end 2024. Embla Medical's market capitalization was DKK 15.3 billion (USD 2.1 billion) at year-end 2024 compared to DKK 11.6 billion (USD 1.7 billion) at year-end 2023.

Share Performance (Indexed)



Capital Allocation

With emphasis on growth opportunities, value-adding investment opportunities and acquisitions, Embla Medical decided to discontinue dividend payments in 2022 and instead focus on returning excess capital to shareholders via purchase of own shares. This is in accordance with Embla Medical's Capital Structure and Capital Allocation Policy approved by the Board of Directors in 2022.

During 2024, Embla Medical's share buyback program has been temporialy on pause following the acquisition of Fior & Gentz announced on January 16, 2024. The share buyback program is however now to be reinitiated granted that the net interest-bearing debt to EBITDA at year-end was 2.4x which is within the target range of 2.0-3.0x.

At year-end 2024, treasury shares totaled 701,647.

Since 2013, when Embla Medical started returning capital to shareholders, we have paid out total of 245 million USD.

Annual General Meeting

Embla Medical's AGM will be held on 12 March 2025. The meeting is convened with at least three weeks' notice. The AGM results are sent to the news system of Nasdaq immediately following the meeting and are also made available on Embla Medical's IR website.

Analyst Coverage 2024/2025

COMPANY	ANALYST	EMAIL	COUNTRY
ABG Sundal Collier	Morten Larsen	morten.larsen@abgsc.dk	Denmark
Carnegie	Niels Granholm-Leth	niels.leth@carnegie.dk	Denmark
Danske Bank	Tobias Nissen	tonis@danskebank.dk	Denmark
Nordea	Martin Brenøe	martin.brenoe@nordea.com	Denmark
SEB	Yiwei Zhou	yiwei.zhou@seb.dk	Denmark
DNB	Jesper Ingildsen	jesper.ingildsen@dnb.no	UK
Økonomisk Ugebrev	Steen Albrechtsen	sa@ugebrev.dk	Denmark
Intron Health Research	Naresh Chouhan	naresh@intronhealthresearch.com	UK

Financial Calendar

Q1 2025

Annual General Meeting
12 March 2025

Interim Report Q1
29 April 2025

Q2 2025

Interim Report Q2
22 July 2025

Q3 2025

Interim Report Q3
21 October 2025

Q4 2025

Interim Report Q4 and Annual Report 2025
3 February 2026

Investor Relations

Embla Medical's policy is to disclose financial and corporate information to provide investors, analysts, and other stakeholders with comprehensive and accurate information to help them understand Embla Medical's current and expected developments.

Financial reports, announcements, presentations, the financial calendar, upcoming events, share information, and other information can be found on the company's website.

Contact Investor Relations and Corporate Communications

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VP Corporate Communications

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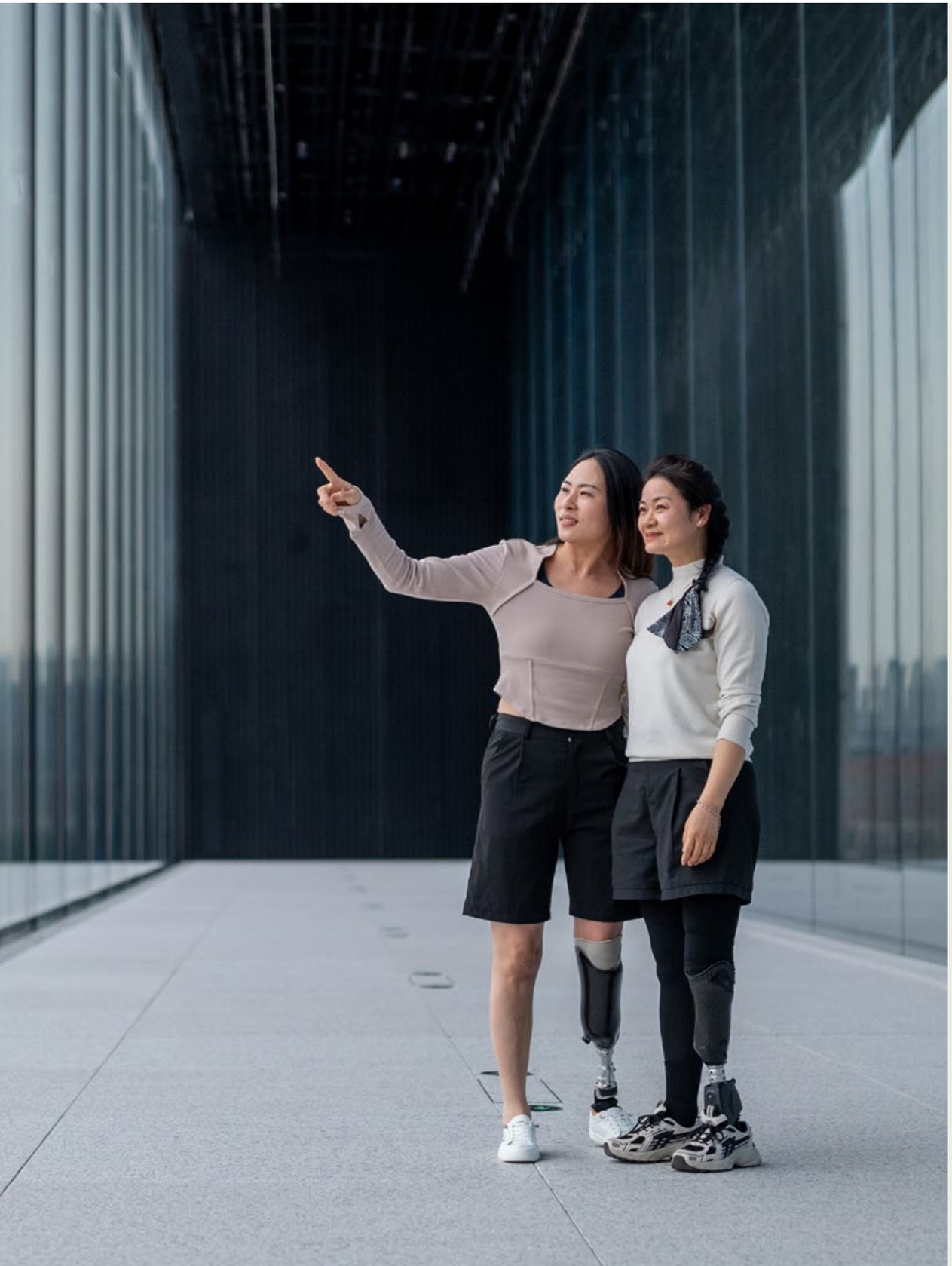

GOVERNANCE

CORPORATE GOVERNANCE

Organizational Structure

According to the Articles of Association, Embla Medical is managed by Shareholders' Meetings, the Board of Directors (the Board), and the Chief Executive Officer (CEO). Their roles and responsibilities are described below.

Shareholders' Meetings

The supreme authority in Embla Medical's affairs is in the hands of lawful Shareholders' Meetings, within the limits provided for in the Articles of Association and law.

Resolutions at Shareholders' Meetings generally require a simple majority. However, resolutions to amend the Articles of Association generally require two-thirds of the votes cast and capital represented.

Minutes of Shareholders' Meetings are available on our website.

At each Annual General Meeting the Shareholders:

- Confirm the Consolidated Financial Statements and decide on the distribution of the net profit.
- Approve the Remuneration Policy.
- Decide on the remuneration for the Board of Directors.
- Elect the Board of Directors.
- Elect an auditor.

Other resolutions are made on an ad-hoc basis, such as:

- Amendments to the Articles of Association:
  - Capital reductions.
  - Authorizations for the Board of Directors to increase the share capital.
- Authorizations to the Board of Directors:
  - Purchase own shares.
  - Initiate share buyback programs.

Board of Directors

The Board of Directors is the supreme authority in Embla Medical's affairs between Shareholders' Meetings. The Board shall operate in accordance with the Articles of Association and the Board's Rules of Procedure.

The Board of Directors' work, role and responsibilities are further described in the Board's Rules of Procedure, which are reviewed annually by the Board and updated as necessary.

The Board's Rules of Procedure are available on our website.

The Board of Directors is composed of six members, all elected by the Shareholders at the Annual General Meeting for a term of one year. The Board shall be represented by at least 40% of each gender. Currently, there are three men and three women on the Board. Half of the Board has served for several years, which ensures consistency and good insights into Embla Medical's business and markets. Three of the Board Members are considered independent in accordance with the Danish Recommendations on Corporate Governance.

The Chair and the Vice Chair of the Board of Directors are elected each year following the Annual General Meeting. The Chair's main responsibility is to ensure that the Board performs its duties in an orderly and efficient manner. In the absence of the Chair, the Vice Chair performs their duties. Niels Jacobsen has served as the Chair since 2006 and Svafa Grönfeldt as the Vice Chair since 2021.

Further information on the Board of Directors is available on our website.

The Board has various roles and responsibilities:

- Establish goals for Embla Medical and formulate the policy and strategy to achieve those goals.
- Hire a CEO to manage the daily operations, supervise activities and ensure that Embla Medical's organization and operations are in proper order.
- Ensure adequate surveillance of the accounting and financial management.
- Evaluate the capital structure.
- Evaluate the performance of the Board and the CEO.

The Board of Directors' Annual Schedule

Quarter 1

January Meeting
- Full-year results
- Corporate Governance Statement
- Capital Structure and Capital Allocation Policy
- Agenda for the Annual General Meeting

Annual General Meeting

March Meeting
- Election of Chair and Vice Chair
- Appointment of the Audit Committee
- Review of Internal Rules

Quarter 2

April Meeting
- Quarterly results

Quarter 3

July Meeting
- Half-year results

September Meeting
- Strategy

Quarter 4

October Meeting
- Quarterly results

December Meeting
- Strategy and forecast
- Performance evaluation

BOARD MEMBER	INDEPENDENT	NATIONALITY	GENDER	BOARD TENURE	BOARD MEETINGS ATTENDED
Niels Jacobsen, Chair	No	Danish	Male	19 years	●●●●●●●●
Svafa Grönfeldt, Vice Chair	No	Icelandic	Female	16 years	●●●●●●●●
Arne Boye Nielsen	No	Danish	Male	15 years	●●●●●●●●
Alberto Esquenazi	Yes	American	Male	4 years	●●●●●●●●
Tina Abild Olesen*	Yes	Danish	Female	1 year	○○●●●●●●
Caroline Vagner Rosenstand*	Yes	Danish	Female	1 year	○○●●●●●●

* Tina Abild Olesen and Caroline Vagner Rosenstand were elected to the Board at the Annual General Meeting in March 2024. Gudbjörg Edda Eggertsdóttir resigned from the Board at the same time

Audit Committee

The Audit Committee's main objective is to ensure a competent and independent audit of Embla Medical and supervise the internal control system and risk management. The Audit Committee's responsibilities are further described in the Audit Committee's Terms of Reference, which are reviewed annually by the Board of Directors and updated as necessary. The Audit Committee's Terms of Reference are available on our website.

The Audit Committee is composed of three Board members. The majority of the Audit Committee shall be independent of Embla Medical, the CEO and the Auditor.

Audit Committee members shall possess the knowledge and expertise needed to perform the tasks of the Audit Committee. At least one Audit Committee member shall have solid knowledge and experience in the field of financial statements or auditing. Arne Boye Nielsen has served as the Chair of the Audit Committee since 2012.

Further information on the Audit Committee is available on our website.

The Audit Committee has various roles and responsibilities:

- Ensure a competent and independent audit.
- Submit proposals to the Board on the nomination of an auditor candidate at the Annual General Meeting.
- Submit proposals to the Board on an agreement with the Auditor, containing e.g. provisions on the audit fees as well as the general scope of the Auditor's non-audit services.
- Monitor and evaluate the Auditor's work, including the audit of statutory audit of the financial statements and annual report, taking into consideration the results of the most recent quality control.
- Report the result of the statutory audit, including the financial reporting process, to the Board.
- Monitor the progress made on sustainability targets and report the result to the Board.
- Monitor and assess Embla Medical's internal control systems and enterprise risk management systems and perform other related tasks and duties.
- Monitor the financial and sustainability reporting process and report to the Board on significant accounting policies, significant accounting estimates, related party transactions and uncertainties and risks, including in relation to the outlook, prior to the Board's approval of financial statements.
- Assess the need for an internal audit function taking into consideration the scale and complexity of Embla Medical's activities, risk factors and cost / benefit considerations.
- Monitor Embla Medical's Speak-Up Line.
- Monitor Embla Medical's Tax Policy.

The Audit Committee's Annual Schedule

Quarter 1

January Meeting

- Audit report (presented by the Auditors)
- Review of Q4 and full year results
- Related party transactions
- Report on external lending
- Compliance & Security update
- Internal Control update

Quarter 2

April Meeting

- Election of Chair
- Annual Schedule
- Review of Q1 results
- Related party transactions
- Internal Control and Risk Management update
- Status of entities integration and systems implementation
- ESG / CSRD reporting update

Quarter 3

July Meeting

- Audit plan and fees for the coming year (presented by the Auditors)
- Review of Q2 results
- Related party transactions
- Internal Control and Risk Management update
- Report on external lending
- ESG / CSRD reporting update

Quarter 4

October Meeting

- Report on valuation methods on significant accounting estimates
- Review of Q3 results
- Related party transactions
- Internal Control and Risk Management update
- Status of entities integration and systems implementation
- Tax update

December Meeting

- Meeting with the Auditors (including private session)
- Report on Internal Control and Enterprise Risk Management
- Security update
- Code of Conduct update
- Speak-Up Line status
- Assessment of the need for an internal audit
- ESG / CSRD reporting update
- Financial forecast assumptions and risk
- Proposal to the Board on nomination of auditors and auditor's agreement

The Audit Committee Meetings

AUDIT COMMITEE MEMBER	MEETINGS ATTENDED
Arne Boye Nielsen, Chair	●●●●●
Alberto Esquenazi	●●●●●
Caroline Vagner Rosenstand	○●●●●

* Caroline Vagner Rosenstand was appointed to the Audit Committee in March 2024 to replace Gudbjörg Edda Eggertsdóttir

Nomination Committee

A Nomination Committee was established in 2022. The Nomination Committee's main objective is to prepare recommendations to the Board in relation to the composition, development, and succession of the Board. The Nomination Committee's responsibilities are further described in the Nomination Committee's Terms of Reference, which are reviewed annually by the Board of Directors and updated as necessary. The Nomination Committee's Terms of Reference are available on our website.

The Nomination Committee is composed of the Chair of the Board and the Chair of the Audit Committee.

Remuneration Committee

A Remuneration Committee was established in 2022. The Remuneration Committee's main objective is to prepare recommendations to the Board in relation to the remuneration policy and remuneration for the Board, the CEO, and the Executive Management. The Remuneration Committee's responsibilities are further described in the Remuneration Committee's Terms of Reference, which are reviewed annually by the Board of Directors and updated as necessary. The Remuneration Committee's Terms of Reference are available on our website.

The Remuneration Committee is composed of the Chair of the Board and the Chair of the Audit Committee.

Board Performance Evaluation

The Board of Directors conducts a performance evaluation each year. The Chair oversees the evaluation process and proposes actions to be taken, if any. The Chair seeks external assistance at least every three years. The Board performance evaluation for 2024 was discussed by the Board in December 2024.

The topics discussed included the following:

- Size and composition of the Board
- Board collaboration and the Chair's leadership
- Board meetings and Board material
- Board responsibilities and focus areas
- The Executive Management's performance and collaboration with the Board

The main conclusion of the performance evaluation for 2024 was that the Board performs at a high level and contributes to Embla Medical's growth and value creation.

Chief Executive Officer

The CEO is responsible for Embla Medical's daily operations and is obliged to follow the Board of Directors' policy and directions, within the limits provided for by the Articles of Association and law. The daily operations do not include measures that are unusual or extraordinary, which may generally only be taken if specially authorized by the Board.

The CEO is not a Board member, but shall attend Board Meetings and has the right to participate in discussions and put forward proposals, unless otherwise decided by the Board in specific instances.

The Board of Directors evaluates the CEO's performance each year. Subsequently, the Chair of the Board and the CEO have a meeting to discuss the results of the evaluation and the actions to be taken, if any.

Remuneration of the Board of Directors and the Executive Management

At Embla Medical's Annual General Meeting on 13 March 2024, the shareholders approved a Remuneration Policy, which applies to the Board of Directors, the CEO and other members of the Executive Management. The Remuneration Policy was prepared by the Remuneration Committee and approved by the Board of Directors without any amendments. The Remuneration Policy is available on our website.

Information on the remuneration of the Board of Directors, the CEO and other members of the Executive Management can be found in the Remuneration Report, available on our website.

Recommendations for Corporate Governance

Embla Medical follows the Danish Recommendations for Corporate Governance issued on 2 December 2020 by the Danish Committee on Corporate Governance, which are available on the Committee's website. The Recommendations are the best practice guidelines for companies admitted to trading on a regulated market in Denmark.

Each year, the Board of Directors evaluates and decides to what extent Embla Medical should comply with the Recommendations and consequently, whether relevant rules, policies and processes should be adopted or updated.

In general, the Board of Directors shares the Committee's views on corporate governance and, accordingly, Embla Medical complies with most of the recommendations. In the few cases where Embla Medical deviates from the Recommendations, the "comply or explain" principle is applied, and well-founded explanations are provided on why the relevant recommendation is not considered appropriate or desirable for Embla Medical.

Embla Medical's Corporate Governance Report is approved by the Board of Directors. The Report includes both the statutory statement on corporate governance as well as comments and information on each item in the Recommendations. The Corporate Governance Report is available on our website.

Executive Management

Embla Medical also has a wider Executive Management consisting of the CEO, the CFO and Executive Vice Presidents.

The Executive Management generally meets every week and collectively prepares and implements Embla Medical's strategic plans. The CEO is responsible for the work and results of the Executive Management.

The CEO evaluates the performance of other members of the Executive Management each year and discusses the results of the evaluation with each member and the actions to be taken, if any.

Further information on the Executive Management is available on our website.

GOVERNANCE

RISK MANAGEMENT

Key Risks

An investment in Embla Medical involves various risks as the business, financial conditions, and operational results rest upon certain assumptions and could be negatively affected if any of the factors described in this chapter occur. Even though the long-term prospects and underlying fundamental drivers of our markets are not expected to change, Embla Medical highlights four key risks which are currently considered the most relevant. In addition to these risks, Embla Medical faces a range of other relevant risks described below.

Embla Medical cannot ensure that the given assumptions for the description of any of these risks are correct. Additional risks and uncertainties, as well as risks that Embla Medical currently deems immaterial or are not presently known to us, may adversely affect our business, financial conditions, and operational results.

I. Reimbursement Landscape

Description
Most of Embla Medical's products and services are reimbursed by third-party payers, including both government healthcare programs and private health insurance plans. Third-party payers continue to develop methods of controlling healthcare costs, including reviews of claims, selective contracting, and competitive bidding. Our business depends on understanding and adapting to reimbursement and insurance plans in all markets where we conduct our business.

Potential Impact
These cost-control methods may limit or even eliminate the coverage and the amount of payment for which third-party payers may be willing to pay for Embla Medical's products and services. As a result, customers may reduce or eliminate purchases and sales may decline significantly. Reviews of claims may lead to repayment of prior sales. Finally, failing to understand and adapt to changes in reimbursement systems, may affect Embla Medical's license to operate and thus affect our sales.

Mitigative Actions
Embla Medical only brings products and services to the market that address medical indications, and which are clinically validated. In addition, we apply our reimbursement knowledge from the earliest stages of product development to the post-sale education of customers. Finally, we monitor and analyze changes to the reimbursement landscape in the markets where we operate and adapt our reimbursement strategy accordingly.

II. Regulatory Requirements

Description
Embla Medical's products and services are subject to global and local regulations. Such regulations can restrict practically all aspects of a medical device's design and testing, manufacturing, safety, labeling, storage, record-keeping, reporting, clearance and approval, promotion, distribution, and services. In our interactions with government officials, healthcare professionals, and business partners, we must comply with relevant third-party regulatory requirements. Finally, our footprint is growing in new emerging markets which are characterized by complex regulations, business volatility and unpredictability.

Potential Impact
Failure to comply with the regulatory requirements of the applicable authority may subject Embla Medical to fines, penalties, sanctions, or product withdrawals. If we would fail to receive regulatory clearance and approval for our products and services it could adversely affect our sales and potential for future growth, threaten our license to operate in the respective market, and affect our brand and reputation.

Mitigative Actions
Embla Medical maintains a robust global quality system that complies with international medical device standards, and which forms an intrinsic part of internal processes. Embla Medical also has a regulatory compliance program, including a Code of Conduct, in which our employees identify, assess, manage, and report potential risks from international and local regulations in the countries where we market and sell our products and services. Finally, tracking and analyzing regulatory requirements of new markets forms a part of our market access strategy.

III. New Technologies

Description
Embla Medical operates in markets that are characterized by rapid technological change, driven by extensive research that is conducted by market participants. Technological innovation takes place at various stages in our value chain and may include individual components, design, and functionalities of our products and services.

Potential Impact
The development by suppliers or competitors of substitute products or components that better satisfy market demands could have a material adverse effect on Embla Medical's business and results of operations. A failure to develop new products or enhance existing products could also have a material adverse effect on our operations and potential for future growth.

Mitigative Actions
Embla Medical's significant investment in research and development and constant strive for finding innovative technologies, has resulted in a vast intellectual property portfolio and a strong position to compete with potential new entries. External connections with universities, research institutes and investors, provide us with the opportunity to stay informed and review emerging innovation as part of acquisitions or research cooperation initiatives.

IV. Industry Consolidation, Forward Integration, and Acquisitions

Description
Major shifts in Embla Medical's marketplace include the consolidation of orthotics and prosthetics (O&P) manufacturers and forward integration, which involves acquiring service providers in the O&P industry. It remains uncertain to what degree we will be able to participate in manufacturer consolidation, forward integration or other acquisition opportunities and how it will affect our operations. Industry consolidation, forward integration, and acquisitions can lead to increased challenges and complexity and our success depends in part on our ability to effectively operate in this changing marketplace.

Potential Impact
The consolidation has been a material contributor to the external growth of Embla Medical in the past. Acquisitions also play a key role in our growth and market expansion but come with risks such as operational impact, integration challenges, and unmet strategic objectives. If we were not to participate in further consolidation, forward integration or strategic acquisitions, it might limit our potential for future growth. In addition, these market trends may impact the competitive landscape of the industries and the associated market shares. Finally, these changes in the marketplace may impact our customers and patients, and interactions with them.

Mitigative Actions
It is at the core of our strategy to operate effectively in this changing marketplace. Embla Medical continuously reviews value enhancing acquisitions and investment opportunities in our business segments and keeps a good relationship with the relevant stakeholders in the industry. By enhancing acquisition and integration practices, we aim to reduce risks and maximize the value of acquisitions. We operate our own clinics in certain regions and have partnership programs in place with healthcare providers to offer customers quality products and services in the interest of our end-users. These measures collectively support Embla Medical's ability to navigate market shifts and capitalize on growth opportunities.

Other Risks

In addition to the key risks, Embla Medical is exposed to other risks that can potentially impact our business. Other material and relevant risks are presented below.

IT systems are integral to Embla Medical's operations
Embla Medical employs the ISO 27001 standard for its information security governance and risk management framework. Through a risk assessment, critical systems vital for business operations were identified, including ERP, warehouse, communication, and email systems with underlying infrastructure. Failure in these systems could severely impact order processing, deliveries, and manufacturing. To enhance business continuity, Embla Medical transitioned from on-premises datacenters to a global cloud environment, following a cloud-first strategy for new applications. Embla Medical is also enhancing its readiness to deal with severe incidents by implementing a more formal structure in business continuity planning.

Cybersecurity threats are an escalating concern for businesses across diverse industries. At Embla Medical, where our day-to-day operations heavily depend on technology and IT infrastructure, a cyber-attack or downtime in our IT systems could have severe consequences for our business, impacting both operations and financial stability.

Embla Medical relies on specific critical product suppliers and certain raw materials
Embla Medical relies on suppliers for component manufacturing. Any failure to deliver raw materials could thereby adversely impact financial results. To mitigate this risk, Embla Medical conducts regular audits of critical suppliers, maintains safety stock, and carefully selects and onboards suppliers for crucial raw materials.

Embla Medical must attract, retain, and actively engage skilled and competent personnel
Embla Medical continuously works to attract and retain skilled employees to sustain innovative success, recognizing that failure in this aspect poses a risk. Therefore, Embla Medical prioritizes employee engagement, development, and explores creative collaboration for health, safety, and morale.

Embla Medical is exposed to financing risks and instability within financial markets
As a global business, Embla Medical is exposed to various risk factors originating in the international financial markets, among which are liquidity risk, interest rate risk, foreign exchange risk, credit risk and counterparty risk on cash held with financial institutions. These risk factors are managed according to internal rules that are outlined in Embla Medical's Treasury Policy.

Embla Medical is exposed to fluctuations in major operational currencies
Embla Medical's functional and reporting currency is the US dollar, hence fluctuations in local currencies can have an impact on the operations of Embla Medical. Fluctuation in the exchange rates between the US dollar, Euro, Icelandic krona, and other currencies where Embla Medical operates can have a significant impact on the financial condition and results of Embla Medical's operations.

Embla Medical's activities are subject to privacy laws, which could have an impact on its operations
Data protection laws and regulations, including the General Data Protection Regulation in Europe and the Health Insurance Portability and Accountability Act in the US regulate the processing, transmission, maintenance, use and disclosure of personal data, including protected health information. There are costs and administrative burdens associated with ongoing compliance with these laws and any failure to comply with current and applicable future requirements could severely damage Embla Medical's reputation and possibly lead to significant fines.

Embla Medical's activities are subject to climate change risks
In today's business landscape, climate change poses significant risks across various sectors. Compliance with environmental legislation and the EU Corporate Sustainability Reporting Directive (CSRD), involves substantial costs and administrative challenges. Non-compliance could harm our reputation and result in fines. To manage these risks, Embla Medical conducts annual climate risk assessments to identify and evaluate potential physical and transitional risks related to climate change.

In line with the CSRD, Embla Medical performs Double Materiality Assessments, considering both the financial impact of sustainability risks on our organization and the impacts of our operations on people and the environment. This holistic approach ensures regulatory compliance and supports our sustainability performance. By integrating these practices into our corporate governance, Embla Medical is well-positioned to navigate climate change complexities and contribute to a sustainable future.

Embla Medical's master data management is critical to business operations
Master data, including financial, tax, vendor, customer, pricing, and contract information, is essential to Embla Medical's operations. Insufficient management of this data poses risks such as unauthorized access, inaccuracies, and over-reliance on manual processes, potentially leading to financial losses, inefficiencies, and compliance issues. To address these risks, Embla Medical continues to strengthen its master data framework by establishing clear governance, restricting system access to authorized users, and implementing strict delegation of authority for data changes. These measures ensure the integrity of critical data and alignment with operational and regulatory needs.

GOVERNANCE

TAXATION

Our Responsibility Towards Taxation

Taxation is an integrated part of Embla Medical's business, applying the same core values and committing to UN Sustainable Developments Goals 8 and 16 to determine our global tax footprint, acknowledging that being a sustainable, responsible and compliant taxpayer is part of our corporate social responsibility.

Embla Medical's Approach towards Taxation follows below Principles:

Compliance & Transparency
Embla Medical complies with local legislation and international regulations, both in letter and spirit, guided by prudence and transparency: committing to payment of all relevant domestic and foreign taxes and adhering to transactional and periodical filing obligations, with accuracy, good faith and on time. We recognize the importance of technology for accuracy and reliability of our tax processes, tax reporting and tax compliance obligations. Embla Medical is part of the William Demant Invest A/S Consolidated Group reporting on Country-by-Country Reporting and the OECD Global Anti-Abuse Erosion Model Rules (referred to as Pillar Two). We reply to any enquiries from authorities or inform external stakeholders on our approach towards taxation, our annual tax payments and our tax position in a timely and open manner.

Business Driven Approach
In managing our tax affairs, Embla Medical acts responsibly. Commercial considerations drive our business structure to align with our business activities, ensuring genuine substance to operations. We do not enter into artificial and aggressive tax planning for transactions and investments, nor do we operate in tax havens. We operate in accordance with the OECD Principles on Transfer Pricing (arm's length principle) to ensure a fair revenue split between and tax payments in the countries where value is created, and economic activities take place.

Tax Incentives
When applying for tax credits, Embla Medical ensures compliance with its business and the legislative objectives, utilization in a manner intended by the granting authorities. We have been granted two tax incentives for R&D activities, in Iceland (Össur) and the UK (Touch Bionics).

Governance
Embla Medical's Tax Policy is the responsibility of the Board of Directors, assigned to the Chief Financial Officer supported by an inhouse Global Tax team and external experts, advising and instructing the business on (potential) tax implication of commercial, organizational, business and in-/divestment decisions.

Managing Tax Risks

Embla Medical manages its tax affairs in a responsible way to protect its assets and reputation and as an integral part of our Risk Management Framework, with continuous monitoring of new legislation and developments in the countries it operates to:

- Ensure we are compliant with tax law and regulations.
- Ensure transparency on tax planning and tax contribution towards society.
- Minimize the (unforeseen) tax impact of any changing regulations or new business initiatives.

GOVERNANCE

BOARD OF DIRECTORS

Niels Jacobsen

Chair of the Board of Directors

Born in 1957
Member of the Board of Directors since 2005

Education
- Master of Science (MSc) degree in Economics from the University of Aarhus in Denmark

Board positions
- Thomas B. Thrige Foundation, Chair
- ABOUT YOU Holding GmbH, Deputy Chair
- ATP Langsigtet Dansk Kapital, member of Advisory Board
- Central Board of the Confederation of Danish Industry, member

Additional duties related to William Demant Invest A/S
- Demant A/S, Deputy Chair
- Jeudan A/S, Chair
- Vision RT Ltd, Chair

Experience
Niels Jacobsen has extensive leadership experience from major international companies. His competencies include business management and in-depth knowledge of financial matters, accounting, risk management and M&A. He has broad experience from the global healthcare industry. He is currently CEO of William Demant Invest A/S and prior to that he was President & CEO of Demant A/S (formerly William Demant Holding A/S).

Shares held in Embla Medical
203,330 (incl. related parties).
Niels holds no share options in Embla Medical.

Other
Niels has no interest links with Embla Medical's main clients or competitors. Niels is a dependent member of the Board as he represents the interest of Embla Medical's controlling shareholder, William Demant Invest A/S.

Dr. Svafa Grönfeldt

Vice Chair of the Board of Directors

Born in 1965
Member of the Board of Directors since 2008

Education
- Doctorate in Industrial Relations from the London School of Economics

Board positions
- Icelandair hf., Board member
- Marel hf., Board member

Experience
Dr. Svafa Grönfeldt is a Professor of Practice at the Massachusetts Institute of Technology. She is a founding member of MIT's innovation accelerator DesignX focused on developing new ventures created at MIT. Svafa is the cofounder of The MET fund, a Cambridge based seed investment fund. Previous positions include executive leadership positions at two global life science companies where she served as Chief Organizational Development Officer of Alvogen and Deputy to the CEO of Actavis Group. Svafa is a former President of Reykjavik University.

Shares held in Embla Medical
Svafa holds no shares nor share options in Embla Medical.

Other
Svafa has no interest links with Embla Medical's main clients, competitors, or major shareholders. Svafa is considered a dependent member of the Board due to her long tenure on the Board.

Arne Boye Nielsen

Member of the Board of Directors

Born in 1968
Member of the Board of Directors since 2009

Education
- Master's degree in Business Administration from the Copenhagen Business School in Denmark

Board positions
- Revenio Group Oyj, Chair
- Cookie Information A/S, Board member

Experience
Arne Boye Nielsen has spent most of his career with Demant A/S in various and expanding roles throughout the world. After working as an interim General Manager of Oticon Australia Pty Ltd, Arne assumed, in 1996, as President of Diagnostics and Communications in Demant, which has operations worldwide. Arne left Demant A/S in 2023.

Shares held in Embla Medical
Arne holds no shares nor share options in Embla Medical.

Other
Arne has no interest links with Embla Medical's main clients, competitors, or major shareholders. Arne is considered a dependent member of the Board due to his long tenure on the Board.

Dr. Alberto Esquenazi

Member of the Board of Directors

Born in 1957
Member of the Board of Directors since 2021

Education
- Medical degree in Medicine and Surgery from Universidad Nacional Autonoma de Mexico in Mexico

Board positions
- AMRPA and Jefferson Einstein Healthcare Network, Board member

Experience
Dr. Alberto Esquenazi, MD, serves as the John Otto Haas Chair of the Department of Physical Medicine and Rehabilitation at Jefferson Moss-Magee Rehabilitation in Philadelphia and is the Chief Clinical Officer as well as Director of the Gait and Motion Analysis Laboratory and Clinical Director of the Regional Amputee Center. He is Professor of PM&R at Jefferson School of Medicine and the SVP, Enterprise Rehabilitation and Postacute Care Network. Alberto is the past president of the American Academy of PM&R. He has published widely and is a member of national and international professional, educational, and research societies.

Shares held in Embla Medical
Alberto holds no shares nor share options in Embla Medical.

Other
Alberto has no interest links with Embla Medical's main clients, competitors or major shareholders. Alberto is an independent member of the Board.

GOVERNANCE

BOARD OF DIRECTORS

Caroline Vagner Rosenstand
Member of the Board of Directors

Born in 1979
Member of the Board of Directors since 2024

Education
- Master's degree in Applied Economics and Finance from Copenhagen Business School

Board Positions
- 2021-2022 Simpel Kredit A/S
- 2012-Current K/S Habro-Plymouth
- 2007-2011 Global Finans A/S

Experience
Caroline Rosenstand is the President and EVP of the Global medical device company, Atos Medical AB - the Voice & Respiratory Care Business Area of Coloplast A/S. In this capacity, she serves as a member of the Executive Leadership Team of Coloplast A/S. Previous positions include Vice President Central Eastern Europe & Israel, and Vice President Strategy, Mergers & Acquisition both for Coloplast A/S. The positions were based in Denmark and in the US. Prior to joining Coloplast, Caroline was part of the investment team in the Danish private equity company Axcel, and a management consultant at A.T. Kearney in Copenhagen.

Shares held in Embla Medical
Caroline holds no shares nor share options in Embla Medical.

Other
Caroline has no interest links with Embla Medical's main clients, competitors or major shareholders. Caroline is an independent member of the Board.

Tina Abild Olesen
Member of the Board of Directors

Born in 1972
Member of the Board of Directors since 2024

Education
- Master's degree in Economics and Business Administration (Strategy, Organization and Leadership) from Copenhagen Business School

Board Positions
- World Diabetes Foundation, Vice Chair of the Board

Experience
Tina Abild Olesen is Senior Vice President (SVP) of the Global Diabetes Franchise at Novo Nordisk A/S, a leading pharmaceutical company within serious chronic diseases. During her time with Novo Nordisk, Tina has previously been SVP for Global Commercial Strategy, General Manager in Germany and head of Marketing in the Danish, Norwegian and German affiliates. Prior to joining Novo Nordisk Tina worked 11,5 years for GlaxoSmithKline primarily across Commercial functions (Prescription & OTC medicines, Vaccines) as well as Corporate Affairs and New Business Development.

Shares held in Embla Medical
Tina holds no shares nor share options in Embla Medical.

Other
Tina has no interest links with Embla Medical's main clients, competitors or major shareholders. Tina is an independent member of the Board.

INTERVIEW WITH

Caroline Vagner Rosenstand

Member of the Board of Directors

Tina Abild Olesen

Member of the Board of Directors

Q1: Can you share a little about your professional background and what inspired you to join our board?

Caroline: I have spent a decade in the MedTech and consumer healthcare industry, first with Coloplast - a global leader in medical devices - and for the past three years as the President of Atos Medical, which became part of Coloplast in 2022. Both Coloplast and Atos Medical are purpose-driven companies committed to improving lives by providing innovative solutions that empower patients to overcome life-changing health challenges. Every day, I witness firsthand how the right products, combined with the right support, can help individuals regain their confidence and live life on their terms.

The company's vision of "Enabling a life without limitations" immediately resonated with me. The impact of Embla Medical's solutions on thousands of people worldwide - helping them overcome mobility challenges and regain independence - is incredibly powerful.

Beyond its strong purpose, I was also impressed by Embla Medical's growth trajectory. The company has significant opportunities to expand both in existing and new areas and is uniquely positioned to lead the industry forward. Its innovation engine and technological leadership will only become more critical in the years ahead.

Tina: I'm the Senior Vice President of the Global Diabetes Franchise at Novo Nordisk A/S. Prior to this I held several different positions in Operations, most recently as the General Manager in Germany. Prior to joining Novo Nordisk I worked 11,5 years for GlaxoSmithKline Pharma primarily across Commercial functions as well as Corporate Affairs and New Business Development.

I was inspired to join the Board due to Embla Medical's purposeful mission, intriguing business aspirations as well as the high level of engagement from the leadership.

Q2: Were there any personal experiences that drew you to our mission of improving people's mobility?

Caroline: What first drew me to Embla Medical was its unwavering commitment to patient-centered innovation, improving people's mobility and life without limitations. I was also inspired by the strong culture - deeply rooted in the Icelandic spirit of resilience, determination, and sustainability.

I believe I can contribute meaningfully to its journey, and at the same time, I look forward to gaining insights that I can bring back to Atos Medical, reinforcing our shared mission of improving lives through innovation.

Tina: Working towards driving change in diabetes on a daily basis, I also see the unfortunate consequences of inadequately treated diabetes and its comorbidities like cardiovascular disease - which can lead to immobility and amputations. This is why Embla Medical's mission of improving people's mobility instantly inspired me.

Q3: When thinking about the future of Embla Medical, what are some of the key challenges and opportunities?

Caroline: Millions of people worldwide face chronic mobility challenges, yet many lack access to suitable products and solutions, significantly impacting their quality of life and independence. In many cases, existing solutions are either unavailable or inadequate to meet their needs.

This presents a tremendous opportunity for Embla Medical to expand its reach and enhance its offering, helping more people live life without limitations. With a strong foundation of high-quality, innovative products and a deep commitment to improving mobility, we are poised to develop groundbreaking solutions and extend our impact to more countries and patient populations.

A key strategic priority is our consumer orientation journey, which will bring us even closer to the people who rely on our products every day. By gaining deeper insights into their needs and experiences, we can create solutions that are not only technologically advanced but also truly life changing. Through a combination of innovation, market expansion, and a relentless focus on patient needs, Embla Medical is well-positioned to shape the future of mobility solutions.

Tina: I see big potential in pursuing growth opportunities in the US like the recent expansion of access for certain patient groups. In addition, taking the lead in shaping the growing market of neuro orthotics, while strengthening the core business. Attracting and retaining talent is also both a challenge and opportunity.

GOVERNANCE

EXECUTIVE MANAGEMENT

Sveinn Sölvason

President and CEO

Born in 1978
With the company since 2009

Education
- Master's degree in Finance and Accounting (Cand. Merc.FIR) from Copenhagen Business School
- Bachelor's degree in International Business from Copenhagen Business School

Board Positions
- Icelandic-American Chamber of Commerce, Board member

Experience
Before being appointed President and CEO of the company in 2022, Sveinn served as the Chief Financial Officer for almost a decade. Sveinn first joined the organization in 2009 where he initially took on roles within Corporate Development and Treasury. Prior to that, he worked at Marel, Kaupthing Bank, Goldman Sachs and HSH Nordbank.

Shares held in Embla Medical
68,342

G. Arna Sveinsdóttir

Chief Financial Officer

Born in 1966
With the company since 2022

Education
- Master's degree in Accounting and Finance from the University of Uppsala, Sweden
- Cand.oecon. degree from the University of Iceland

Board Positions
- Fossar fjárfestingarbanki hf, Board member

Experience
Before joining the company in 2022, G. Arna held finance roles at Kvika Bank and subsidiaries. Prior to that, she was at Teva Pharmaceuticals/Actavis for ten years, including as the CFO of Teva Pharmaceutical Generic R&D. During her time at Teva, she worked and lived in Switzerland and in the US. G. Arna was an independent consultant to financial institutions in Iceland before joining Teva and worked in various finance roles at Kaupthing Bank 2001-2008, including as the CFO. She also worked at Eimskip in Iceland and PWC in Stockholm.

Shares held in Embla Medical
G. Arna holds no shares in Embla Medical.

Christian Robinson

President Americas & Global Bracing

Born in 1982
With the company since 2012

Education
- Juris Doctorate from Harvard Law School
- Bachelor's Degree in English Literature from Brigham Young University

Board Positions
- National Association for the Advancement of Orthotics and Prosthetics (NAAOP), Board member

Experience
Since joining the company in 2012, Christian served in several roles including as General Counsel Americas, VP of Finance Americas, and as Managing Director Americas. Prior to joining the organization, he practiced corporate and transactional law with international law firm Paul Hastings LLP with a focus on M&A and capital markets.

Shares held in Embla Medical
13,207

Hildur Einarsdóttir

EVP of Research and Development

Born in 1982
With the company since 2009

Education
- Master's degree in Biomedical Engineering with focus on Computational Neuroscience from Imperial College London
- Bachelor's degree in Electrical Engineering from the University of Iceland

Board Positions
- Industrial Advisory Board, Imperial College London, Board member
- Science and Innovation Council, Prime Minister's Office - Iceland, Vice Chair
- The Össur and Ottobock Research Trust Fund, Board member

Experience
Hildur has been with the company since 2009 in various roles within R&D and Sales & Marketing. She first joined as an engineer for the Bionic portfolio, was the Global Product Manager for Bionics followed by several years as the Director of Global Product Management for Prosthetics. Hildur was VP of Global Marketing before rejoining the R&D team in 2018, taking on the role of VP of Strategy & Operations. Prior to joining the company, she worked for deltaDOT, a biotech company in the UK.

Shares held in Embla Medical
600

On 6 November 2024, Embla Medical announced the planned departure of Hildur Einarsdóttir, EVP R&D. As of 31 January 2025 Hildur no longer serves as the EVP of R&D at Embla Medical.

GOVERNANCE

EXECUTIVE MANAGEMENT

Ólafur Gylfason
EVP Chronic Solutions

Born in 1969
With the company since 1997

Education
- Master's degree in International Business Economics from Alborg University in Denmark
- Bachelor's degree in Business Administration from Bifrost School of Business in Iceland

Experience
Ólafur joined the company in 1997 as the sales manager for emerging markets. He moved to The Netherlands in 2000 to establish and lead the European region as part of the executive team and then shifted his role over to the Americas region in 2013. Prior to his appointment as Chief Commercial Officer in 2022, Ólafur was EVP of Global Sales & Marketing and Prosthetics for six years.

Shares held in Embla Medical
32,808

Margrét Lára Fridriksdóttir
EVP of People, Strategy & Sustainability

Born in 1978
With the company since 2000

Education
- Master's degree in Management and Strategy from the University of Iceland
- Bachelor's degree in Business Administration from the University of Iceland

Board Positions
- Investment committee member of VEX I and VEX II
- Icelandic Chamber of Commerce, Board member
- Annata, Board member
- SET Pipes, Board member

Experience
Over the course of more than two decades at the company, starting in 2000, Margrét has held key positions in finance, corporate strategy and human resources. Prior to joining the Executive Management in 2013, Margrét served as Vice President of Corporate Strategy.

Shares held in Embla Medical
35,376

Lukas Märklin
Chief Operating Officer

Born in 1974
With the company since 2023

Education
- Master's degree in Mechanical Engineering from ETHZ Swiss Federal Institute of Technology

Experience
Lukas was appointed Chief Operating Officer in 2023. Lukas came to the company from Straumann, the world's largest dental implant manufacturer group. His career with Straumann spans over two decades where he most recently served as Senior Vice President of Operations. In between his time at Straumann undertaking diverse positions, Lukas worked as Head of Global Operations Management at Endress+Hauser Group.

Shares held in Embla Medical
Lukas Märklin holds no shares in Embla Medical.

SUSTAINABILITY STATEMENT 2024

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SUSTAINABILITY STATEMENT

PREPARING FOR THE CORPORATE SUSTAINABILITY REPORTING DIRECTIVE

Margrét Lára Fridriksdóttir
Executive Vice President People, Strategy & Sustainability

At Embla Medical, sustainability is embedded into our strategy and throughout our organization. We have a robust sustainability agenda and capture our commitment under the theme of Responsible for Tomorrow®, recognizing that the decisions and actions we take today will affect future generations. Our sustainability program focuses on Our Environment, Our People and Our Business, and we are proud to have a global team of more than 4,000 employees contributing to making a positive impact.

We believe the new EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), will enhance transparency and consistency of sustainability disclosures, while also strengthening sustainability governance and management. We recognize that reporting in accordance with CSRD is an ongoing journey and we are actively improving our processes to meet the requirements of this ambitious legislation.

We have consistently reported on our sustainability performance since 2013, continually refining our methodologies and adapting to evolving legislation. Since 2017, we have adhered to Nasdaq Guidelines, and since 2022, we have received third-party assurance on our quantitative data points. In 2023, we took an important step by embedding our sustainability performance in our Annual Report for the first time.

In 2023, we conducted our first Double Materiality Assessment in accordance with the CSRD requirements to identify which of the twelve ESRS standards are material to us. The assessment revealed a significant increase in disclosure requirements compared to previous years. Additionally, we performed a GAP assessment on all material data points within these standards.

For 2024, we are disclosing our new Sustainability Statement, inspired by the CSRD and ESRS, and including reporting on sustainable finance in line with the EU Taxonomy. Our goal is to incorporate as much of the ESRS structure as possible and lay the foundation for full CSRD implementation.

SUSTAINABILITY STATEMENT

GENERAL DISCLOSURES (ESRS 2)

Basis of Preparation

General Basis for Preparation of Sustainability Statements (BP-1)

Embla Medical's Sustainability Statement is prepared on a consolidated basis, unless otherwise disclosed, inspired by Directive (EU) 2022/2464 (the Corporate Sustainability Reporting Directive, CSRD) and the European Sustainability Reporting Standards (ESRS) issued by the European Commission. This statement includes data points from topical standards identified as material in our Double Materiality Assessment (DMA).

All quantitative data points for 2024 marked with an icon " ◇ " have undergone limited assurance by our auditor, PwC. The auditor's limited assurance report is available at the end of this Sustainability Statement.

Our report includes all Embla Medical subsidiaries, except Fior & Gentz, unless stated otherwise. Fior & Gentz was acquired in 2024. The reporting covers Embla Medical's operations, as well as upstream and downstream value chain impacts, risks, and opportunities, inspired by the ESRS.

Embla Medical has not excluded any information related to intellectual property, know-how, innovation results, or business-sensitive data. We remain committed to transparency in our ongoing research and development efforts.

Disclosures in Relation to Specific Circumstances (BP-2)

In this report, the core framework used for reporting has been changed. While the previous sustainability report was compiled according to the Nasdaq ESG guidelines, the 2024 report is inspired by the newly published European Sustainability Reporting Standards (ESRS).

We prioritize transparent reporting to provide our stakeholders with a clear and accurate view of our sustainability efforts. When data is unavailable, we rely on well-founded estimations to ensure comprehensive reporting. We regularly reassess our use of estimates based on experience. Main estimations, assessments, or changes in calculation methodologies are explained in the accounting policies or in relevant chapters. For 2024, this applies to some data points, such as our Taxonomy KPIs and greenhouse gas emissions. Our accounting policies are consistent throughout the financial year and correspond with the comparative figures, when used. All greenhouse gas data points (GHG scope 1-3) are reported based on the Greenhouse Gas Protocol.

We have applied time horizons for material impacts, risks and opportunities, as presented in chapter SBM-3.

In 2024, Embla Medical implemented a new GHG accounting software system and updated the source of emission factors. This change was applied to the base year and all subsequent years to ensure consistency and accurate comparisons. We are reporting these updated emission numbers in this report. The change does not result in any changes of boundaries or consumption.

In 2024, we have chosen to restate historical figures for EU Taxonomy due to changes to calculation methodology and correction of errors related to the prior year. Refer to our chapter on EU Taxonomy for further information. No other errors have been identified in comparative figures.

Embla Medical is obligated to adhere to a wide array of laws, regulations, and treaties pertaining to sustainability, at international and local levels. However, a comprehensive list of data points derived from other EU legislation will not be included in the current year's sustainability statement and will be phased in over the coming years.

Governance

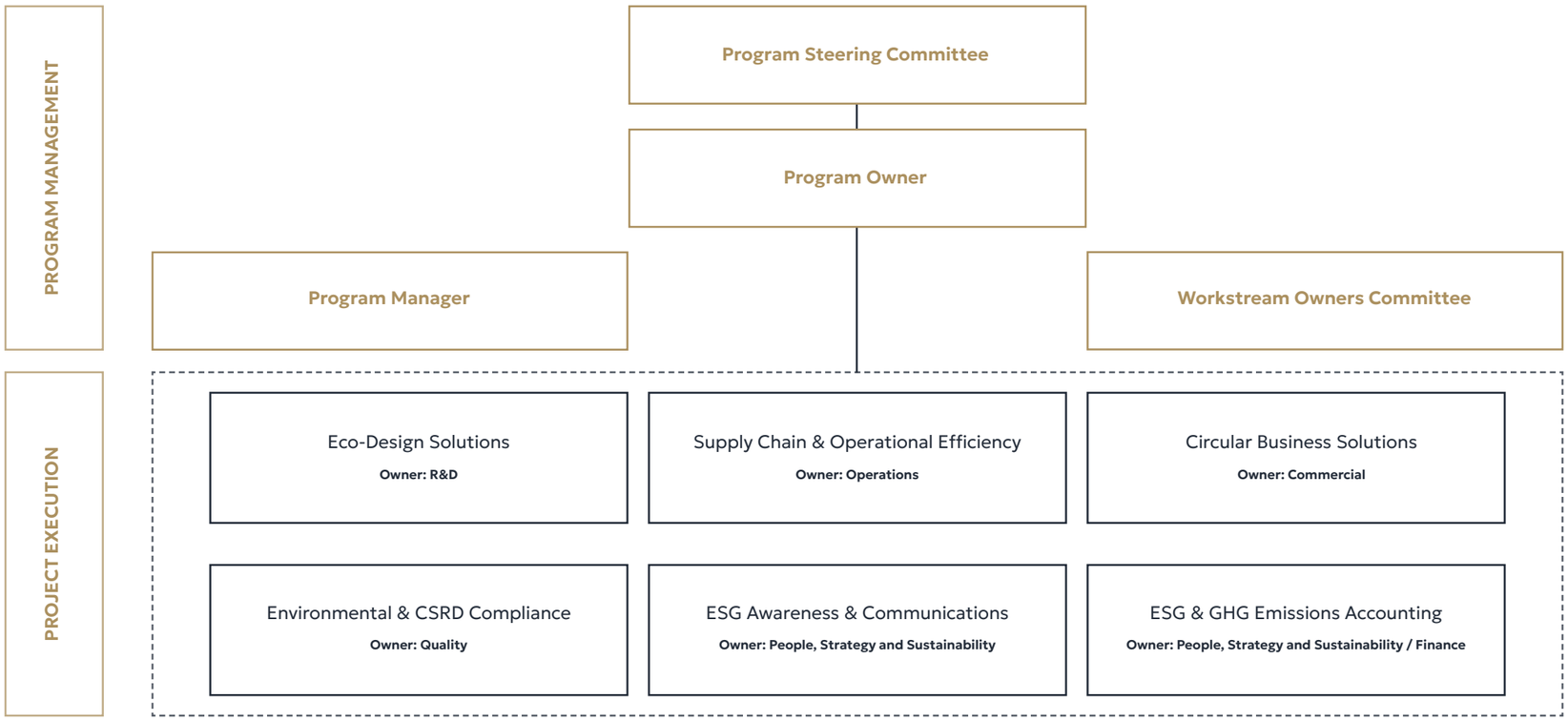
The Role of Our Management (GOV-1)

Our management plays a central role in ensuring the governance processes, controls, and procedures that are necessary to monitor, manage, and oversee sustainability-related impacts, risks, and opportunities. The Chief Financial Officer (CFO) is responsible for enterprise risk management by establishing a process for identifying, assessing, managing, and reporting risks that may affect the achievement of the company's strategic objectives. This includes ESG control systems to ensure the accuracy of the company's sustainability reporting and compliance with relevant laws and regulations.

Sustainability is embedded into our strategy and throughout our organization, and our Responsible for Tomorrow® program ensures clear departmental ownership and responsibilities for metrics and targets. In 2024, the program's focus was on science-based emissions reduction targets and reporting inspired by the new EU Corporate Sustainability Reporting Directive (CSRD). The program included six workstreams, three of which explicitly focused on reducing our emissions and supporting our science-based targets, one on environmental and CSRD compliance, one on awareness and communication, and one on ESG and GHG emissions accounting. We anticipate that this program will encompass other aspects of our sustainability commitments in the coming years, reflecting the evolving nature of this important topic.

The Program Steering Committee, chaired by the Executive Vice President of People, Strategy & Sustainability, sets our sustainability strategy and ensures its execution throughout the organization. The committee meets at least quarterly and reports to the Executive Management team, led by the Chief Executive Officer (CEO).

Responsible for Tomorrow Program



Our Sustainability Commitment

We provide products and services that contribute to good health, using responsible production methods and supporting climate action, while being a sponsor for inclusivity and transparency.

We believe that sustainable growth is the only way to build a successful and responsible business for the benefit of future generations.

The Internal Control & Risk team ensures that the results of the Double Materiality Assessment are incorporated into the annual Enterprise Risk Assessment. Identified material risks are reported to the Steering Committee of the Responsible for Tomorrow program to validate their prioritization and create mitigation action plans to address the prioritized risks.

The sustainability reporting process is overseen by the Audit Committee. According to the Terms of Reference for the Audit Committee of Embla Medical hf., the Committee monitors the financial and sustainability reporting process, makes recommendations to ensure integrity, monitors progress on sustainability targets, reports results to the Board, and assesses the company's internal control and enterprise risk management systems. The status of sustainability reporting is reported to the Audit Committee four times a year.

Sustainability Awareness of Our Management (GOV-2)

The Executive Management team is updated at least once a year on the identification and assessment of material impacts, risks, and opportunities. The Steering Committee of the Responsible for Tomorrow program regularly receives information on the results of due diligence processes, as well as the effectiveness of policies, actions, and targets in mitigating risks and achieving sustainability objectives. Chaired by the Executive Vice President of People, Strategy & Sustainability, the Responsible for Tomorrow Steering Committee reports directly to the Executive Management team on material sustainability-related impacts, risks, and opportunities. Additionally, ad-hoc updates are provided if critical issues arise.

The results of the Double Materiality Assessment are reported to the Audit Committee at least once a year. Our administrative, management, and supervisory bodies actively incorporate sustainability impacts, risks, and opportunities into the company's strategy, decision-making, and risk management processes, ensuring alignment with long-term goals.

Sustainability Related Incentives (GOV-3)

Including sustainability performance in management incentives is crucial as it aligns executive actions with long-term corporate goals and stakeholder expectations, driving meaningful progress and accountability for sustainability initiatives. In 2024, Embla Medical included social-related sustainability metrics in the Executive Committee Incentive Scheme. Embla Medical has not yet incorporated climate-related performance into its incentive schemes.

Statement on Due Diligence (GOV-4)

As part of our commitment to sustainable business practices and inspired by the Corporate Sustainability Reporting Directive (CSRD), Embla Medical has implemented due diligence processes to assess and manage the environmental, social, and governance (ESG) impacts of our operations and value chain. These processes ensure compliance with relevant sustainability legislation, mitigate risks, and promote long-term value creation for our stakeholders. Based on our due diligence findings, we implement mitigation actions, for all material risks identified in the Double Materiality Assessment. We continuously track the effectiveness of our actions using regular reporting mechanisms. This ensures we are making progress toward our sustainability targets and enables us to adjust strategies as needed.

Our due diligence process involves ongoing engagement with stakeholders, helping us to identify new risks, validate our findings, and ensure that our actions reflect stakeholder concerns and expectations.

Risk Management and Internal Controls (GOV-5)

Risks are a natural and integral part of our business activities, and our risk profile is continuously evolving. We aim to mitigate these risks and reduce them to an acceptable level through effective risk management. See more in our Risk Management chapter.

The results of the Double Materiality Assessments are integrated into our yearly enterprise risk assessment process to ensure alignment with the organization's strategic goals. In the climate risk assessment, key employees, identified as Subject Matter Experts from various functions, evaluate risks and opportunities across the entire value chain. This assessment covers physical, regulatory, technological, reputational, and financial dimensions, considering both the likelihood and impact on our operations.

To ensure the accuracy, completeness, and consistency of our sustainability reporting, Embla Medical is in the process of strengthening risk management and internal control processes.

Our internal controls over sustainability reporting include:

- Data Governance: We have implemented structured data governance to ensure the accuracy and reliability of the ESG data collected across our operations. This includes data ownership, responsibility for ESG metrics, and clear reporting lines.
- Control Activities: We are in the process of embedding control activities in the sustainability reporting process, including checks and balances, reconciliations, and validation procedures for data inputs and outputs. These controls are designed to prevent, detect, and correct errors or irregularities in ESG reporting. Processes are still in development for some activities, and we are continually working on improving the controls.
- Training and Awareness: We conduct training for relevant employees to ensure they understand the importance of sustainability reporting and their role in maintaining the quality and integrity of ESG disclosures.

To further enhance confidence in the reliability of our sustainability disclosures, external auditors provide limited assurance on selected quantitative data points.

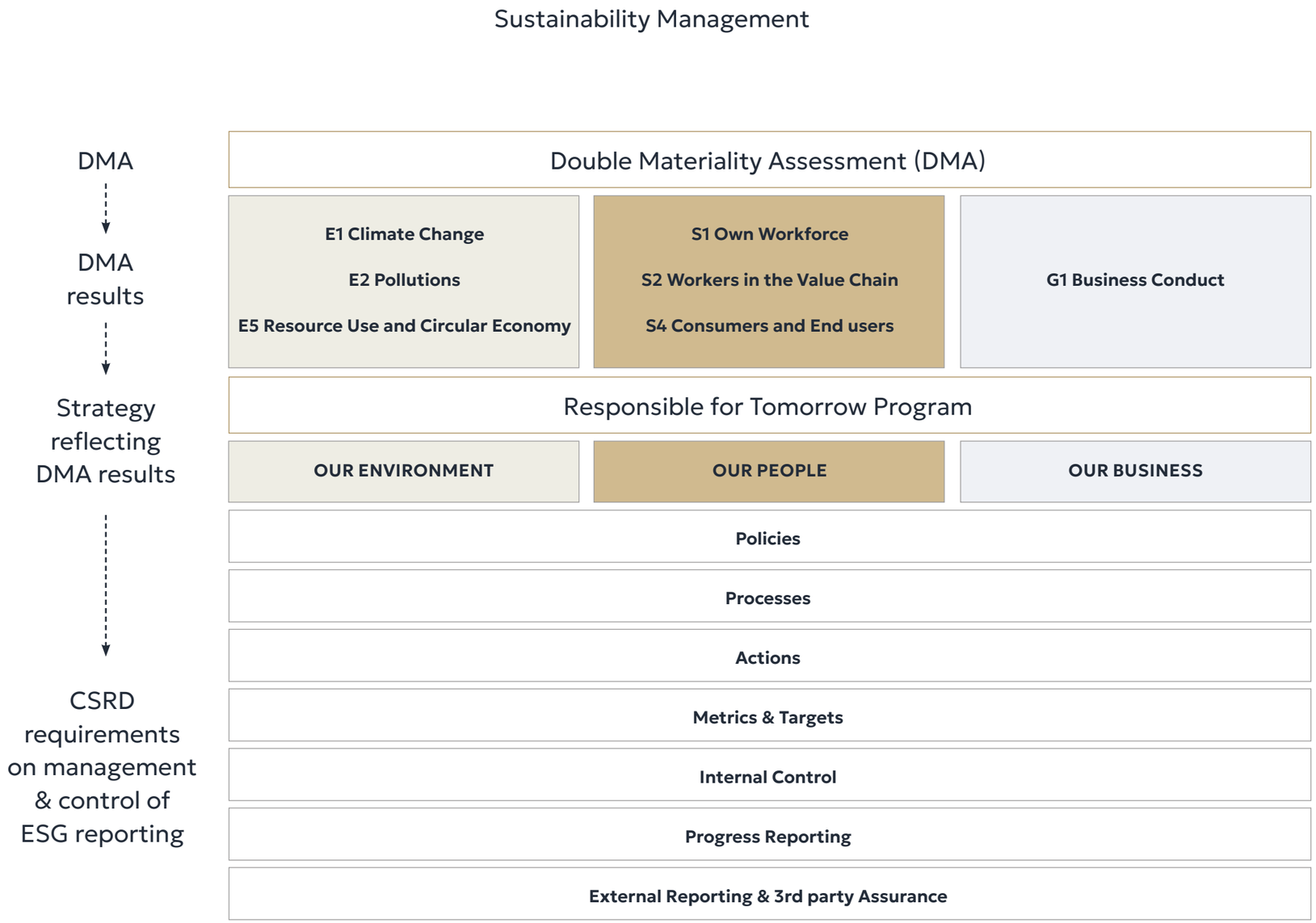
Strategy

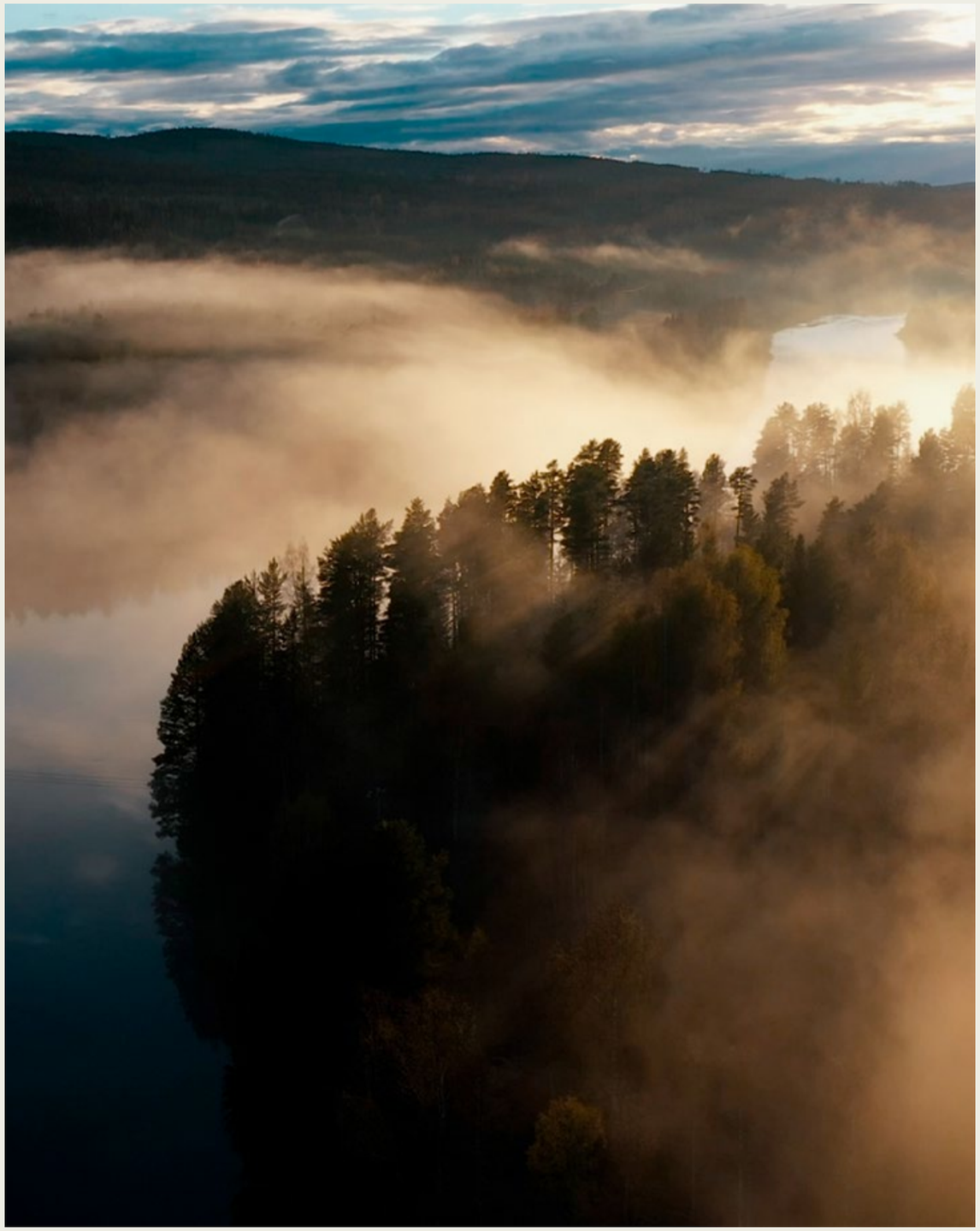
Strategy, Business Model and Value Chain (SBM-1)

Embla Medical is a leading global provider of innovative mobility solutions, dedicated to helping people live a Life Without Limitations®. Our mission is to improve people's mobility, and we do that through the delivery of Prosthetics, Neuro Orthotics, and Bracing & Supports solutions, along with Patient Care. An overview of our products, services, markets, and business model, can be found in other chapters of this report.

Embla Medical places a strong emphasis on product quality, which is fundamental to our processes as a medical device company. With a broad global presence, our products are available in over 100 countries and registered in compliance with local medical device regulations.

We adopt a management system approach to drive our sustainability initiatives. The Double Materiality Assessment process identifies which topical standards are material to our operations. For each standard, we manage, and control identified material impacts, risks, and opportunities by implementing relevant policies, processes, actions, metrics, and targets. This is followed by internal control, progress reporting, and assurance. We are continually enhancing this management system to improve our sustainability efforts.





Reflecting the results from the Double Materiality Assessment, our key sustainability-related goals focus on developing quality products and services that improve people's mobility, reducing our greenhouse gas emissions to meet our science-based targets, and enhancing the well-being and development of our employees within an inclusive and safe workplace.

Our primary sustainability challenge today is climate action. Embla Medical faces a dilemma: while expanding our operations to reach more patients and enhance their quality of life is crucial, this growth is currently linked to increased greenhouse gas emissions due to global infrastructure constraints. Our main challenge is to decouple our growth from these emissions. For more details, please refer to our E1 chapter.

We develop and manufacture a wide range of prosthetic, neuro orthotic and bracing & support solutions, and serve patients in need of various mobility solutions in our patient care facilities across the globe.

Our business model is patient centric. It includes innovation of new product solutions, manufacturing of both off-the-shelf and customized high-quality solutions, and sales and marketing through direct sales channels and distributors. We prioritize patient care through our own O&P clinics and independent providers, working closely with prescribers and payers. Notably, over 90% of our products and services are reimbursed by public healthcare systems and private insurance providers.

Innovation to address emerging patient needs drives our business model. Our goal is to deliver cost-effective, high-quality medical solutions that provide value for patients and the healthcare systems and minimize our environmental impact.

In the orthopaedic industry, the purchasing decision involves multiple stakeholders and decision-makers, each playing a specific role. These stakeholders can be categorized into five groups: Patients, who are the end-users of our products; Prescribers, healthcare professionals who prescribe the products; Providers, healthcare professionals who provide patients with products, such as Certified Prosthetist Orthotists (CPOs) and doctors; Payers, both public and private insurance companies that cover the cost; and Influencers, including healthcare systems, insurance companies, medical associations, patients and their families. For more information, please refer to our Markets and Trends chapter.

At Embla Medical, we apply the highest quality standards for all our purchased raw materials, components, and finished goods. Our commitment is to deliver safe and reliable products to our customers and the patients we serve. The primary raw materials utilized in our manufacturing processes include metals, silicone, composites, and plastics, sourced from our trusted key suppliers.

Interests and Views of Stakeholders (SBM-2)

We value feedback from our stakeholders and strive to understand their perspectives, expectations and concerns regarding our sustainability efforts. Our key stakeholders are our employees, healthcare professionals, patients, suppliers, shareholders/investors and payers. The following table highlights how Embla Medical engages with these stakeholders to ensure their interests and views are considered in our strategy and business model.

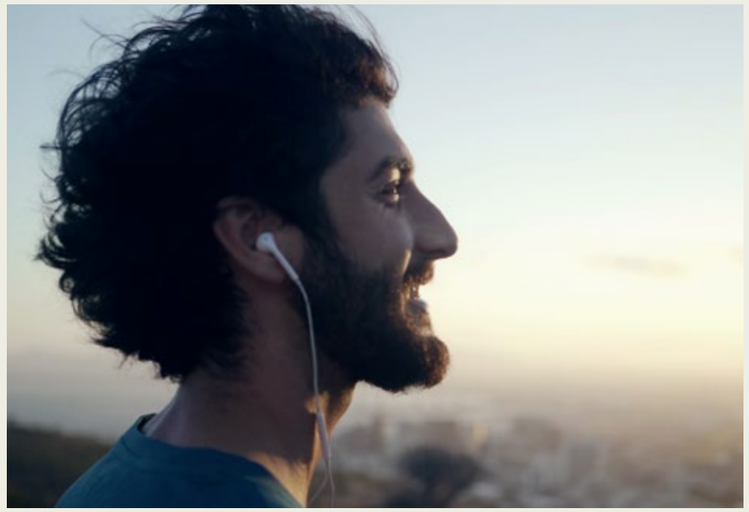
STAKEHOLDERS	PURPOSE OF ENGAGEMENT	HOW ENGAGEMENT IS ORGANIZED	EXAMPLES OF OUTCOMES FROM THE ENGAGEMENT
Employees	To foster a culture that attracts, retains, and actively engages skilled employees by valuing and addressing their perspectives and concerns.	▪ One-on-one or group meetings, news on company intranet, location announcements, employee meetings, performance reviews and check-ins. ▪ Global engagement surveys. ▪ Quarterly employee meetings to inform all employees of updates within the company.	▪ Action plans from engagement survey outcome. ▪ Policy updates. ▪ Communication to new and existing employees based on feedback.
Healthcare Professionals (Customers)	To deliver exceptional customer service while advancing product and solution expertise within the O&P industry.	▪ Regular communication with healthcare professionals through in-person visits and customer service channels. ▪ Regular training and education conducted in-person and virtually. ▪ Tradeshows, conferences and webinars. ▪ Customer feedback processes.	▪ Product and service improvements. ▪ Supporting customers in providing optimal clinical outcomes to patients.
Patients (End-Users)	To guide and support our end-users in using our product solutions effectively to enhance their quality of life.	▪ Interaction with patients through the process of fitting and caring for their medical needs. ▪ Communication via online platforms, social media and targeted publications. ▪ On-site events such as mobility clinics and other user experience days where all individuals are welcome. ▪ Education and engagement during product development.	▪ Product users educated about solutions available for different needs. ▪ Product improvements. ▪ Community where end-users seek advice and support.
Suppliers	To ensure responsible sourcing by promoting a safe and respectful working environment in our value chain and reducing environmental impact.	▪ Collaborate with suppliers on material selection to identify high-quality and eco-friendly materials. ▪ Screening of suppliers in relation to Environmental, Social and Governance aspects. ▪ Performing Social Audits and Fire Safety Audits at high-risk suppliers. ▪ Performing annual surveys on environmental management at high-emitting suppliers. ▪ Code of Conduct Training.	▪ Suppliers well-informed on Embla Medical's sustainability strategy. ▪ Enhanced trust and reliability. ▪ Increased collaboration with suppliers on improvements to lower emissions.
Shareholders / Investors	To ensure that ESG metrics are tied to business objectives in a transparent and measurable way, driving responsible behavior and attracting ESG focused investors.	▪ Regular outreach and engagement through investor road show activities and conferences. ▪ Quarterly releases and conference calls. ▪ Events such as Capital Markets Day, Expert Calls and Analyst Days. ▪ ESG ratings through a global ESG disclosure system (CDP, Sustainalytics etc.)	▪ Investor confidence through timely responses and transparency. ▪ Continuous improvement of ESG disclosures leads to improved ESG scores and industry ranking. ▪ Positive brand reputation.
Payers (Healthcare Reimbursement Systems)	To ensure alignment on reimbursement policies, promote accessibility to innovative products, and demonstrate the value of medical solutions	▪ Regular meetings and consultations with payers to understand reimbursement policies and requirements. ▪ Providing clinical evidence and outcomes to support reimbursement. ▪ Participation in industry forums and policy discussions.	▪ Improved reimbursement policies for innovative medical solutions. ▪ Expanded patient access to products and services. ▪ Strengthened relationships with payers and policymakers.

Material Impacts, Risks and Opportunities (SBM-3)

The Double Materiality Assessment (DMA) is designed to identify material sustainability-related Impacts, Risks, and Opportunities (IROs) and the results are the basis for determining the disclosures in Embla Medical's Sustainability Statement, and inspired by the Corporate Sustainability Reporting Directive (CSRD).

In 2024, the DMA results were that 8 out of 12 ESRS standards are material to Embla Medical, consistent with the DMA result in 2023. Besides ESRS 2 on General Disclosure, the material standards identified are: E1 Climate Change, E2 Pollution, E5 Resource Use and Circular Economy, S1 Own Workforce, S2 Workers in the Value Chain, S4 Consumers and End-Users, and G1 Business Conduct. The results align with and reinforce our sustainability strategy. We strive to reduce our greenhouse gas emissions, have a clear focus on our resource use and strive to move from a linear to a circular economy. We are a global company with a clear strategy on the safety of our own workforce, workers in our value chain, and our patients. Additionally, we maintain a strong focus on diversity, equity and inclusion, and practice transparent and ethical business conduct.

In the table below we have listed all identified material Negative and Positive Impacts, Financial Risks and Opportunities across our operations and value chain related to sustainability topics. Please refer to our topical chapters for more information on our responses to identified material impacts, risks and opportunities.



TOPIC	MATERIAL IMPACT, RISK OR OPPORTUNITY		EMBLA MEDICAL'S RESPONSE	VALUE CHAIN	TIME HORIZON
E1 Climate Change	Negative Impact	Greenhouse gas emissions, contributing to climate change.	To reduce the impact, we have set science-based targets and actions to meet them. We have a certified environmental management system according to ISO 14001:2015 in our largest manufacturing and distribution sites, and in some of our patient care facilities.	Upstream & Own Operations	Medium term (1-5 years)
	Financial Risks	Higher costs due to climate-related regulations and physical risks.	We reduce the risk by having a robust sustainability governance, identifying risks and opportunities allowing us to react in an appropriate manner.		
	Financial Opportunity	Innovation in low-emission products and packaging, renewable energy and energy efficiency.	We work on energy efficiency, source around 95% of our purchased electricity from renewable energy sources and are exploring new opportunities towards innovation on low-emission solutions for a transition to a low carbon economy.		
E2 Substances of Concern	Financial Risks	Increased sourcing and testing costs due to restrictions on substances of concern.	We are continuously improving our management of substances and innovation towards safer alternatives.	Own Operations	Short term (current reporting year)

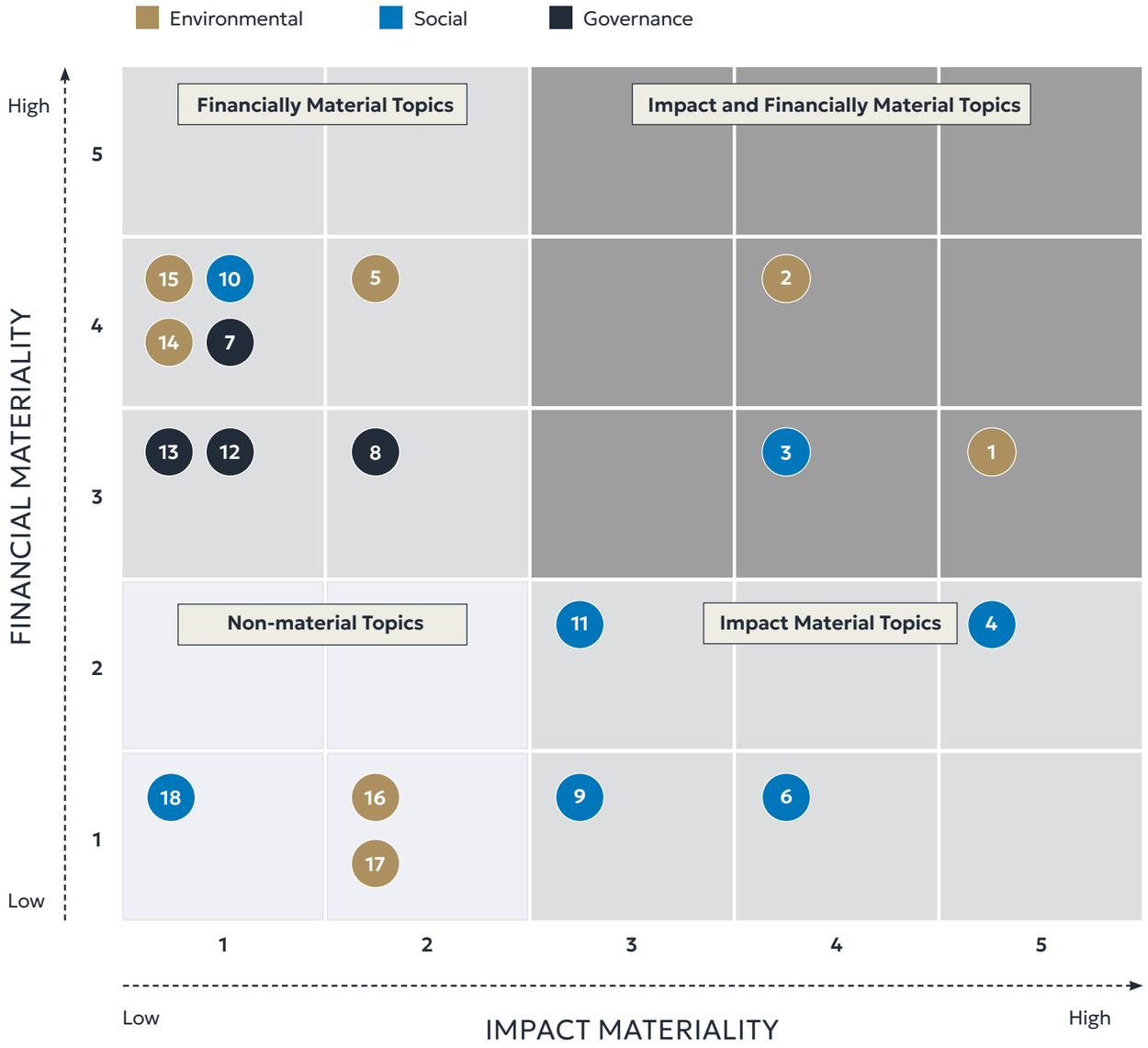
Note: Table continues on the next page

TOPIC	MATERIAL IMPACT, RISK OR OPPORTUNITY		EMBLA MEDICAL'S RESPONSE	VALUE CHAIN	TIME HORIZON
E5 Circular Economy	Negative Impact	Waste with embedded greenhouse gas emissions from raw materials.	Active innovation towards circular solutions and collaborative supplier management. Partnering with responsible waste management service companies.	Upstream & Own Operations	Short to medium term (current reporting year to 5 years)
	Financial Risks	Failure to meet new regulatory and tender requirements or customer expectations, resulting in reduced sales.	Key focus is to work towards innovation on low-emission solutions on products and packaging.		
	Financial Opportunity	Innovation in circular solutions enabling efficiency.	We innovate towards low-emission solutions for products and packaging, and continuously improve our processes to improve raw material yield and waste management system.		
S1 Employee Engagement, Retention and Attraction	Negative Impact	Potential talent loss due to low job satisfaction or morale.	We foster an inclusive workplace through open engagement, development, work-life balance, and addressing issues like discrimination, inequality, and occupational risks.	Own workforce	Medium term (1-5 years)
S1 Health and Safety at Work	Negative Impact	Potential health issues due to workplace incidents.	We have a strong culture for safety and operate an efficient safety management system in our largest sites. Safety is our first priority.	Own workforce	Short term (current reporting year)
S2 Workers in the Value Chain	Negative Impact	Adversely affected workers' rights and well-being due to unethical practices in the supply chain.	We have implemented policies, including Code of Conduct, Human Rights Policy and a Speak-Up Policy and encourage all stakeholders to report concerns of unethical behavior.	Across	Medium term (1-5 years)
	Financial Risks	Fines and reputational damage due to unethical practices in the supply chain.	We have implemented a process to screen, evaluate and monitor our suppliers.		
S4 Data Privacy	Financial Risks	Penalties, reputational loss, and potential business impact due to non-compliance.	We have adequate policies and procedures in place as well as regular training and awareness.	Own Operations & Downstream	Medium term (1-5 years)

Note: Table continues on the next page

TOPIC	MATERIAL IMPACT, RISK OR OPPORTUNITY		EMBLA MEDICAL'S RESPONSE	VALUE CHAIN	TIME HORIZON
S4 Product Quality	Positive Impact	Improved mobility and participation in society thanks to high quality products.	Key focusing on producing high quality products, allowing users to become mobile. Our processes include comprehensive testing of clinical benefits of our products.	Own Operations & Downstream	Medium term (1-5 years)
	Negative Impact	Patient safety incidents due to product quality issues.	We have quality policies and processes in place and have a ISO13485 certification.		
	Financial Risks	Liability claims and market share loss due to product failures.	We have a robust certified quality management system, compliant with international medical device standards and regulations.		
	Financial Opportunity	Growth and customer trust due to high quality products.	We have an ongoing initiative related to improving access to healthcare for elderly amputees.		
G1 Business Ethics	Financial Risks	Penalties, stakeholder trust loss.	We provide training and awareness of our Code of Conduct and core values Honesty, Frugality and Courage as well as other ethical policies, including promoting the Speak-Up Line.	Across	Medium to long term (from 1 year to more than 10 years)
	Financial Opportunity	Investor confidence, competitive differentiation.	Commitment to follow industry standards and guidelines regarding Corporate Governance Reporting.		
G1 Supplier Relations	Financial Risks	Higher costs due to reputational damage and market losses.	We commit to fair payment terms which are crucial for fostering trust and strengthening relationships with our suppliers.	Across	Medium term (1-5 years)
G1 Regulatory Changes	Financial Risks	Higher compliance cost, legal penalties and reputational damage.	Processes in place to monitor upcoming regulatory changes and to adapt as needed.	Own Operations & Downstream	Long term (More than 5 years)

Double Materiality Assessment Outcome



	MATERIAL TOPIC	IMPACT/RISK/OPPORTUNITY
1	Climate Change (E1)	Negative Impact & Financial Risk
2	Circular Economy (E5)	Negative Impact & Financial Risk
3	Workers in the Value Chain (S2)	Negative Impact & Financial Risk
4	Health and Safety at Work (S1)	Negative Impact
5	Substances of Concern (E2)	Financial Risk
6	Product Quality (S4)	Positive Impact
7	Business Ethics (G1)	Financial Opportunity
8	Business Ethics (G1)	Financial Risk
9	Employee Engagement, Retention and Attraction (S1)	Negative Impact
10	Data Privacy (S4)	Financial Risk
11	Product Quality (S4)	Negative Impact
12	Supplier Relations (G1)	Financial Risk
13	Regulatory Changes (G1)	Financial Risk
14	Climate Change (E1)	Financial Opportunity
15	Circular Economy (E5)	Financial Opportunity
	NON-MATERIAL TOPICS	
16	Water and Marine Resources (E3)	
17	Biodiversity and Ecosystems (E4)	
18	Affected Communities (S3)	

Impact, Risk and Opportunity Management

Double Materiality Assessment Process (IRO-1)

The purpose of a Double Materiality Assessment is to identify, assess, prioritize and monitor potential and actual impacts on people and the environment (Impact Materiality) as well as business risks and opportunities arising from sustainability topics (Financial Materiality). At Embla Medical, the DMA is conducted by a cross-functional team with members from Internal Control & Risk, Global Sustainability, Finance, Operations, Human Resources and other relevant subject matter experts. Due to the extensive ESRS principles on double materiality assessment requirements, we limited the stakeholders involved in assessing our sustainability-related impacts and risks to internal subject-matter experts only. The process begins with establishing a mutual understanding through business model mapping, value chain documentation, and stakeholder mapping. Then, IROs are identified and listed, and finally, the materiality of these listed IROs is assessed according to defined methodology.

When identifying IROs related to climate change (E1), Embla Medical has consistently reported our greenhouse gas emissions in accordance with the Greenhouse Gas Protocol and set Science-Based Targets validated by the SBTi. Therefore, climate change is material for us. In both 2023 and 2024, we conducted climate risk assessments as part of our Enterprise Risk Assessment. These assessments evaluated Physical Climate Risks and Transition Risks related to regulations, technology, reputation, and financial aspects. The main results in 2024 indicate a slight overall increase in all climate-related risks compared to the previous year, with the highest risks associated with technology and regulations. A climate scenario analysis is planned in 2025.

The material IROs related to Pollution (E2) is primarily due to the financial risk of potential restrictions on chemical substances used in our manufacturing. Embla Medical has a certified environmental management system at our largest manufacturing and distribution sites and has screened these locations to identify actual and potential pollution-related IROs in our operations. Pollution from our own operations was not deemed material, but we plan to evaluate the upstream value chain as part of our supplier management in the next 2-5 years. We have not conducted consultations with affected communities.

IROs related Water and marine resources (E3) was not deemed material at Embla Medical. We have a certified environmental management system at our largest manufacturing and distribution sites and follow applicable local regulations. We have screened these locations to identify actual and potential water and marine resource-related IROs in our operations. We plan to assess water and marine resources in our upstream value chain as part of our supplier management in the next 2-5 years. We have not conducted consultations with affected communities.

Embla Medical has not assessed the impact on Biodiversity and Ecosystems (E4). We acknowledge the growing concern about this topic, but until we have more information, it has not been deemed material. We foresee that with more knowledge about impacts in our upstream value chain and good collaboration with our suppliers, the outcome of the DMA may change for this topic.

We have screened our operations to identify actual and potential IROs related to Resource Use and Circular Economy (E5), both in our own operations and downstream value chain, and this topic has been deemed material. We have a robust waste management system and as a global market player, Embla Medical acknowledges the importance of circular solutions to reduce the use of virgin raw materials to lower greenhouse gas emissions. In 2024, we consulted with our customers, clinic employees, end-users, and business owners, while also examining emerging trends in payer and healthcare systems.

Embla Medical has screened its own operations, suppliers and business partners to identify potential risks and opportunities related to Business Conduct (G1). Key risks identified are corruption and bribery, both for reputational risk and financial risk. As a global medical device manufacturer and service provider, changes in regulatory environment and reimbursement systems for medical devices can have a negative impact on the company.

Impact Materiality
The Impact Assessment contains assessment based on scale, scope, irremediability (together: severity) and likelihood with the use of scoring from 1 to 5 as shown in the table below. For environmental categories the scope is assessed with regards to how many sites and/or suppliers, products, immediate surroundings are relevant. For social and governance categories the scope is assessed with regards to number of rights holders affected.

SCORING	SEVERITY / IMPACT			LIKELIHOOD
	Scale	Scope*	Irremediability	
1	Very light impact	Low number	Very easy	Rare: > 10 years
2	Light impact	Several / Low number	Easy to remedy	Unlikely: 5-10 years
3	Medium impact	Many / Medium number	Possible	Possible: 2-5 years
4	Heavy impact	Large / High number	Difficult	Likely: 1-2 years
5	Large impact	Major / Very high number	Non-remediable	Almost certain: < 1 year

*See the severity and likelihood scale on next page

Financial Materiality
Financial Assessment is based on the potential financial effect on the company's revenue, costs, cash flows, and market position over short-, medium-, and long-term horizons. Financial Assessment contains assessment based on the size of the financial impact (risk) and likelihood (probability) with the use of scoring from 1 to 5 as shown in the table below.

SCORING	SEVERITY / IMPACT	LIKELIHOOD
1	0% - 25% Threshold	Rare: > 10 years
2	25% - 75% Threshold	Unlikely: 5-10 years
3	75% - 100% Threshold	Possible: 2-5 years
4	100 - 200% Threshold	Likely: 1-2 years
5	> 200% Threshold	Almost certain: < 1 year

Impacts, Risks and Opportunities are scored on a severity and likelihood scale to prioritize high-risk areas. Material risks are considered as those, which based on the severity and likelihood assessment, have been marked as high as shown in the table below.

SEVERITY					
5	high	high	high	high	high
4	medium	high	high	high	high
3	medium	medium	medium	high	high
2	low	low	medium	medium	medium
1	low	low	low	low	low
	1	2	3	4	5
			LIKELIHOOD		

GAP Analysis
The DMA outcome identified 488 material data points for Embla Medical, including phase-in and voluntary data points. The team then performed a gap analysis to identify missing data on material data points. Identified gaps were addressed through additional data collection, process adjustments, and validation to ensure comprehensive and accurate sustainability reporting. In 2024, we worked extensively on filling these gaps but are not reporting on all identified material data points for 2024. We acknowledge that more work is needed to align actions and targets across our operations, and we plan to develop these over the next two years.

DMA and Enterprise Risk Assessment
After risks are assessed, Embla Medical prioritizes them based on their potential financial impact and strategic significance. High-priority risks are managed with specific action plans, including mitigation strategies and resource allocation. Results of the DMA are incorporated into Enterprise Risk Management. The Steering Committee of the Responsible for Tomorrow program makes decisions on mitigation actions. In addition to risks, the company identifies opportunities that are integrated into the company's business model, aiming to leverage competitive advantages and enhance financial performance.

Embla Medical monitors the risks and opportunities through its enterprise risk management system, ensuring that emerging risks are identified and that mitigation strategies are adjusted. Risks that have been identified as material during Double Materiality Assessment are incorporated into the company's enterprise risk register. Updates are provided to the Executive Management and the Audit Committee to ensure alignment with the overall corporate strategy. Our Double Materiality Assessment is reviewed and updated at least annually.

Disclosure Requirements Covered in the Sustainability Statement (IRO-2)

In the table below is a list of Disclosure Requirements Embla Medical is reporting on following the outcome of the Double Materiality Assessment, including the page numbers where the related disclosures can be found in the Sustainability Statement. Disclosure requirements with quantitative data points that have undergone limited assurance are marked with an icon " ".

ESRS	DR	NAME OF DISCLOSURE REQUIREMENT (DR)	PAGE
General information			
ESRS 2	BP-1	General basis for preparation of the sustainability statement	54
	BP-2	Disclosures in relation to specific circumstances	54
	GOV-1	The role of the administrative, management and supervisory bodies (also covering G1)	55
	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	56
	GOV-3	Integration of sustainability-related performance in incentive schemes (also covering E1)	56
	GOV-4	Statement on due diligence	56
	GOV-5	Risk management and internal controls over sustainability reporting	56
	SBM-1	Strategy, business model and value chain	57
	SBM-2	Interests and views of stakeholders (also covering S1, S2, S4)	59
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model (also covering E1, S1, S2, S4)	60
	IRO-1	Description of the process to identify and assess material impacts, risks and opportunities (also covering E1, E2, E5, G1)	64
	IRO-2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	66
Environmental Information			
EU Taxonomy	EU Taxonomy	Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)	69
ESRS E1	E1-1	Transition plan for climate change mitigation	75
	E1-2	Policies related to climate change mitigation and adaptation	75
	E1-3	Actions and resources in relation to climate change policies	75
	E1-4	Targets related to climate change mitigation and adaptation	77
	E1-5	Energy consumption and mix	78
	E1-6	Gross Scopes 1,2,3 and Total GHG emissions	79
	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	81

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ESRS	DR	NAME OF DISCLOSURE REQUIREMENT (DR)	PAGE
ESRS E2	E2-1	Policies related to pollution	82
	E2-2	Actions and resources related to pollution	82
	E2-3	Targets related to pollution	82
	E2-5	Substances of concern and substances of very high concern	82
ESRS E5	E5-1	Policies related to resource use and circular economy	83
	E5-3	Targets related to resource use and circular economy	83
	E5-4	Resource inflows	84
	E5-5	Resource outflows	84
Social Information			
ESRS S1	S1-1	Policies related to own workforce	85
	S1-2	Processes for engaging with own workers and workers' representatives about impacts	86
	S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	87
	S1-4	Taking action on material impacts on own workforce	87
	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	89
	S1-6	Characteristics of the undertaking's employees	90
	S1-7	Characteristics of non-employees in the undertaking's own workforce	91
	S1-8	Collective bargaining coverage and social dialogue	91
	S1-9	Diversity metrics	91
	S1-13	Training and skills development metrics	92
	S1-14	Health and safety metrics	93
	S1-16	Metrics (pay gap and total remuneration)	93
	S1-17	Incidents, complaints and severe human rights impacts and incidents	93

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ESRS	DR	NAME OF DISCLOSURE REQUIREMENT (DR)	PAGE
ESRS S2	S2-1	Policies related to value chain workers	94
	S2-2	Processes for engaging with value chain workers about impacts	94
	S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	94
	S2-4	Taking action on material impacts on value chain workers	94
	S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	94
ESRS S4	S4-1	Policies related to consumers and end-users	95
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SUSTAINABILITY STATEMENT

OUR ENVIRONMENT

Embla Medical has a positive impact through our innovative products and helping people live a Life Without Limitations®. At the same time, we take responsibility for our environmental impact and continually improve our environmental management and performance. But we are faced with a dilemma: while expanding our operations to reach more patients and enhance their quality of life is crucial, this growth is currently linked to increased greenhouse gas emissions due to global infrastructure constraints. Our main challenge is to decouple our growth from these emissions. Our efforts contribute to the UN Sustainable Development (SDGs) Goal 12 on Responsible Consumption and Production, and Goal 13 on Climate Action.

EU Taxonomy Key Performance Indicators (KPIs)

Embla Medical is obliged to disclose information on EU Taxonomy in accordance with Regulation (EU) 2020/852 of the European Parliament and of the Council. This means reporting on the company's environmentally sustainable economic activities that support the six objectives of the regulation, which are:

- Climate change mitigation (CCM)
- Climate change adaptation (CCA)
- The sustainable use and protection of water and marine resources (WTR)
- The transition to circular economy (CE)
- Pollution prevention and control (PPC)
- The protection and restoration of biodiversity and ecosystems (BIO)

All reported data regarding EU Taxonomy is provided at a consolidated level for the entire group. In 2024, Embla Medical is disclosing on the following Taxonomy-eligible activities:

- CE 1.2. Manufacture of electrical and electronic equipment (manufacturing of bionics),
- CE 5.2. Sale of spare parts (sale of spare parts of bionics),
- CE 5.5. Product-as-a-service and other circular use- and result-oriented service models (rental program of products),
- CCM 6.5. Transport by motorbikes, passenger cars and light commercial vehicles (leasing of passenger cars),
- CCM 7.2. Renovation of existing buildings (renovations and reconstruction of leased buildings),
- CCM 7.3. Installation, maintenance and repair of energy efficiency equipment (installations or repairs of air conditioning and ventilation systems),
- CCM 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings,
- CCM 7.6. Installation, maintenance and repair of renewable energy technologies (maintenance of solar panels),
- CCA 8.2. Computer programming, consultancy and related activities (internally generated software implementations),
- CCM 9.1. Close to market research, development and innovation (costs of projects related to sustainable solutions).

§ Accounting Policies - Taxonomy

EU Taxonomy's Key Performance Indicators (KPIs) refer to the share of turnover, operational expenditures (OpEx) and capital expenditures (CapEx) coming from the Taxonomy-eligible and Taxonomy-aligned activities.

Taxonomy-eligible activity refers to economic activity included in the Delegated Acts of the EU Taxonomy regulation, indicating its potential to be environmentally sustainable.

Eligibility and Alignment Assessment

The eligibility assessment involved a comprehensive review of all activities outlined in the Delegated Acts to the Taxonomy Regulation. After identifying the eligible activities performed, the alignment assessment was conducted by examining the technical screening criteria for the undertaken activities. In 2024, the Substantial Contribution Criteria or Do No Significant Harm requirements were not met for the selected eligible activities, therefore they could not be considered aligned.

Embla Medical has not implemented any CapEx plan as understood under point 1.1.2. of Annex I to Commission Delegated Regulation (EU) 2021/2178.

The eligible turnover has been calculated as the proportion of net turnover derived from sale of product and services of Taxonomy-eligible activities (the turnover numerator) divided by net sales disclosed in Consolidated Income Statement (the turnover denominator).

For two of the three eligible turnover activities, CE 1.2 and CE 5.2., two assumptions are made. First, the product margin from Patient Care facilities is estimated. Second, it is assumed all products in Clinics were sold.

In the previous year's eligible turnover KPI table, the activity CE 5.2. was not included. Consequently, an eligible turnover amount of USD 673 thousand has been included in comparative numbers of the 2024 report. Additionally, the comparative amount from the year 2023 for activity CE 1.2. has been corrected to include an updated list of relevant products.

The aligned turnover has been calculated as the proportion of net turnover derived from sale of product and services of Taxonomy-aligned activities (the turnover numerator) divided by net sales presented in Consolidated Income Statement (the turnover denominator). In the year 2024, no Taxonomy-aligned activities related to turnover have been recognized.

The eligible OpEx has been calculated as the numerator divided by the denominator, where denominator covers direct non-capitalized cost related to research and development, building renovation, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment.

As of year 2023, the approach for calculating the denominator of the eligible OpEx has been updated to incorporate only short-term lease and eliminate costs, which are not considered day-to-day servicing of facilities. This revision leads to a shift in the OpEx denominator comparative figure from USD 64,705 to 47,536 thousand. One amendment has also been made in the calculation of the numerator of OpEx and the eligible CapEx. This change pertains to activity CCM 6.5. The modification expands the scope of eligible operating and capital expenditures from solely electric cars to include all company vehicles. Consequently, the comparative figures from 2023 have been restated in the tables presenting the Taxonomy KPIs.

The aligned OpEx was determined by dividing the numerator, which includes costs associated with Taxonomy-aligned activities, by the same denominator used in the eligible OpEx calculation. In 2024, there were no activities relating to OpEx that were aligned with the EU Taxonomy.

The eligible CapEx has been calculated as the numerator divided by the denominator, where the denominator covers additions to tangible and intangible assets during the financial year. Additions are considered including those coming from business combinations considered before depreciation, amortization and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value change and goodwill. Additions have been presented in notes 11, 12 and 14 of the Consolidated Financial Statements. The CapEx numerator has been determined as part of the denominator connected to Taxonomy-eligible activities. The total amount included in the numerator consists of additions to right-of-use assets and leasehold improvements (51%), internally generated software (48%) and business combinations (1%). The most significant change in capital expenditures during the reporting period was related to facility renovations and refurbishments, which decreased from prior year.

Since 2023, there have also been adjustments in the calculation of the eligible CapEx denominator – the amount representing business combinations has been included, changing the 2023 CapEx denominator from USD 59.488 to 59.499 thousand. Additionally, for activity CCM 7.2 costs related to furnishing renovated buildings have been removed, and capital expenditures for activity CCM 7.3 concerning the installation and maintenance of ventilation systems have been separated. This results in a change in the comparative figure of the KPI in the CapEx table and adding one eligible activity.

The aligned CapEx was calculated by dividing the numerator, which represents capital expenditures coming from Taxonomy-aligned activities, by the same denominator as used in the eligible CapEx calculation. No activities have been recognized as aligned with EU Taxonomy concerning CapEx KPI in 2024.

Double Counting

Embla Medical takes every measure to avoid double counting in the allocation in the numerator of eligible turnover, CapEx and OpEx KPIs. This is done by extracting the amounts from company financial systems, choosing activities referring to specific assets, costs and turnover and using filters to screen out overlapping positions to ensure that they are not duplicated in KPIs and between economic activities.

EU Taxonomy Tables

Turnover KPI

2024				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH (DO NO SIGNIFICANT HARM)								
Economic activities	Codes	Absolute turnover in USD '000	Proportion of turnover (%)	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimal safeguards	Taxonomy-aligned (A1) or -eligible (A.2.) proportion of turnover, 2023 (%)	Category (enabling activity) (E)	Category (transitional activity) (T)
				Y,N, N/EL	Y,N, N/EL	Y,N, N/EL	Y,N, N/EL	Y,N, N/EL	Y,N, N/EL	Y,N	Y,N	Y,N	Y,N	Y,N	Y,N	Y,N			
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which transitional		0	0%							N	N	N	N	N	N	N	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy- aligned)																			
				EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL										
Manufacture of electrical and electronic equipment	1.2. CE	92,211	10.79%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								10.57%		
Sales of spare parts	5.2. CE	787	0.09%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0.09%		
Product-as-a-service and other circular use- and result-oriented service models	5.5. CE	50	0.01%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0%		
Turnover of Taxonomy-eligble but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		93,048	10.88%	0%	0%	0%	10.88%	0%	0%								10.66%		
Total (A.1 + A.2)		93,048	10.88%	0%	0%	0%	10.88%	0%	0%								10.66%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy non-eligible activities (B)		761,841	89.12%																
Total (A + B)		854,889	100%																

*Y - Yes, N - No, N/EL - Non-eligible

CapEx KPI

2024				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH (DO NO SIGNIFICANT HARM)								
Economic activities	Codes	CapEx in USD '000	Proportion of CapEx (%)	Climate change mitigation Y,N, N/EL	Climate change adaptation Y,N, N/EL	Water and marine resources Y,N, N/EL	Circular economy Y,N, N/EL	Pollution Y,N, N/EL	Biodiversity and ecosystems Y,N, N/EL	Climate change mitigation Y,N	Climate change adaptation Y,N	Water and marine resources Y,N	Circular economy Y,N	Pollution Y,N	Biodiversity and ecosystems Y,N	Minimal safe-guards Y,N	Taxonomy-aligned (A1) or -eligible (A.2.) proportion of CapEx, 2023 (%)	Category (enabling activity) (E)	Category (transitional activity) (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		0	0	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which transitional		0	0%	0%						N	N	N	N	N	N	N	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy- aligned)																			
				EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL										
Transport by motorbikes, passenger cars and commercial vehicles	6.5. CMM	3,421	3.11%	EL	EL	N/EL	N/EL	N/EL	N/EL								5.05%		
Renovation of existing buildings	7.2. CCM	6,016	5.47%	EL	EL	N/EL	N/EL	N/EL	N/EL								17.77%		
Installation, maintenance and repair of energy efficiency equipment	7.3. CCM	72	0.07%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.45%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4. CCM	1	0.00%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.03%		
Installation, maintenance and repair of renewable energy technologies	7.6. CCM	51	0.05%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.14%		
Computer programming, consultancy and related activities	8.2. CCA	8,732	7.94%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								14.49%		
CapEx of Taxonomy-eligble but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		18,293	16.64%	8.70%	7.94%	0%	0%	0%	0%								37.93%		
Total (A.1 + A.2)		18,293	16.64%	8.70%	7.94%	0%	0%	0%	0%								37.93%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy non-eligible activities (B)		91,622	83.36%																
Total (A + B)		109,915	100%																

*Y - Yes, N - No, N/EL - Non-eligible

OpEx KPI

2024				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH (DO NO SIGNIFICANT HARM)									
Economic activities	Codes	OpEx in USD '000	Proportion of OpEx (%)	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimal safe-guards	Taxonomy-aligned (A1) or -eligible (A.2.) proportion of OpEx, 2023 (%)	Category (enabling activity) (E)	Category (transitional activity) (T)
				Y,N, N/EL	Y,N, N/EL	Y,N, N/EL	Y,N, N/EL	Y,N, N/EL	Y,N, N/EL	Y,N	Y,N	Y,N	Y,N	Y,N	Y,N	Y,N			
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which transitional		0	0%	0%						N	N	N	N	N	N	N	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy- aligned)																			
				EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL										
Transport by motorbikes, passenger cars and commercial vehicles	6.5. CCM	21	0.04%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.05%		
Close to market research, development and innovation	9.1. CCM	155	0.30%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
OpEx of Taxonomy-eligble but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		176	0.34%	0.34%	0%	0%	0%	0%	0%								0.05%		
Total (A.1 + A.2)		176	0.34%	0.34%	0%	0%	0%	0%	0%								0.05%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy non-eligible activities (B)		51,729	99.66%																
Total (A + B)		51,905	100.00%																

*Y - Yes, N - No, N/EL - Non-eligible

Nuclear and fossil gas related activities – disclosure related to turnover, CapEx and OpEx KPIs in reference to Article 8 (6) and (7) of Delegated Regulation (EU) 2021/2178

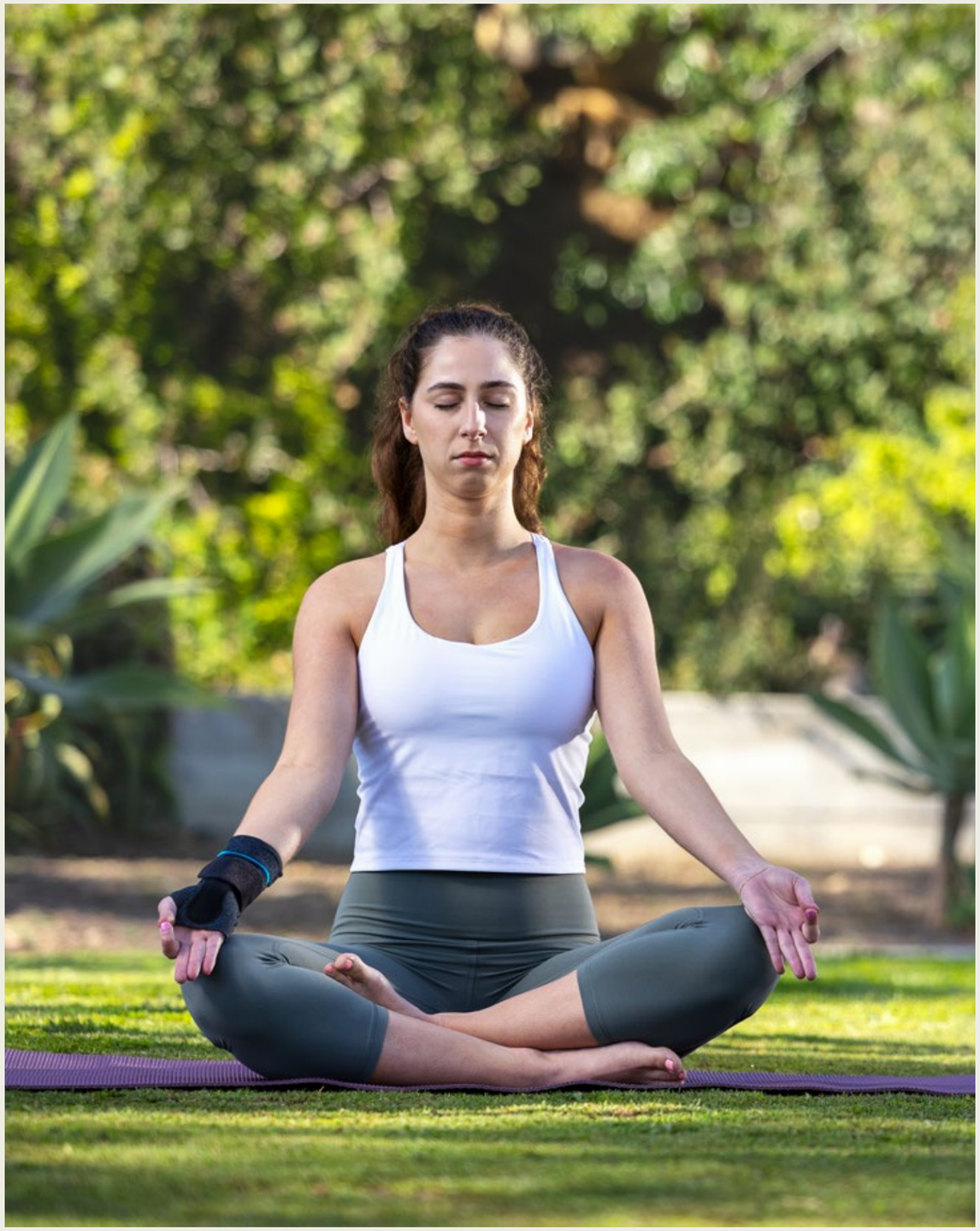
NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES	
NUCLEAR ENERGY RELATED ACTIVITIES	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
FOSSIL GAS RELATED ACTIVITIES	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Summary Tables

Proportion of turnover / Total turnover		
Objective	**Taxonomy-aligned per objective**	**Taxonomy-eligible per objective**
CCM	0.00%	0.00%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	10.88%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

Proportion of CapEx/ Total CapEx		
Objective	**Taxonomy-aligned per objective**	**Taxonomy-eligible per objective**
CCM	0.00%	8.70%
CCA	0.00%	7.94%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

Proportion of OpEx/ Total OpEx		
Objective	**Taxonomy-aligned per objective**	**Taxonomy-eligible per objective**
CCM	0.00%	0.34%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%



Climate Change (ESRS E1)

Addressing climate change is crucial for ensuring the long-term sustainability and resilience of our business. By actively working on climate initiatives, we not only mitigate risks associated with climate change but also unlock opportunities for innovation and growth. Our commitment to climate action demonstrates our responsibility to stakeholders and helps us align with global sustainability goals, ultimately contributing to a healthier planet and a more sustainable future for all.

Climate Transition Plan (E1-1)

Embla Medical has set Science-Based Targets (SBTs) on reduced greenhouse gas emissions following the methodology and requirements of the Science Based Targets initiative (SBTi). These targets align with the Paris Agreement's goal of limiting global warming to 1.5°C. As a manufacturing company, Embla Medical's base year emissions profile indicates that around 90% of our emissions come from our value chain (Scope 3), primarily from Purchased Goods and Services, and Transportation and Distribution. In contrast, our direct emissions (Scope 1 and 2) represent around 10% of our total emissions. Consequently, our main potential for locked-in GHG emissions lies in the raw materials used in our products, as well as in transportation and distribution. Embla Medical's largest manufacturing and distribution sites and clinics have a certified environmental management system according to ISO 14001:2015.

Our products are medical devices and must adhere to strict regulatory requirements to ensure safety and reliability. Therefore, any innovation efforts to reduce their environmental impact must align with these regulations, which can limit our ability and pace of improvement. This situation poses a risk to achieving our GHG emission reduction targets and may introduce transition risks. We recognize this challenge and are focusing our efforts where we can make the most significant impact, particularly through eco-design, circular solutions, strong collaboration with our raw material suppliers and enhanced efficiency in transportation and distribution.

While we actively explore these avenues, our transition plan is still under development, with a goal to finalize it by year-end 2025. This plan will outline our objectives for aligning our economic activities with science-based targets, which is our guiding light on how to prioritize our efforts to support climate action. The challenge we face is to decouple our emissions from our growth.

Policies (E1-2)

In 2024, the Embla Medical Environmental Policy was updated to align with our strategy reflecting the results from the Double Materiality Assessment. The new policy states that we aim to minimize our negative environmental impact by reducing our greenhouse gas emissions to mitigate climate change, adapting to climate change impacts, and promoting energy efficiency and transitioning to renewable energy sources.

Actions (E1-3)

Embla Medical actions and resources in relation to climate change policies are managed under our Responsible for Tomorrow program, explained in chapter GOV-1. In 2024, we focused on CSRD implementation, preparing for actions to reduce our emissions, and advancing various initiatives.

Life Cycle Assessment (LCA)
In 2024, Embla Medical developed internal expertise and established a procedure for conducting LCAs on our products. Previously, external consultants performed LCAs for our key products. This internal expertise is crucial to our ongoing efforts to map emissions across our product portfolio and serves as the foundation for implementing feasible design changes to reduce emissions and support our efforts towards circular solutions.

Circular Solutions
We are committed to implementing circular solutions that maximize material utilization and create opportunities for sustainable growth. This approach not only promotes sustainable business practices but also strengthens resilience in the ever-changing healthcare landscape.

In 2024, we embarked on a journey of discovery, engaging with our customers, clinic employees, end-users, and business owners, while also examining emerging trends in payer and healthcare systems. A key insight emerged: Linear transactions, defined as the transfer of product ownership, are not always essential to meet customer needs. In some cases, temporary, metered access to mobility-enhancing solutions may be preferred over a traditional linear business transaction. Additionally, an internal review has confirmed Embla Medical's strong foundation for safely testing circular product use, driven by our successful implementation of MDR-compliant systems and processes in recent years. Building on this progress, we are launching pilot projects in 2025 to explore how circularity can be seamlessly integrated into our business practices while enhancing mobility for those in need. These pilot projects aim to validate the concept of circularity, setting the stage for scaling these initiatives in the future.

Suppliers and Environmental Performance
Around 90% of our emissions originate from our value chain, primarily from purchased goods, emphasizing the importance of supplier collaboration and management in achieving our science-based targets. Össur, the largest commercial entity of Embla Medical, conducted a survey in 2023 and 2024 to assess the environmental sustainability performance of its key suppliers, and to encourage them to join our sustainability journey. In 2024, Össur invited 64 suppliers to participate, representing 80% of direct goods spend, and achieved a 95% response rate. As in the previous year, suppliers were categorized into four groups based on their scores, defined on a 100-point scale: Unaware (0-20%), Aware (20-50%), Engaged (50-80%), and Advanced (80-100%).

The 2024 results show that 25% of the suppliers are now in the Engaged or Advanced categories, compared to 15% in 2023. These 25% of suppliers account for 30% of the emissions from purchased goods. We welcome this positive improvement and have shared the scores and overall survey results with all suppliers, encouraging them to take action to enhance their performance. The survey is conducted annually with the aim of increasing the number of engaged and advanced suppliers.

	UNAWARE		AWARE		ENGAGED		ADVANCED	
	2023	2024	2023	2024	2023	2024	2023	2024
Suppliers (%)*	35.2	28.1	38.9	39.1	13	17.2	1.9	7.8
Emissions (%)	32.7	27.9	46.5	36.6	10.3	25	0.3	5.4

*Response rate in 2024 was 95% compared to 89% in 2023

Taxonomy
The information about Taxonomy-eligible CapEx is included in the notes 11, 12 and 14 to Consolidated Financial Statement in lines representing additions and business combinations. Financial figures disclosed as Taxonomy-eligible OpEx are included in the Consolidated Income Statement – specifically within lines of sales and marketing, research and development and general and administrative expenses. In 2024, Embla Medical did not meet the requirements of alignment in the understanding of European Union Taxonomy, resulting in no aligned capital and operating expenditures.

Targets (E1-4)

In 2024, Embla Medical received validation from the Science Based Target initiative (SBTi) for our science-based targets aimed at reducing market-based emissions. We have identified and implemented several decarbonization levers, such as energy efficiency projects, and sourcing electricity from renewable energy sources. Additional decarbonization measures will be outlined in our climate transition plan, which is set to be finalized in 2025, as detailed in section E1-1. This plan will include the development of sub-targets to support our science-based targets.

Our Science-based Targets:

- Near-term 2030:
  Embla Medical commits to reduce absolute scope 1 and 2 GHG emissions by 79% by 2030 from a 2019 base year. Embla Medical also commits to reduce absolute scope 3 GHG emissions from purchased goods and services, fuel- and energy-related activities, upstream transportation and distribution, and downstream transportation and distribution 25% by 2030 from a 2021 base year.
- Long-term 2050:
  Embla Medical commits to reduce absolute scope 1 and 2 GHG emissions by 90% by 2050 from a 2019 base year. Embla Medical also commits to reduce absolute scope 3 GHG emissions 90% by 2050 from a 2021 base year.

Progress on Scope 1 and 2 Science-based Targets

In 2024, our Scope 1 and market-based Scope 2 emissions were reduced by 66% compared to our 2019 base year, the same as in 2023. This significant reduction is primarily due to our commitment to purchasing electricity from renewable energy sources. To meet our 2030 science-based target, we will continue to focus on energy efficiency in our largest facilities, purchase electricity from renewable energy sources, and transition to electric leased vehicles.

	2019 BASE YEAR	2023	2024	2030 TARGET	2050 TARGET
Scope 1 & 2 emissions (tCO2e)*	7,660	2,630	2,600	1,610	770
Scope 1 (tCO2e)	2,770	2,460	2,290		
Scope 2 market based (tCO2e)	4,890	170	310		
Scope 1 & 2 emissions % change (-/+) from base year	0%	-66%	-66%	-79%	-90%

*CO2-equivalent emissions (CO2, CH4, N2O) from company facilities and vehicles, and purchased electricity (market-based), steam, heating, and cooling for own use

Progress on Scope 3 Science-based Targets

In 2024, our Scope 3 emissions, which cover significant emission categories included in our science-based target, increased by 9% compared to our 2021 base year. We fully recognize and acknowledge the challenge of meeting our Scope 3 science-based target, as it requires rethinking how we design, manufacture, and sell our products and services. Our goal is to decouple our growth from our emissions by applying eco-design principles, implementing circular solutions, and optimizing the transportation and distribution of goods.

	2021 BASE YEAR	2023	2024	2030 TARGET	2050 TARGET
Scope 3 emissions (tCO2e)*	75,600	77,400	82,600	56,700	7,600
Scope 3 emissions % change (-/+) from base year	0%	2%	9%	-25%	-90%

*CO2-equivalent emissions (CO2, CH4, N2O) from purchased goods, fuel- and energy-related activities, and both upstream and downstream transportation and distribution of goods

§ Acccounting Policies – Targets Related to Climate Change Mitigation and Adaptation (E1-4)

Science-based targets are developed in accordance with the requirements of the Science Based Target initiative (SBTi), with greenhouse gas (GHG) emissions calculated following the Greenhouse Gas Protocol.

Progress on Scope 1 and 2 emissions targets is assessed by comparing 2024 emissions against the 2019 base year emissions, both in absolute terms and percentage change. These emissions cover CO2-equivalent emissions (CO2, CH4, N2O) from company facilities and vehicles, as well as market-based purchased electricity, steam, heating, and cooling for own use.

Progress on Scope 3 emissions targets is assessed by comparing 2024 emissions against the 2021 base year emissions, both in absolute terms and percentage change. These emissions originate from purchased goods, fuel- and energy-related activities, as well as upstream and downstream transportation and distribution.

In 2024, Embla Medical implemented a new GHG accounting software system and updated the source of emission factors. This change was applied to the base year and all subsequent years to ensure consistency and accurate comparisons. We are reporting these updated emissions numbers in this report. In 2025, we will engage with SBTi to review and update our science-based targets to reflect this change in emissions factor sourcing.

Energy Consumption and Mix (E1-5)

At Embla Medical, we are committed to reducing our environmental impact through responsible energy management. In 2024, our total energy consumption was 29,070 MWh, up from 28,010 MWh in 2023. Despite this increase, our energy intensity per net revenue decreased to 34.0 in 2024 from 35.6 in 2023. The share of energy from renewable sources rose to 29%, compared to 27% in 2023, marking a 2% increase in renewable energy consumption. Our total purchased electricity was 17,080 MWh, up from 15,350 MWh in 2023.

§ Accounting Policies – Energy Consumption and Mix (E1-5)

Energy consumption covers stationary and mobile combustion, purchased electricity and district heating. All consumption data is uploaded to our GHG accounting software system and converted to the unit of MWh, if needed.

Stationary Combustion (purchased gas) consumption is monitored at eight manufacturing and distribution locations in Mexico, the US, the UK, and the Netherlands, through invoices and the service company MySites which enables online collection of gas consumption. To ensure data completeness, gas consumption in our clinics is estimated from established ratio of gas consumption per Full-Time Equivalent (FTE) and country-based statistics on natural gas used for heating.

Mobile Combustion consumption is monitored for fuel consumption of owned and leased cars, and from our car allowance system. This represents in total over 300 cars in Europe, Scandinavia, US, Mexico and emerging markets. Fuel consumption is collected from internal consumption data, available consumption data from leasing companies, and calculated from the average distance traveled per car determined by the average CO_2 emissions per kilometer originating from the car manufacturer.

Purchased Electricity and District Heating consumption is monitored in manufacturing and distribution locations in Iceland, Mexico, the US, the UK, and the Netherlands. For our patient care clinics worldwide, electricity consumption is tracked by establishing an emission factor per FTE based on available consumption data from Scandinavia, which is then extrapolated to ensure comprehensive data coverage. To ensure completeness of data, the remaining consumption is extrapolated. All electricity consumption data is uploaded to our GHG accounting software system and linked to the relevant grid database. This linkage provides detailed information on the energy mix for each respective grid.

Net revenue in 2024 for Embla Medical is 855 USD million as shown in Net sales line for 2024 in the Consolidated Income Statement.

ENERGY CONSUMPTION AND MIX	2023	2024
Fuel consumption from coal and coal products (MWh)	0	0
Fuel consumption from crude oil and petroleum products (MWh)	6,470	5,920
Fuel consumption from natural gas (MWh)	4,200	4,090
Fuel consumption from other fossil sources (MWh)	0	0
Consumption of purchased or acquired electricity, heat steam and cooling from fossil sources (MWh)	7,830	8,620
Total fossil energy consumption (MWh)	18,500	18,630
Share of fossil sources in total energy consumption (%)	66%	64%
Consumption from nuclear sources (MWh)	1,990	1,980
Share of consumption from nuclear sources in total energy consumption (%)	7%	7%
Fuel consumption for renewable sources, including biomass (also comprising industrial waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	0	0
Consumption of purchased or acquired electricity, heat steam and cooling from renewable sources (MWh)	7,520	8,460
The consumption of self-generated non-fuel renewable energy (MWh)	0	0
Total renewable energy consumption (MWh)	7,520	8,460
Share of renewable sources in total energy consumption (%)	27%	29%
Total energy consumption (MWh)	28,010	29,070
Energy Intensity Per Net Revenue		
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWH/USD million)	35.6	34.0

Gross Scopes 1, 2, 3 and Total GHG Emissions (E1-6)

Understanding and managing our greenhouse gas (GHG) emissions is crucial to Embla Medical's sustainability strategy. Embla Medical has identified ten relevant Scope 3 emission categories as defined by the Greenhouse Gas Protocol. Four of these categories are included in our science-based targets and are therefore significant to Embla Medical. For transparency, we also report on the other six relevant categories to monitor any changes that might require a review and update of our science-based targets.
In 2024, our total Scope 1, 2 and significant Scope 3 market based GHG emissions was 85,200 tCO2e, compared to 80,000 tCO2e in 2023.

GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS	RETROSPECTIVE				MILESTONES AND TARGET YEARS		
	BASE YEAR	2023	2024	2024 / 2023 %	2030	2050	ANNUAL REDUCTION TARGET TO 2030 %
Scope 1 GHG emissions (base year = 2019)							
Gross Scope 1 GHG emissions (tCO2e)	2,770	2,460	2,290	-7%	1,610	770	7%
Stationary combustion (tCO2e)	790	850	850	0%			
Mobile combustion (tCO2e)	1,930	1,610	1,440	-11%			
Fugitive emissions (tCO2e)	50	0	0	0%			
Scope 1 GHG emissions from regulated emission trading schemes (%)	0	0	0	0%			
Scope 2 GHG emissions (base year = 2019)							
Gross location-based Scope 2 GHG emission (tCO2e)	4,890	3,990	4,330	9%			
Gross market-based Scope 2 GHG emissions (tCO2e)	4,890	170	310	82%			
Scope 1 and 2 emissions (base year = 2019)							
Gross Scope 1 and 2 GHG emissions, market-based (tCO2e)	7,660	2,630	2,600	-1%			
Significant Scope 3 GHG emissions (base year = 2021) *							
Gross Scope 3 emissions within science-based targets (tCO2e)	75,600	77,400	82,600	7%	56,700	7,600	3%
Category 1 - Purchased goods*	62,290	65,730	70,130	7%			
Category 3 - Fuel- and energy-related activities*	1,280	1,160	1,230	6%			
Categories 4 and 9 - Upstream and downstream transportation and distribution*	11,990	10,530	11,240	7%			

*Significant Scope 3 categories within science-based targets

TOTAL SCOPE 1, 2 AND SIGNIFICANT SCOPE 3 GHG EMISSIONS	BASE YEAR	2023	2024	2024 / 2023 %
Total GHG emissions, locations-based (tCO2e)	83,300	83,900	89,200	6%
Total GHG emissions, market-based (tCO2e)	83,300	80,000	85,200	7%

To better understand the efficiency of our operations in relation to our environmental impact, we measure our GHG emissions intensity per net revenue. This metric provides insight into how effectively we are managing our emissions relative to our economic activity. In 2024, the total GHG emissions covering total Scope 1, 2 (market-based) and significant Scope 3 GHG emissions per net revenue was 99.6 tCO2e/USD million, compared to 101.8 tCO2e/USD million in 2023. This is a 2% reduction in intensity from 2023 to 2024.

GHG INTENSITY PER NET REVENUE*	2023	2024	2024 / 2023 %
Total GHG emissions (location-based) per net revenue (tCO2e/USD million)	106.7	104.3	-2%
Total GHG emissions (market-based) per net revenue (tCO2e/USD million)	101.8	99.6	-2%

*Total Scope 1, 2 and significant Scope 3 GHG emissions

OTHER RELEVANT SCOPE 3 GHG EMISSIONS	2023	2024	2024 / 2023 %
Category 1 - Purchased services (tCO2e)	3,490	3,690	6%
Category 2 - Capital goods (tCO2e)	9,220	7,350	-20%
Category 5 - Waste generated in operations (tCO2e)	920	970	5%
Category 6 - Business traveling (tCO2e)	5,100	6,100	20%
Category 7 - Employee commuting (tCO2e)	7,250	7,870	9%
Category 11 - Use of sold products (tCO2e)	340	390	15%
Category 12 - End-of-life treatment of sold products (tCO2e)	130	140	8%

§ Accounting Policies – Gross Scope 1 and 2 Emissions (E1-6)

In 2024, Embla Medical implemented a new GHG accounting software system and updated the source of emission factors. This change was applied to the base year and all subsequent years to ensure consistency and accurate comparisons. We are reporting these updated emissions numbers in this report. In 2025, we will engage with SBTi to review and update our science-based targets to reflect this change in emissions factor sourcing.

Scope 1 emissions cover emissions from stationary and mobile combustion, as well as fugitive emissions. Consumption data is uploaded to our GHG accounting software system and connected to the relevant emissions factor datasets for the calculation of tCO2e.

Stationary Combustion (purchased gas) consumption is monitored at eight manufacturing and distribution locations in Mexico, the US, the UK, and the Netherlands through invoices and the service company MySites which enables online collection of gas consumption. To ensure data completeness, gas consumption in our clinics is estimated from established ratio of gas consumption per Full-Time Equivalent (FTE) and country-based statistics on natural gas used for heating.

Mobile Combustion consumption is monitored for fuel consumption of owned and leased cars, and from our car allowance system. This represents in total over 300 cars in Europe, Scandinavia, US, Mexico and emerging markets. Fuel consumption is collected from internal consumption data, available consumption data from leasing companies, and calculated from the average distance traveled per car determined by the average CO2 emissions per kilometer originating from the car manufacturer.

Fugitive emissions arise from the use of refrigerants in our cooling systems in Iceland. In 2024, there were no refrigerant refills in our systems, so no fugitive emissions are reported.

Scope 2 emissions cover emissions from purchased electricity and district heating. Consumption data is uploaded to our GHG accounting software system and connected to the relevant emissions factor datasets for the calculation of tCO2e. According to the GHG Protocol Scope 2 Guidance, for the market-based method, all electricity purchased with confirmed Energy Attribute Certificates (EACs) have an emission factor of zero.

Purchased Electricity and District Heating consumption is monitored in manufacturing and distribution locations in Iceland, Mexico, the US, the UK, and the Netherlands. For our patient care clinics worldwide, electricity consumption is tracked by establishing an emission factor per employee based on available consumption data from Scandinavia, which is then extrapolated to ensure comprehensive data coverage. To ensure complete data, the remaining consumption is extrapolated. All electricity consumption data is uploaded to our GHG accounting software system and linked to the relevant grid database. This linkage provides detailed information on the energy mix for each respective grid.

Net revenue in 2024 for Embla Medical is 855 USD million as shown in Net sales line for 2024 in the Consolidated Income Statement.

§ Accounting Policies – Gross Scope 3 Emissions (E1-6)

Scope 3 emissions cover ten relevant categories as defined by the Greenhouse Gas Protocol, using the operational control approach. Four of these categories are significant to Embla Medical and are included within our science-based targets. For transparency, we also report on the other six relevant categories to monitor any changes that might require a review and update of our science-based target scope.

3.1 Purchased Goods and Services
Purchased goods are categorized into three groups: raw materials, outsourced finished components, and outsourced finished goods. Emissions from raw materials are calculated using activity data by weight and emission factors based on industry averages. For outsourced finished components and goods, emissions are calculated using spend data and country-specific emission factors. The data used represent 80% of our spend on purchased goods, with the remaining 20% extrapolated to ensure data completeness.
Emissions from purchased services are calculated based on Embla Medical's spend.

3.2 Capital Goods
Data on capital goods is based on Embla Medical's spend and emissions calculated by multiplying spend by applicable emissions factor. Capital goods is split into five categories: buildings and sites, machinery, equipment and automotives, fixtures and furniture, leasehold improvements, and computer equipment.

3.3 Fuel- and Energy-Related Activities
This category includes upstream emissions from energy consumption in company operations. Calculations are based on Scope 1 and 2 emissions and cover fuels, electricity and district heating. Emission factors are applied based on energy source and consumption data.

3.4 Upstream Transportation and Distribution
Covers transportation and distribution paid by Embla Medical. Data is collected from service companies on weight transported, transport mode, city of origin and destination for purchased goods, inter-company shipments and finished goods distribution. The data is uploaded to our GHG accounting software system and connected to the relevant emissions factor datasets for the calculation of tCO2e. The emissions are calculated on a well-to-wheel (WTW) basis. For total transportation and distribution emissions, we apply a 70/30 split between upstream and downstream, with upstream accounting for 70% of the emissions.

3.5 Waste
Emissions from waste are calculated by uploading the weight and categories of waste generated into our GHG accounting software system. This system connects the data to relevant emissions factors to determine the total CO2 equivalent (tCO2e). Covers waste generated at our largest manufacturing and distribution sites in Iceland, Mexico, the US (Philadelphia), the UK (Manchester), and the Netherlands (Eindhoven). Waste data, including amounts and categories, is collected at each location from invoices, or the service company MySites which enables online collection of waste generated. Where data is unavailable, waste amounts are extrapolated based on the FTE ratio and whether the site is a manufacturing or distribution facility.

3.6 Business Travel
Emissions from business travel are collected through Embla Medical's global travel system which monitors emissions from air travel and trains. The data covers approximately 60% of booked travel, with the remaining data extrapolated to ensure completeness. Emissions are calculated on a well-to-wheel (WTW) basis.

3.7 Employee Commuting
Emissions from employee commuting are determined through an annual desk study, which uses accessible statistics based on the number of employees in five regions: Europe, Iceland, North America, South America, and Asia. This study is updated yearly by revising the main data parameters and emission factors. The data used to calculate emissions include the number of employees, number of workdays per year, commuting distance, regional transportation statistics, and appropriate emission factors.

3.9 Downstream Transportation and Distribution
Covers transportation and distribution paid by Embla Medical's customers. Data is collected from service companies on weight transported, transport mode, city of origin and destination for purchased goods, inter-company shipments and finished goods distribution. The data is uploaded to our GHG accounting software system and connected to the relevant emissions factor datasets for the calculation of tCO2e. The emissions are calculated on a well-to-wheel (WTW) basis. For total transportation and distribution emissions, we apply a 70/30 split between upstream and downstream, with downstream accounting for 30% of the emissions.

3.11 Use of Sold Products
Covers emissions from the energy consumption of Embla Medical's products when used by our patients. We place a limited number of bionic products on the market that consume electricity, constituting less than 1% of the total units sold. The electricity consumption of these sold bionic products is calculated based on the number of units sold, estimated hours of use per day, and known electricity consumption per hour. Emissions are then calculated from this electricity consumption and the electricity grid emissions for the geographical areas where the products are sold. The emissions from the use of sold products in 2024 are estimated based on last year's data and adjusted according to the percentage increase in net revenue of bionic products.

3.12 End-of-Life Treatment of Sold Products
Covers emissions from sold products at the end of their life cycle, when the product is no longer used and disposed. Sold products are categorized into products and packaging, with annual sales per unit used to calculate the number of products and packaging placed on the market in each country/region. Disposal statistics for packaging materials (plastic or paper) in each market are used to calculate emissions. It is assumed that all products end up in landfills, based on their weight. The emissions from end-of-life treatment of sold products are based on last year's data and adjusted according to the percentage increase in net revenue.

Net revenue in 2024 for Embla Medical is 855 USD million as shown in Net sales line for 2024 in the Consolidated Income Statement.

GHG Removals and Carbon Credits (E1-7)

As a part of our science-based targets, Embla Medical is committed to achieving NetZero by 2050 by reducing emissions by 90% from selected base years. The remaining emissions will be neutralized through the purchase of carbon removal credits. Embla Medical did not purchase carbon removal credits in 2024.

As part of our commitment to mitigation beyond our value chain, Embla Medical partners with SoGreen to empower girls in developing countries through education, which contributes to climate change mitigation. This project also supports the UN Sustainable Development Goal 5 on Gender Equality and fosters innovation. Embla Medical has contracted to purchase 500 pending avoidance credits per year for five years, totaling 2,500 credits. This method is currently in the certification process, and since these are not removal credits, they will not be used to meet our NetZero target.

Pollution (ESRS E2)

At Embla Medical, we are committed to responsible manufacturing practices and minimizing pollution from our operations. The materiality of ESRS E2 Pollution is primarily driven by the potential financial impact of possible restrictions on the use of certain chemical substances used in our operations. Therefore, this chapter focuses mainly on our management of the use of chemical substances.

Policies (E2-1)

At Embla Medical, we use various chemical products in the design and manufacturing of our products. Our updated Environmental Policy states that we aim to minimize our negative environmental impact by preventing and reducing pollution and the use of harmful substances across our value chain. We apply a risk-based approach and have a certified environmental management system according to ISO 14001:2015 in our largest manufacturing and distribution sites, and in some of our patient care facilities. As part of these systems, we have processes in place to avoid incidents and emergency situations, and if they occur, to control and limit their impact on people and the environment.

Actions (E2-2)

Our approach to chemical management is designed to protect our employees through safe usage, ensure regulatory compliance, and minimize environmental impact through proper waste management.

As part of our Safety Management System, we have implemented comprehensive emergency response plans for chemical spills, leaks, and other incidents at our largest manufacturing and distribution sites, using a risk-based approach. These plans ensure quick and effective action to protect both workers and the environment. We use Safety Data Sheets (SDS) to provide detailed information on safe use, hazards, handling, storage, and emergency measures. Additionally, we conduct Job Safety Analyses (JSA) on our manufacturing processes to identify potential hazards associated with chemical use. We implement measures to mitigate these risks, including engineering controls, personal protective equipment (PPE), and safe work practices. For further information on our actions to maintain a safe workplace, please refer to chapter S1.

We take full responsibility for ensuring regulatory compliance in chemical use, recognizing that it enhances our business resilience against potential restrictions on their use, distribution, and commercialization. Staying updated on changes or new regulations that may impact our operations is a priority. Our internal Regulatory Committee is dedicated to monitoring changes in chemical regulations, evaluating their relevance to our operations, and ensuring appropriate responses. We conduct annual compliance reviews at our largest manufacturing, distribution and patient care sites and regulatory changes identified are forwarded to the Regulatory Committee for evaluation, as needed. Compliance extends to our supply chain, where we maintain strong collaboration with our trusted suppliers to ensure adherence to chemical legislation.

As part of our manufacturing processes, we have implemented procedures for the safe disposal of chemical waste, including recycling and treatment processes, to minimize environmental impact. For more details on our waste management, please refer to chapter E5.

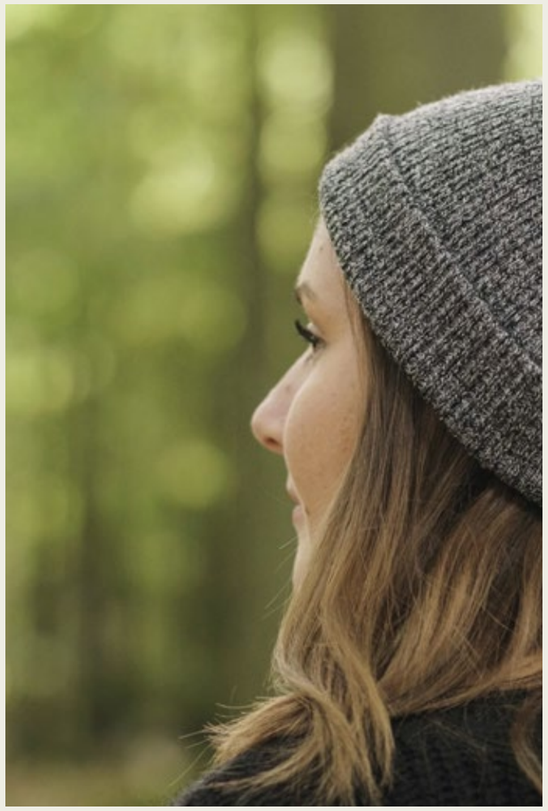
Targets (E2-3)

Embla Medical has not yet set targets on the prevention and control of substances of concern and substances of very high concern. In 2024, we focused on establishing an understanding on the requirements of the ESRS E2 standard and gathered valuable information on how they align with the current management of chemical substances at our entities. This effort aims to build a strong foundation for our actions and set targets related to the prevention and control of substances of concern and substances of very high concern.

Substances of Concern and Substances of Very High Concern (E2-5)

Over the years, Embla Medical has replaced substances of concern, when possible, by finding equivalent alternatives. With the new CSRD requirements, we need to create a comprehensive overview of these substances. This information will help in making decisions regarding their substitution, which may improve our ability to set and achieve corporate targets.

However, the absence of clear definitions within the legislation and the lack of access to a comprehensive list of all substances of concern have presented challenges in meeting disclosure requirements effectively. As a result, Embla Medical is currently unable to disclose the total quantities of substances of concern and substances of very high concern used in manufacturing processes across our entities. Similarly, we are unable to provide data on the total amounts of these substances that leave our facilities as products, components of products, or services, categorized by main hazard classes.



Resource Use and Circular Economy (ESRS E5)

At Embla Medical, we are committed to optimizing our raw material yield to minimize waste. We are actively mapping our product portfolio in relation to emissions and market demands and taking initial steps towards adopting circular solutions. Our existing value chain is predominantly linear, and to successfully introduce circular solutions, we must overcome challenges of both an economic and regulatory nature. For circular solutions to succeed, all key stakeholders in our value chain must recognize the value of transitioning from a linear to a circular business model.

Policies (E5-1)

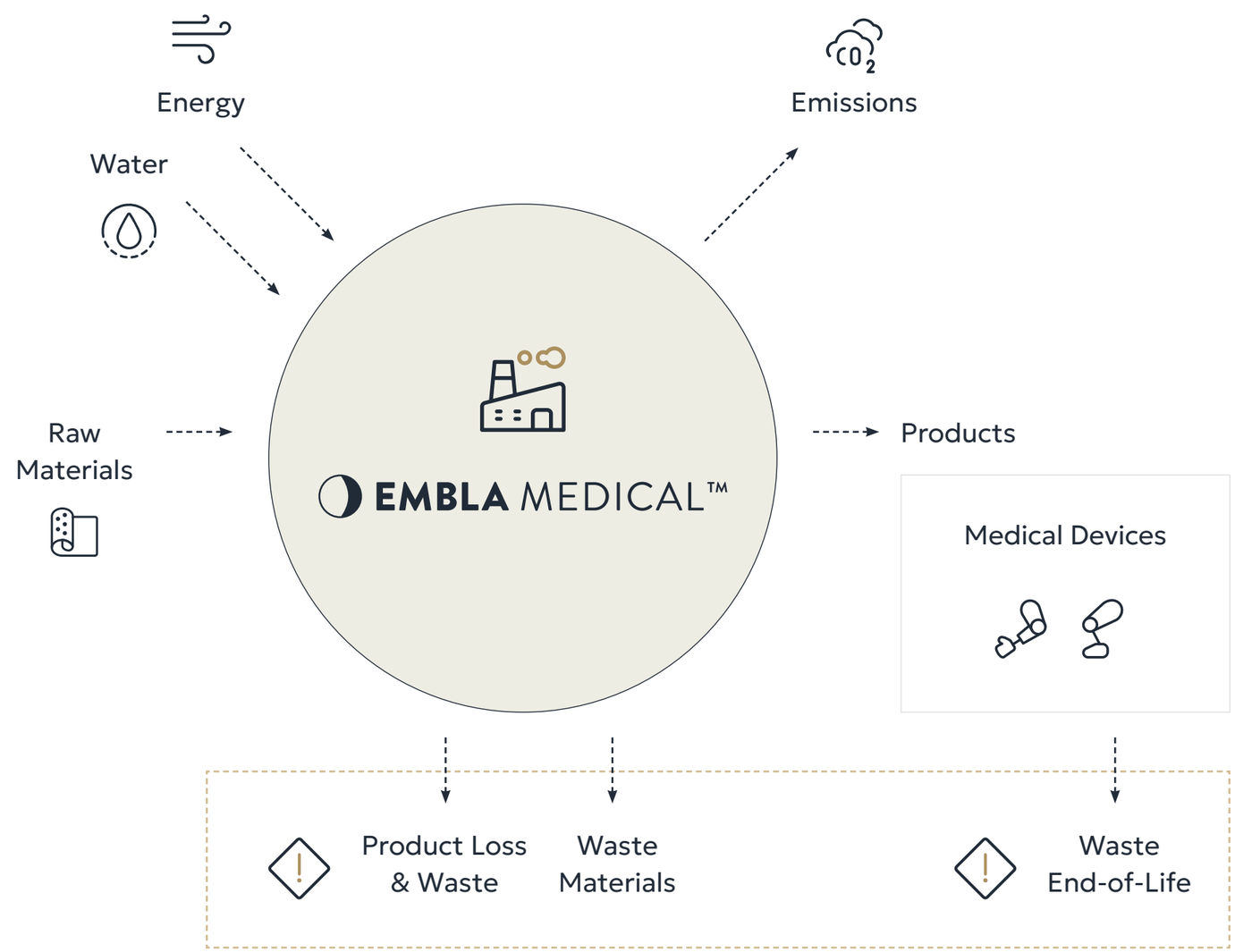
Our updated Environmental Policy states that we aim to minimize our negative environmental impact by preventing and reducing pollution and strive for the sustainable sourcing and reuse of raw materials.

Targets (E5-3)

Össur, the largest commercial entity of Embla Medical, aims to ensure that 95% of its sold finished products are packaged according to Össur's Environmental Packaging Criteria by 2030. Product packaging has a relatively short lifetime and once it has served its purpose of protecting the product through transport and storage, our goal is to ensure that it can be easily recycled and disposed of with as little impact as possible. The Össur Environmental Packaging Criteria provides guidance on sustainable packaging design and we are implementing sustainable packaging across different product lines in a prioritized order with packaging volumes and impact in mind.

Regarding our product targets, Embla Medical is actively exploring opportunities to increase material yield, reduce waste, and use raw materials with lower emissions. These efforts support our science-based emissions reduction targets. As detailed in chapter E1, we plan to finalize our transition plan in 2025.

Resource Inflows and Outflows



Resource Inflows (E5-4)

At Embla Medical, our resource inflows include a variety of essential materials and utilities used. These includes raw materials such as plastics, silicone, composites, textile and metals, which are integral to our manufacturing processes. We also procure components and finished goods from our suppliers. Energy, in the form of electricity and gas, powers our operations, while water is utilized across our facilities. Additionally, equipment is employed in our manufacturing activities. Our packaging materials primarily consist of paper, cardboard, and plastics.

Embla Medical faces significant challenges in providing comprehensive and reliable data on total weight of materials and products used in 2024, mainly due to the complexity of tracking and verifying data across our entities and global supply chains. Additionally, ensuring the data accuracy of sustainably sourced materials and the use of secondary materials requires consistent monitoring, which we have not yet standardized for our global operations. Therefore, Embla Medical is unable to report on this information in 2024.

However, we have taken important steps towards sustainable sourcing of our packaging material. Within our Össur bracing & supports product portfolio, we have focused on FSC certified packaging materials. In 2024, 22% of these products were sold in packaging with FSC certification, representing 24% of total sales within this product group.

Resource Outflows (E5-5)

At Embla Medical, our primary resource outflows include the products and packaging we place on the market, as well as waste generated from our manufacturing processes and product losses due to quality issues and discontinuation. We recognize that a significant portion of the environmental impact of products and packaging is determined during the design phase. Durability, repairability, and recycling play crucial roles in reducing this impact. Therefore, we emphasize eco-design and circular solutions as essential strategies to meet our science-based targets. For further information, see chapter E1.

At Embla Medical, the expected lifetime, or durability, of a product is the period in which it is expected to be safe and effective for its intended use. Regular safety checks, maintenance, repairs, or upgrades may be necessary during the expected lifetime. The expected lifetime of Össur products can be found here.

Embla Medical is dedicated to delivering medical products that meet the highest standards of safety and performance. As part of this commitment, we ensure servicing for all serviceable products to the end of their expected life. Serviceable products include those eligible for repairs, which currently encompass all bionic products and selected mechanical knees.

Embla Medical is currently unable to report on the recyclable content rates for all products and packaging across all entities and brands. However, progress is being made. In 2023, Össur, the largest commercial entity of Embla Medical, published its Environmental Packaging Criteria, which stipulates that final product packaging must consist of 100% recyclable boxes with clear disposal and recycling information. By the end of 2024, 45% of final products sold under the Össur brand had been updated to meet these criteria, representing 58% of sales.

Waste Management

Good waste management is an important part of responsible operations where material yield is maximized to minimize pollution and reduce disposal costs in operations. Embla Medical has a certified environmental management system according to ISO 14001:2015 in our largest manufacturing and distribution sites, and in some of our patient care facilities. The main waste types reflect the main raw materials used in manufacturing, e.g. metals, cured carbon, silicone, plastics and textiles.

In 2024, Embla Medical operations generated a total of 3,420 metric tons of waste. Of this, 2,180 metric tons were diverted from disposal, primarily through recycling, resulting in a recycling rate of 64%.

WASTE FROM OPERATIONS	2024 (METRIC TONS)
Waste Diverted from Disposal	2,180
Hazardous Waste	50
Non-Hazardous Waste	2,130
– Preparation for Reuse	0
– Preparation for Recycling	2,110
– Preparation for Other Recovery	20
Waste Diverted to Disposal	1,240
Hazardous Waste	90
Non-Hazardous Waste	1,150
– Incineration	500
– Landfill	650
– Other Disposal Options	0
% of Non-Recycled Waste	36%
Total Hazardous Waste	140
Total Waste	**3,420**

§ Accounting Policies (E5-5)

The data covers waste generated at our largest manufacturing and distribution sites in Iceland, Mexico, the US (Philadelphia), the UK (Manchester), and the Netherlands (Eindhoven). Waste data, including amounts and categories, is collected at each location from invoices, or the service company MySites which enables online collection of waste generated. Where data is unavailable, waste amounts are extrapolated based on the FTE ratio and whether the site is a manufacturing or distribution facility.

No radioactive waste is generated in the Embla Medical operation and is therefore not included in accompanying table on Waste from Operations.

SUSTAINABILITY STATEMENT

OUR PEOPLE

At Embla Medical, enhancing the social well-being of our people, including our own workforce, workers in our value chain, and our customers, is integral to our success. By prioritizing health, safety, and overall well-being, we foster a supportive and productive environment that drives innovation and growth. This commitment not only strengthens relationships with stakeholders but also ensures that our operations contribute positively to society. Investing in social well-being helps us build a resilient and sustainable business while contributing to the UN Sustainable Development (SDGs) Goal 3 on Good Health and Well-being, Goal 5 on Gender Equality, and Goal 8 on Decent Work and Economic Growth.

Own Workforce (ESRS S1)

Embla Medical and its subsidiaries operate in more than 36 countries. With over 4,000 employees, our diverse team collaborates seamlessly to improve people's mobility. We prioritize fair treatment, equal opportunities, and sustainable practices, with our dedicated and skilled employees driving our sustainability initiatives. By valuing diverse perspectives, we foster an environment where individual strengths, skills, and knowledge thrive. All manufacturing locations and distribution centers have adopted lean manufacturing processes in addition to extensive loss prevention initiatives focused on both personal and operational safety. Local health and safety committees lead our efforts to ensure employee safety while adhering to local practices and policies.

Policies (S1-1)

Our main policies for managing material impacts on our own workforce include the Human Rights Policy, Health and Safety Policy, Diversity, Equity and Inclusion Policy and Code of Conduct. These policies are communicated internally through training and awareness and accessible on our website.

In our Human Rights Policy, we pledge to operate in a manner that respects and promotes human rights, including labor rights, across all aspects of our operations. This policy is designed to promote honest and ethical

conduct and applies to all individuals employed by, or affiliated with, Embla Medical entities. We are committed to eradicating all forms of discrimination, providing a safe and healthy work environment, and we do not tolerate any form of modern slavery, including forced labor, child labor, compulsory labor, or human trafficking.

As outlined in our Health and Safety Policy, safety is our first priority and integral to everything we do. We consistently adhere to relevant health and safety standards, and ensure employees are committed to providing a safe and healthy work environment. Our commitment extends to continuous improvement and proactive measures to prevent accidents and incidents, fostering a culture of safety and well-being for all.

Our Diversity, Equity and Inclusion Policy outlines our commitment to fostering an inclusive environment where every individual is valued and respected. It aims to eliminate barriers, promote equal opportunities and ensure that diversity is celebrated across all levels of our organization. We are committed to creating a culture of acceptance and belonging, while proudly serving a diverse, global community. We believe that, in making a difference in the world, we must also embrace the differences within it.

Our Code of Conduct outlines the norms, rules, responsibilities, and proper practices at Embla Medical. It guides employees in their day-to-day activities, ensuring compliance with all applicable laws and legislation. Together with our values, it helps maintain and strengthen our company culture.

Engaging With Own Workforce (S1-2)

At Embla Medical, we are committed to open and continuous engagement with our workforce to address impacts, increase job satisfaction and foster an inclusive, supportive work environment. We prioritize learning and professional development opportunities while promoting work-life balance. Additionally, we actively work to mitigate negative impacts such as discrimination, inequality, occupational injuries, and pressures from external barriers like regulations and industry-specific challenges. The EVP of People, Strategy & Sustainability is responsible for ensuring that engagement aligns with our commitments to our own workforce, and reporting progress to executive management.

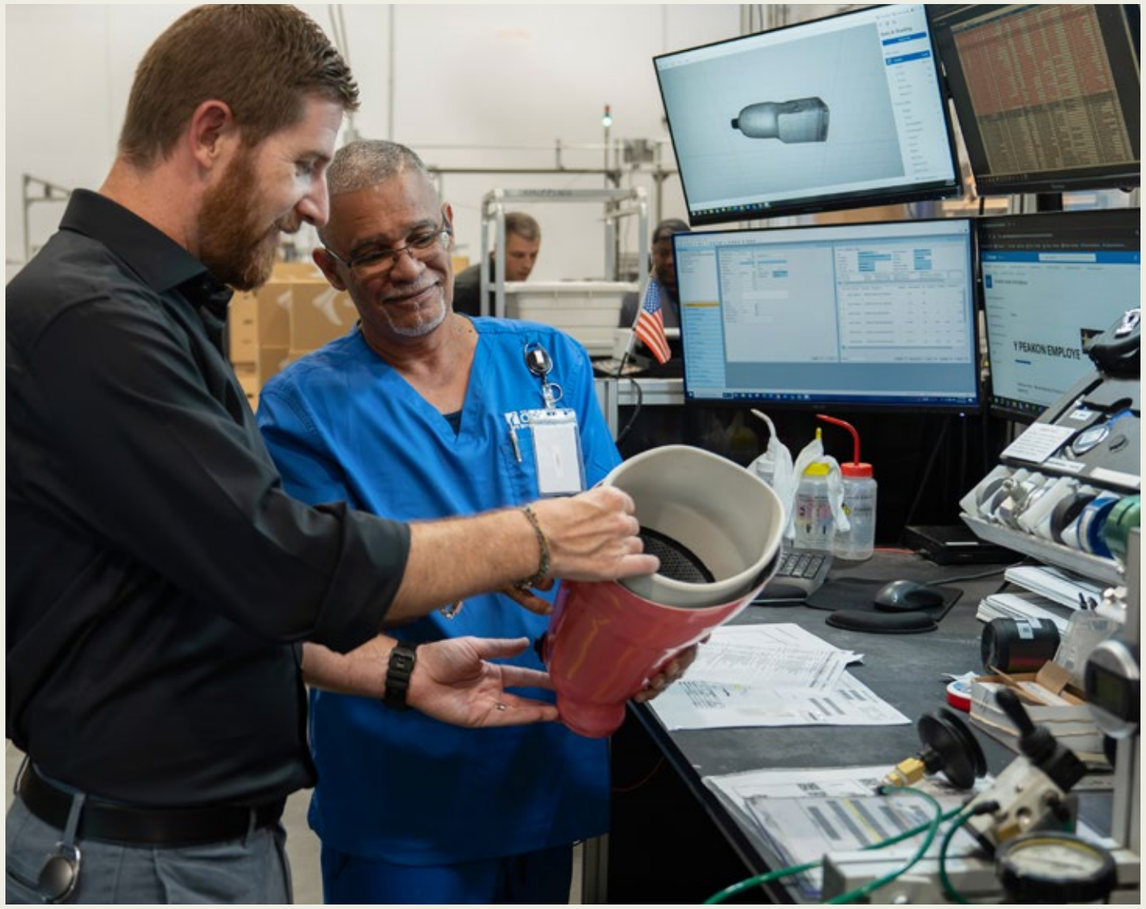
We engage with our employees daily through various channels to keep them well-informed. This includes sharing news on the company intranet, global and local announcements, and regular employee meetings. Quarterly meetings provide comprehensive updates on company developments, goals, and progress. Additionally, one-on-one meetings between employees and managers foster open communication, deliver personalized feedback, and support professional growth. This approach helps employees feel valued and aligned with the company's goals, while addressing concerns promptly and effectively.

Our company is committed to fostering talent development by offering various learning opportunities that enable employees to build lasting and rewarding careers with us. We have a Competency Framework that defines the behaviors driving successful performance and supports our business strategy. Our core competencies are Collaboration, Communication, Driving Results, Customer Focus, and Change. We conduct annual performance reviews to assess the past year's performance, as well as plan for the year ahead. Individual development plans are created with consideration of the overall strategy and goals, providing employees with opportunities to grow within the organization. Regular check-ins between employees and managers are encouraged to discuss performance and competency development. These discussions are supported by Embla Medical's Development Guide, which outlines training and development opportunities for each competency.

All employees, regardless of their role or location, have access to thousands of online and virtual courses to support their learning and growth. We also offer mentoring, 360° assessments, and one-on-one coaching to further develop our talented workforce. All people leaders participate in our LEAD program, a global leadership development initiative, where we identify the key attributes of great leadership and how to successfully lead at Embla Medical. Participants learn through experiences, guided exercises, feedback, coaching, and peer learning.

In 2024, our employee survey was conducted globally twice, and will be conducted quarterly in 2025. This confidential and anonymous process allows us to capture employee feedback on a variety of topics, such as engagement, diversity, inclusion and well-being. The insights gained from these surveys help us better understand the concerns and needs of our diverse workforce, enabling informed decision-making and addressing potential negative impacts on our employees effectively.

We also ensure that our employees have access to the People (Human Resources) function for advice, assistance, and support. This open-door policy is a vital part of our engagement strategy, allowing employees to voice their concerns, seek guidance and receive the support they need to address any issues they may face.



Remediating Negative Impacts To Own Workforce (S1-3)

At Embla Medical, we have implemented a comprehensive approach to prevent, identify, and mitigate negative impacts on our workforce. We offer training in diversity, equity, and inclusion (DEI) to raise awareness and foster an inclusive workplace culture. Additionally, we actively support underrepresented groups and ensure equal opportunities for all employees. Our global Code of Conduct training helps employees uphold the highest standards and minimize potential risks. For more details on Code of Conduct, refer to the Our Business chapter.

Our Safety Management System provides a framework for managing safety risks and identifying opportunities for improvement, with the goal of preventing work-related injuries and illnesses. We take a proactive approach to workplace health and safety, which includes conducting Job Safety Analyses, performing quarterly fire safety audits, and providing health and safety training to ensure procedures are well understood and followed. Additionally, we run awareness campaigns to promote safe practices. In the event of safety incidents, we have a reporting mechanism and a response team that promptly addresses the issue and implements corrective measures to prevent recurrence. We encourage our employees to submit suggestions on how to improve safety in their work area. In 2024, the total number of implemented employee suggestions on workplace safety was 755, compared to 606 in 2023.

We provide multiple avenues for employees to raise concerns. Employees can discuss and report issues directly to managers, supervisors, the compliance team, or the People team. We ensure that all concerns are heard and addressed promptly and effectively. Our employee survey serves as a key platform for feedback and raising concerns, featuring an anonymous solution where employees and managers can interact on various topics without revealing their identities.

The Embla Medical Speak-Up Line is our global whistleblower and helpline system, available 24 hours every day of the year to anyone wishing to file a report or raise a concern. All employees and other stakeholders can utilize the Speak-Up Line to provide anonymous feedback and complaints. Employees are made aware of the Speak-Up Line through our Code of Conduct Training. Everyone who reports an issue in good faith is guaranteed protection from retaliation, and all reports are treated as confidential.

Actions (S1-4)

Our commitment to our workforce is reflected in targeted actions that address key impacts, manage risks, and leverage opportunities, ensuring both employee satisfaction and organizational resilience. We place a strong emphasis on fostering and maintaining a diverse workforce, recognizing that diversity fuels better decision-making and innovation.

Diversity, Equity and Inclusion (DE&I)
In 2024, we provided 350 courses, books, videos, and audiobooks for our employees in our comprehensive DE&I training programs, to build DE&I awareness among our employees and managers. These resources are accessible through our eLearning platform.
We have global and regional diversity, equity, and inclusion (DE&I) councils that set targets, implement actions, and monitor our progress. The global DE&I council works on the overall DE&I strategy and implementation company-wide, deciding on initiatives such as employee survey questions, training, system data improvement, awareness campaigns, and more.

We continued to use our employee survey to monitor and measure employees' perceptions of diversity, inclusion, and discrimination. When employees were asked if they were satisfied with Embla Medical's efforts to support diversity and inclusion (for example, in terms of gender, ethnicity,

disability, and socio-economic status) we scored 8.2 on a 10-point scale. We track scores related to diversity, inclusiveness, and non-discrimination, and closely monitor employee feedback from surveys and performance reviews. Managers and members of the People team, prioritize addressing any deviations promptly, ensuring a supportive and equitable workplace for all. In 2024, we doubled the frequency of employee surveys, included open comment sections, and placed increased emphasis on diversity, equity, and inclusion, to better understand employee sentiments and priorities on these topics.

We conduct regular salary audits to ensure equal pay for equal work, adhering to the Equal Employment Opportunity Commission (EEOC) standards in the Americas, and similar principles in other regions. In Iceland we are Equal Pay Certified and have yearly audits, the certification covers e.g. review of the Equal Pay Policy, Equality Opportunity Policy, objectives and plans.

We are committed to inclusive recruitment practices, consciously working with managers to ensure diverse teams. Our training for hiring managers includes introductions to inclusive language and unconscious bias, helping to attract a diverse workforce. We have a diversity dashboard available for leaders so they can monitor the diversity in their teams. Additionally, applicants and employees who do not identify as male or female can select non-binary as their gender in our human resource information system. In 2024, we implemented bi-monthly new-hire networking events in the Americas, which are well-attended and appreciated for fostering inclusivity.

As part of our recruitment outreach, we have contracted with large job recruitment-based websites. Postings include targeted job boards which include job boards for Military Veterans of all services and job boards for people of color and women.

We prioritize the well-being and work-life balance of our employees by offering flexible work arrangements for roles that can be performed remotely. This flexibility allows employees to manage their work and personal lives and is highly appreciated by our team members.

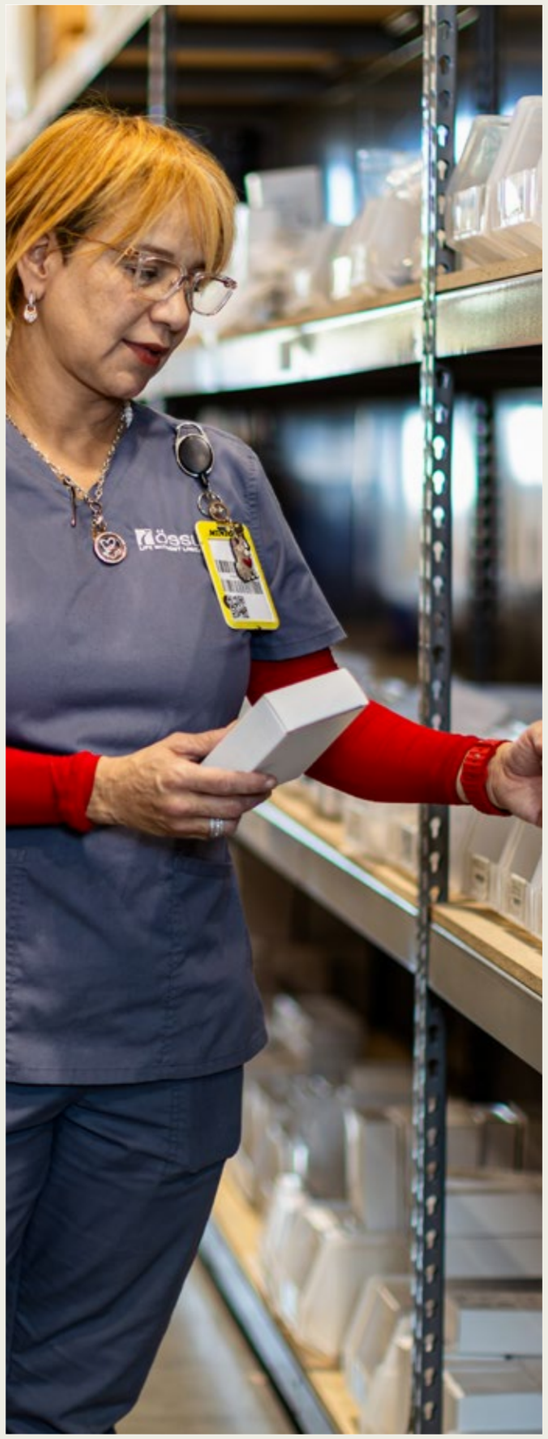
Embla Medical's Give Back Program offers all employees globally one paid volunteer day per year. On this day, our team members dedicate their time to various causes and charities, making a positive impact in the communities where we live and work. We believe in the power of giving back and encourage our employees to participate in meaningful activities that support local initiatives.

Talent Development

At Embla Medical, we emphasize the importance of attracting, retaining and actively engaging skilled and competent employees to sustain our success. We recognize that ongoing development is essential for maintaining a skilled workforce. Our commitment to professional development includes formal training programs, mentorship opportunities and skills development workshops among other learning and development opportunities. This commitment extends beyond our employees; we offer digital development opportunities to our customers through our eLearning platform. We also encourage employee-driven initiatives, enabling employees to propose new learning opportunities that align with their professional goals. To ensure the effectiveness of these programs, we evaluate them through feedback surveys, ensuring they align with employees' career objectives and the company's evolving needs. Our goal is to foster an environment of continuous improvement, where every employee has access to the resources needed to thrive. By continuously assessing and refining our talent development initiatives, we aim to support our employees' growth and maintain our competitive edge.

Safety Training

Our Safety Management System provides a framework for managing safety risks and identifying opportunities for improvement, aiming to prevent work-related injuries and ill health. We take a proactive approach to managing health and safety in the workplace which includes conducting Job Safety Analyses, performing quarterly fire safety audits, and providing health and safety training to ensure procedures are understood and followed. Additionally, we organize awareness campaigns dedicated to promoting safe practices. In the event of safety incidents, we have a reporting mechanism and a response team that addresses issues promptly, ensuring corrective measures are taken to prevent recurrence.



Targets (S1-5)

Embla Medical has set the following targets on managing material negative impacts and advancing positive impacts on our own workforce.

OUR PEOPLE	TARGET 2024	2024	2023
Employee engagement, retention and attraction			
Gender split among employees *	50:50 Female:Male	49:51 Female:Male	50:50 Female:Male
Females at top management level **	YoY increase	26%	29%
Female managers ***	YoY increase	40%	40%
Engagement Index ****	>8.0 (10-point scale)	7.9 (10-point scale)	4.03 (5-point scale)
Participants in LEAD program	100% (All new managers with direct reports)	100%	100%
Health and Safety at work			
Implemented employee safety suggestions	n/a	755	606
Total Recordable Incident Rate (TRIR) per 100 FTEs	<1.0	0.6	1.6
Total Recordable Incident Rate (TRIR) per 500 FTEs	n/a	3.0	n/a
Number of recordable incidents	n/a	13	23

*Flexibility in gender split allows for non-binary gender, recognizing that some employees may not wish to be categorized
**Includes all employees with Vice President role and higher management levels
***Includes all employees with people management role
****In 2024, a new survey system was implemented with a 10-point scale, compared to a 5-point scale used in 2023

Our Employees (S1-6)

In 2024, Embla Medical had a total headcount of 4,203 employees, with characteristics defined by location and gender identity. Thirteen countries have more than 50 employees, accounting for 94% of the total headcount. Over the course of the year, 846 employees left Embla Medical, resulting in a turnover rate of 20.3%. For a more detailed breakdown of Embla Medical's employee characteristics, please refer to the accompanying tables. Further information about salaries and employee numbers can be found in note 6 to the Consolidated Financial Statements.

Locations by Countries With More Than 50 Employees

COUNTRY	FEMALE	MALE	OTHER	HEADCOUNT
United States of America	512	505	4	1021
Iceland	294	389	2	685
Sweden	236	185	0	421
Mexico	169	223	0	392
France	137	171	0	308
The Netherlands	133	124	0	257
Germany	75	130	0	205
Poland	138	41	0	179
Norway	110	51	0	161
Australia	62	53	0	115
United Kingdom	44	48	0	92
Denmark	43	32	0	75
China	34	20	0	54

§ Accounting Policies (S1-6/S1-7/S1-8/S1-9/S1-13)

Employees
All Embla Medical subsidiaries are included in S1 data, also Fior & Gentz, except in S1-14 Health and Safety metrics.

Employee headcount includes all active full-time and part-time contracts and includes all companies managed under Embla Medical. Both headcount and full-time equivalent (FTE) are calculated at the end of the reporting period. Headcount of non-employees is calculated at the end of the reporting period.

Gender is classified by gender identification, as reported by employees themselves, into three categories: male, female and other.

Average employee headcount calculation is based on headcount at the beginning and the end of the reporting period.

Employee turnover refers to the number of employees who have left Embla Medical within the reporting year, relative to the average headcount.

Ratio of employees covered by collective bargaining agreements shows the percentage of Embla Medical's total employees under such agreements in the reporting year, based on total headcount at the end of the reporting period.

Top Management includes all employees with Vice President role and higher management levels.

Performance reviews: Non-employees are not included in performance reviews and are therefore not included in these numbers. Calculation also excludes employees with less than 3 months of service. As a result, the total headcount for reviews is lower than the headcount reported in note 6 of the Consolidated Financial Statements.

Training hours are based on the total course duration time within the reporting period divided by total headcount, excluding non-employees in training hours.

Gender Identity of Employees at Period End*

	FEMALE		MALE		OTHER		TOTAL	
Employees contract type	**Headcount**	**FTE**	**Headcount**	**FTE**	**Headcount**	**FTE**	**Headcount**	**FTE**
Total employees**	2,070	1,993	2,127	2,079	6	6	4,203	4,078
Permanent employees	1,995	1,927	2,060	2,030	6	6	4,061	3,963
Temporary employees	75	66	67	49	0	0	142	115
Non-guaranteed hours employees	2	0.7	0	0	0	0	2	0.7

*Gender as specified by the employees themselves
**As defined in note 6 in the Consolidated Financial Statements

Our Non-Employees (S1-7)

In 2024, Embla Medical's non-employees' workforce primarily consisted of contractors, with a headcount of 290.

Collective Bargaining (S1-8)

Embla Medical employees covered by collective bargaining agreements are 30% of the total workforce compared to 29% in 2023.

Diversity Metrics (S1-9)

Gender Distribution in Number and Percentage at Top Management Level

GENDER	HEADCOUNT	%
Male	37	74.0%
Female	13	26.0%
Total	**50**	**100.0%**

Distribution of Employees by Age Group

AGE DISTRIBUTION	HEADCOUNT	%
Between 30-50	2,410	57.3%
Over 50	977	23.3%
Under 30	816	19.4%
Total	**4,203**	**100.0%**

Training and Skills Development Metrics (S1-13)

In 2024, 97.9% of all employees participated in performance reviews, up from 96% in 2023. In 2024, on average, our employees spent 5.8 hours in training, with females averaging 6.0 hours, males 5.6 hours, and others 2.3 hours.

Performance Reviews

PARTICIPATED IN PERFORMANCE REVIEWS	FEMALE		MALE		OTHER		TOTAL	
	Headcount	%	Headcount	%	Headcount	%	Headcount	%
Yes	1,940	48.0%	2,010	49.8%	6	**0,1%**	3,956	**97.9%**
No	45	1.1%	38	0.9%	0	**0,0%**	83	**2.1%**
Total	**1,985**	**49.1%**	**2,048**	**50.7%**	**6**	**0,1%**	**4,039**	**100.0%**

Health and Safety Metrics (S1-14)

In 2024, 57% of our workforce was covered by our Safety Management System. During the reporting period, a total of 13 work-related recordable incidents occurred compared to 23 in 2023. This resulted in a Total Recordable Incidents Rate (TRIR) of 0.6 per 100 employees, compared to 1.6 in 2023. This successfully meets our yearly target of ≤1.0. In line with new requirements, we are also reporting TRIR per 500 employees, resulting in TRIR of 3.0 and will adjust our yearly target accordingly in 2025. There were no work-related fatalities during the reporting year.

Compensation Metrics (S1-16)

We at Embla Medical are committed to equal pay and have a constant focus on ensuring equal pay for equal positions and competences when hiring or promoting. To ensure equal pay for equal work we conduct regular salary audits (for details, see chapter S1-4). Embla Medical's total remuneration ratio is 13.4 in 2024.

Incidents and Complaints (S1-17)

In 2024, three discrimination and harassment cases were reported through our Speak-Up Line. The data concerning complaints and incidents of discrimination is currently based solely on reports made through this channel, as global data collection from the People function has not yet been implemented. This process is underway, and data from the People function is expected to be included in the 2025 report.

In 2024, Embla Medical paid no fines, penalties, or compensation for damages as a result of incidents and complaints related to discrimination, harassment, or severe human rights violations. During the reporting period, there were no reported cases, fines, penalties, or compensation for damages associated with severe human rights incidents through the Speak-Up Line or any other channels within Embla Medical.

§ Accounting Policies (S1-14)

Recordable incidents are defined as work-related incidents that results in days away from work (more than the incident day), restricted work, transfer to another job, loss of consciousness or death. Recordable incidents only include those involving our own employees. In 2024 we will not report on non-employees and workers categorized as remote workers in our human resource information system.

Total Recordable Incidents Rate (TRIR) is calculated by dividing the number of recordable incidents by total hours worked by own workforce covered by the safety management system, and multiplied by 1.000.000. This rate shows the number of incidents per one million hours worked, equivalent to incidents per 500 full-time employees annually. Fatalities are the number of employees who lost their lives as a result of a work-related incident. Fatalities are included in TRIR.

The average annual working hours is estimated to be 1820 hours, based on a standard 40-hour workweek, adjusted for average public holidays and vacation days.

The percentage of headcount covered by the Safety Management System (SMS) is calculated by dividing the total headcount covered by the SMS by the total Embla Medical headcount at the end of the reporting period for all entities. Data from Fior & Gentz, as well as clinics in the Netherlands, France, and the US is excluded from the incident count.

§ Accounting Policies (S1-16/S1-17)

The annual total remuneration ratio is calculated by comparing the annual remuneration of Embla Medical's highest-paid individual, the CEO, which includes fixed salary, cash-based incentives, pension, and share-based payments (excluding other benefits), with the average FTE salary (excluding the CEO's remuneration and salary-related expenses apart from pension). Calculation is based on number reported in note 6 in the Consolidated Financial Statements.

In 2024, Embla Medical is not reporting on pay gap.

Data on **incidents, complaints and severe human rights impacts** is taken directly from the Speak-Up Line (for details, see chapter G1-1).

Workers in the Value Chain (ESRS S2)

Embla Medical collaborates with suppliers across our global value chain who are dedicated to quality, ethical standards, and sustainable practices. Össur, the largest commercial entity of Embla Medical, handles most of our manufacturing activities and supplier management. Consequently, the efforts described in this chapter apply mainly to Össur. We are continually improving our management of the impacts on workers throughout our value chain.

Policies (S2-1)

At Embla Medical, our main policies on managing the material impacts on workers in the value chain are the Human Rights Policy, Speak-Up Line Policy, and Code of Conduct. These policies collectively outline our expectations to suppliers on sustainable practices.

Processes for Engaging with Value Chain Workers About Impacts (S2-2)

Össur has established processes for supplier management to foster partnerships and continual improvements. Suppliers are screened in relation to Environment, Social and Governance aspects, and suppliers categorized as high-risk undergo additional audits and screenings, including annual compliance and social audits conducted by an external party.

Össur defines high-risk suppliers as those where there is most risk to value chain workers and prioritizes actions to mitigate any material negative impacts. Social audits are conducted following standard industry protocols to review working conditions and compliance to local legislation. This includes interviewing random workers during each visit. The audit outcomes are reviewed with the supplier. Össur actively works with relevant suppliers to support the development of their operations.

Remediation of Negative Impacts (S2-3)

If a critical issue is detected during a social audit, the supplier is required to prepare a remediation plan. Additionally, Össur engages with high-risk suppliers by providing risk and safety seminars, education, training, and raising awareness of potential risks, both operational and safety related. We make our zero-tolerance policies regarding human rights, corruption and bribery visible to workers, along with information about our Speak-Up Line.

Össur actively reviews suppliers that do not meet our requirements or are unwilling to cooperate on improvement plans, and takes the relevant necessary steps to review the relationships with those suppliers accordingly.

Acting on Material Impacts on Value Chain Workers (S2-4)

Suppliers categorized as high-risk, with respect to social aspects, are required to acknowledge and sign the Embla Medical Code of Conduct, which includes sections on human rights, labor rights, human trafficking, forced or child labor. The Code of Conduct also includes a section on Third-Party relationships, including our focus on working with business partners who support our commitment towards the UN Global Compact.

Targets on Managing Material Impacts (S2-5)

Embla Medical has not yet set specific targets for mitigating negative impacts and advancing positive impacts on our value chain workers. Currently, the focus is on monitoring conditions and tracking grievance reports. In 2024, there were no reports from value chain workers to our Speak-Up Line.

Consumers and End-Users (ESRS S4)

Embla Medical makes a positive impact on consumers and end-users through our core mission of improving people's mobility. We are committed to reaching individuals of all ages and activity levels with our innovative mobility solutions, and deliver safe, reliable, high-quality products to our customers and end-users. Our product and service offerings are commercialized under several industry-leading brand names.

Our customers are medical professionals, primarily within Orthotic & Prosthetic (O&P) Clinics, where clinicians fit patients with the necessary products and solutions and subsequently claim reimbursement from private or public insurance providers.

Our end-users are a diverse group of individuals, reflecting the breadth of our mobility solutions portfolio.

Policies (S4-1)

Our main policies on managing the material impacts of our products and services on consumers and end-users include our Quality Policy, Human Rights Policy, Information Security Policy, Personal Data Protection Policy, and Code of Conduct.

Embla Medical business entities follow quality policies where the purpose is to ensure that our products meet the highest standards of quality and safety. We design, manufacture and sell medical devices where quality and safety are an intrinsic part of all processes.

The purpose of Embla Medical's Human Rights Policy is to ensure the company operates in a manner that respects and promotes human rights across all aspects of its operations. It is intended to promote honest and ethical conduct and applies to all persons employed by or affiliated with Embla Medical entities.

Embla Medical collects and handles personal data to conduct business and provide services to customers. We prioritize treating data with the utmost respect and confidentiality. To ensure compliance with data protection legislation, we have implemented an Information Security Policy and a Personal Data Protection Policy.

Our Code of Conduct serves as a guide for employees in their day-to-day activities, ensuring compliance with all applicable laws and regulations.

Our policies and Code of Conduct are communicated internally through training and awareness programs and are accessible on our website.

Engagement With Customers and Patients (S4-2)

We actively engage with our customers and patients regarding our products and services and highly value their feedback. Customer feedback is closely monitored by our business entities and serves as a key input for Research & Development when improving existing products or developing new ones. As a part of our quality management systems, we address feedback received from customers and end-users. All feedback received, including positive comments, complaints, and serious incidents, are evaluated and analyzed on an individual basis. The responsibility for product quality is maintained within each brand entity.

The end-users of our products receive information about available clinical options from their licensed healthcare provider. Our leading product solution brands also provide product information and educational resources through online channels, and products are accompanied by an IFU (Instructions for Use) as applicable. In-person events such as Mobility Clinics and customer training also provide participating end-users with valuable information about the variety of product options available to them. We provide end-users with evidence-based and factual information, as required by medical device regulations.

The Embla Medical Speak-Up Line is our global whistleblower and helpline system, available 24 hours each day of the year to anyone wishing to file a report, ask a question, or make a complaint. Customers and end-users can also use the Speak-Up Line to provide feedback or report concerns. Reports can be submitted anonymously.

Actions (S4-4)

The primary impact of Embla Medical on consumers and end-users is positive, driven by our core mission to improve people's mobility. While the risk of incidents exists, we mitigate it by prioritizing the safety and quality of our products. Our robust quality management systems, compliant with international medical device standards and regulations, continuously evolve as the standards expand and change. Embla Medical entities maintain certified Quality Management Systems (QMS) based on ISO standards, ensuring compliance with applicable medical device regulations in the countries where we operate.

ISO Certificates

BRAND	ISO STANDARD
Össur	ISO 13485
Fior & Gentz	ISO 13485
College Park	ISO 13485
ForMotion Clinics (some clinics have ISO 9001)	ISO 9001

For Information Security, Embla Medical uses ISO 27001:2022 as the standard framework. We have set clear targets of maturity in all controls that are a part of the ISO 27001:2022 framework and conduct a formal internal maturity assessment every year to actively measure our progress in implementing the controls.

We train our employees in the Code of Conduct to help them to uphold the highest ethical standards in line with our company culture and minimize potential risks of negatively impacting our consumers and end-users.

Targets (S4-5)

At Embla Medical, we advance our positive impact on consumers and end-users by reaching more patients and managing material risks and opportunities through extensive monitoring of our quality management systems and the Speak-Up Line.

Embla Medical has an ongoing initiative related to improving access to healthcare for elderly amputees. This includes the design and availability of prosthetic products that offer additional benefits for the elderly, increasing their independence and quality of life. Globally, only 30-40% of new lower limb amputees globally are fitted with a prosthetic solution. The average age is between 65-70 years and vascular related amputations are above 70%. Statistics demonstrate that if amputees in this age group do not become mobile, life-expectancy is materially reduced. Physical activity and exercise can have immediate and long-term health benefits and more importantly, regular activity can improve quality of life. Studies related specifically to elderly amputees play an important part in informing our developers and product designers on the specific needs of the elderly.

In relation to our commitment to UN Sustainable Development Goal 3 on Good Health and Well-Being, we have been tracking a special initiative related to design and availability of products that offer additional benefits for the elderly, increasing their independence and quality of life. Our goal was to launch four products over a period of five years (2020-2024) and at the end of 2024, Össur had launched three of those four products.

SUSTAINABILITY STATEMENT

OUR BUSINESS

Ensuring ethical and transparent governance is vital for building trust and credibility with our stakeholders. It allows us to demonstrate our commitment to integrity and accountability, fostering a culture of openness and responsibility. Transparent governance practices help us effectively manage risks, make informed decisions, and achieve our sustainability goals.

Ultimately, this approach strengthens our reputation and supports long-term success, and at the same time contributes to UN Sustainable Development Goal number 16 on Peace, Justice and Strong Institutions.

Business Conduct (ESRS G1)

Corporate Culture (G1-1)

Code of Conduct
At Embla Medical, we adhere to our Code of Conduct, which is grounded in our core values of Honesty, Frugality, and Courage, deeply embedded throughout our organization. The President and CEO, along with top management, serve as key spokespersons for our values and culture. Communication with employees occurs daily through in-person dialog, meetings, digital channels, and more. Our intranet provides access to policies, procedures, templates, and various other guidelines and resources. Additionally, we use an internal communication platform to share news and updates, both regionally and globally, fostering engagement among colleagues and teams.

Management hosts quarterly employee meetings to discuss financial results, key initiatives, and other relevant topics, ensuring employees are well-informed. We conduct a global workplace survey bi-annually to measure engagement, supplemented by regular ad hoc employee surveys. The results of these surveys are shared and discussed with employees, and each department identifies areas for improvement based on these discussions.

In addition to our Code of Conduct, Embla Medical has implemented various policies to provide practical guidance on compliance and integrity for all employees. We recognize the benefits of taking a holistic view of relevant risks and combining efforts across a broad range of compliance activities. This approach is expected to have a positive, long-term impact on our business, employees, environment, and societies worldwide.

The Code of Conduct applies to all employees globally and is available in all main languages of Embla Medical's office locations and operations. All employees are required to complete regular training on the Code of Conduct, which is also an integral part of the onboarding process for new employees.

Speak-Up Line
The Embla Medical Speak-Up Line is our global whistleblower and helpline system, hosted by an independent external party to ensure compliance with local regulations, the General Data Protection Regulation and other privacy regulations. All employees are informed about the Speak-Up Line through mandatory Code of Conduct Training. The Speak-Up Line is operated and monitored by the Corporate Governance Office in accordance with the Speak-Up Line Policy and Investigation Management Manual. Subject matter experts tasked with investigating reported incidents receives appropriate training.

In accordance with the Speak-Up Line Policy, everyone who reports an issue in good faith is guaranteed protection from retaliation, and all reports are treated confidentially as outlined in the investigation manual. Reports can also be made anonymously. The Speak-Up Line is available 24 hours every day of the year, to anyone wishing to file a report, ask a question, or make a complaint. The Speak-Up Line is open to employees, customers, and all third parties of Embla Medical, and is available in all languages of the countries in which Embla Medical and its subsidiaries operate. Embla Medical is subject to laws on Whistleblower protection, based on Directive (EU) 2019/1937.

ACTIONS AND PROGRESS*	TARGET	2024	2023
Employees trained in the Code of Conduct	>95%	99%	74%
Cases submitted to the Speak-Up Line	n/a	4	8
Harassment and discrimination	n/a	3	5

*In 2023, the training was rolled out to all employees. In 2024, the training was rolled out to new employees only

Anti-Corruption and Anti-Bribery
Our values - Honesty, Frugality and Courage - reflect our commitment to conduct our business fairly and with integrity, to use company assets wisely, and to speak-up when confronted with unethical situations. Embla Medical fully subscribes to Principle 10 of the UN Global Compact: “We will work against corruption in all its forms, including extortion and bribery”. Bribery and corruption are strictly prohibited, and Embla Medical does not authorize nor tolerate any business practice that violates anti-bribery and anti-corruption laws or regulations, including our Anti-Bribery and Anti-Corruption (ABAC) Policy. All employees are informed of our ABAC policy through the Code of Conduct training, with selected groups receiving more detailed ABAC training. A process for ABAC is being developed and will be implemented in 2025. This process will supplement the policy, provide further guidelines, identify applicable employee groups for in-depth ABAC training, and outline actions to address breaches in anti-corruption and anti-bribery procedures and standards.

Management of Relationships with Suppliers (G1-2)

Embla Medical is committed to responsible social and environmental development, respecting human rights, and making a positive impact. Cooperation with suppliers is integral to achieving this. If issues arise, we engage with our suppliers and reserve the right to disqualify any potential supplier or terminate any relationship with a current supplier that does not meet our requirements. As a medical device manufacturer, Embla Medical has had supplier controls in place for many years to ensure adherence to quality standards and safety for our users. We have also collaborated with our finished goods suppliers for years on property risk assessment and human rights. For more information on our annual compliance and social supplier audits, please refer to chapter S2. To learn about our supplier surveys on environmental commitments, see chapter E1.

Prevention and Detection of Corruption or Bribery (G1-3)

As previously described, Embla Medical operates a Speak-Up Line to detect potential incidents of corruption and bribery. The Speak-Up Line policy and investigation manual provides procedures around the investigation of cases reported. If needed, the investigation will be outsourced to an external party. The Governance Office is responsible for the investigations and can escalate matters to the Audit Committee.

As preventive measures, all Embla Medical employees receive annual awareness training through the Code of Conduct program, which is also a part of the onboarding process for new employees. Anti-Corruption and Anti-Bribery is included in this training. Selected groups of employees who are deemed to be more exposed to corruption and bribery risks, undergo more in-depth training. The process is scheduled for implementation in 2025. Consequently, we will not provide quantitative data regarding the training program until then.

Incidents of Corruption and Bribery (G1-4)

In 2024, there were no confirmed or reported incidents of corruption or bribery within Embla Medical or any convictions and fines for violation of anti-corruption and anti-bribery laws. Furthermore, there were no confirmed incidents where own workers were dismissed or disciplined for corruption or bribery-related incidents or incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery. In 2024, there were no public legal cases regarding corruption or bribery brought against Embla Medical and its own workers during the reporting period.

Political Influence and Lobbying Activities (G1-5)

It is Embla Medical's policy not to actively engage in political activity or publicly support, or advocate for, specific political parties in the communities or countries where we operate. Likewise, Embla Medical does not make financial contributions to political parties, including for the year 2024.

While our employees may participate as individual citizens in the political process, decisions to do so are entirely personal and voluntary, and they are personally responsible for their views and actions. Only the Embla Medical Executive Management team members or those selected by the CEO may publicly express the company's views on legislation, regulations, or government action. Other employees may communicate the company's views only with specific guidance from the CEO or Executive Management team members. Public policy issues have the potential to impact Embla Medical's business, its employees, business partners, shareholders, and the communities in which Embla Medical operates. Embla Medical believes that in certain cases it may be appropriate, and in the company's best interests to contribute or pay membership fees to trade and industry associations and coalitions. The use of any company funds for contributions to Industry Associations must be approved by the head of the relevant business unit.

Embla Medical is not registered in the EU Transparency Registry. No member of the Embla Medical management or Board has held a public administrative position in the 2 years before joining the company.

Payment Practices (G1-6)

Fair payment terms are crucial for fostering trust, strengthening relationships, and encouraging collaboration between Embla Medical and its suppliers. Paying suppliers on time is crucial as timely payments ensure sustainability and growth. We have set our payment terms in line with industry practice outlined in our Payment Policy. In 2024, the average time it took to pay or close an invoice was 35.5 days. At the end of the year, there were no legal proceedings outstanding for late payments.

§ Accounting Policies (G1-4/G1-5/G1-6)

Incidents of Corruption or Bribery:
Embla Medical collects data about incidents of corruption or bribery from its whistleblower function, the Speak-Up Line. In addition, the People function is required to report to the Governance Office if reports on corruption or bribery are communicated to the People function through other means than the Speak-Up Line, such as directly to management. Any non-compliance related to bribery or corruption is reported to the Governance Office.

Political Influence and Lobbying Activities:
Embla Medical does not contribute to political activities. Embla Medical's policy on political involvement is to not actively engage in political activity or publicly support, or advocate for, specific political parties in the communities or countries where we do business.

Payment Practices:
Embla Medical is in the process of implementing a net 60-day term payment policy with exceptions for direct purchases with long invoice-to-receipt times (+30 days) which have a net 90-day term. The 60-day term is encouraged but in special circumstances, such as critical suppliers, a net 30-day term is allowed. Critical suppliers are defined as key silicone and bionic part providers and certain suppliers in Asia. Legal or local restrictions require careful consideration and approval. The data for the average time to pay invoices, or to close them with credit notes, includes all entities fully incorporated into the centralized Embla Medical accounts payable process and represent 91% of our purchases.

SUSTAINABILITY STATEMENT

INDEPENDENT LIMITED ASSURANCE REPORT ON SELECTED SUSTAINABILITY DATA

To the Stakeholders of Embla Medical hf.

Embla Medical hf. ('Embla Medical' or "the Company") engaged us to provide limited assurance on Selected Sustainability Data included in the Sustainability Statement on pages 52 - 99 for the period 1 January - 31 December 2024 marked with an icon " ✓ " (the "Selected Sustainability Data").

Our Conclusion

Based on the procedures we performed and the evidence we obtained, nothing came to our attention that causes us not to believe that the Selected Sustainability Data for the period 1 January - 31 December 2024 for Embla Medical are prepared, in all material respects, in accordance with the Sustainability Accounting Policies developed by Embla Medical as stated on pages 52 - 99 (the "accounting policies").

This conclusion is to be read in the context of what we state in the remainder of our report.

What We Are Assuring

The scope of our work was limited to assurance over the Selected Sustainability Data, as defined in the first paragraph of our report, including the disclosures in subsection "EU Taxonomy" on pages 69 - 74 with Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation").

We express limited assurance in our conclusion.

Professional Standards Applied and Level of Assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information'.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our Independence and Quality Control

We have complied with the independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, and ethical requirements applicable in Denmark.

PricewaterhouseCoopers applies International Standard on Quality Management 1, ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work was carried out by an independent multidisciplinary team with experience in sustainability reporting and assurance.

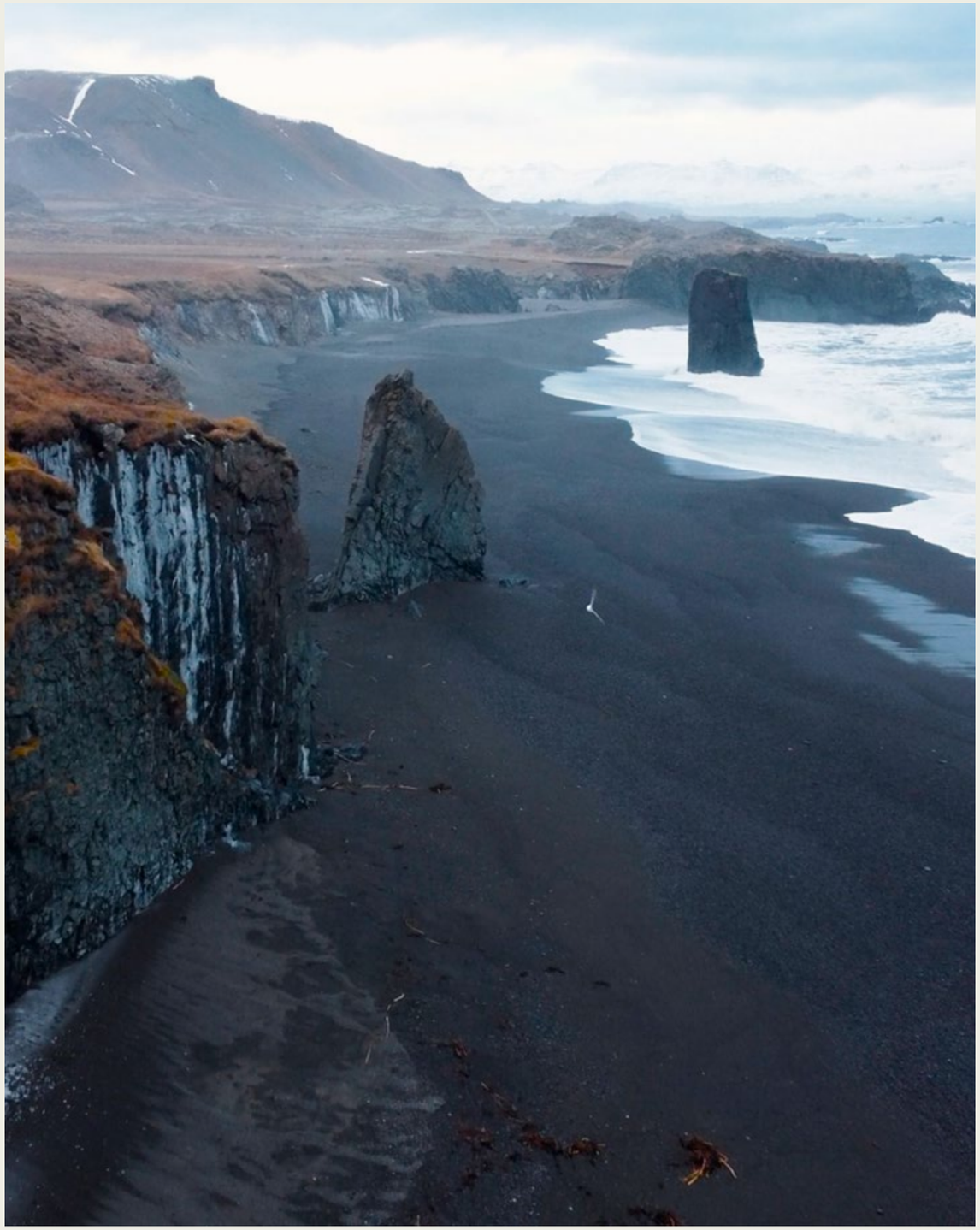
Understanding Reporting and Measurement Methodologies

The Sustainability Data needs to be read and understood together with the accounting policies. The accounting policies used for the preparation of the Selected Sustainability Data are accounting policies developed by the company, which Management is solely responsible for selecting and applying.

Work Performed

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Sustainability Data. In doing so and based on our professional judgement, we:

- Evaluated the appropriateness of the accounting policies used, their consistent application and related disclosures;
- Made inquiries and conducted interviews with management with responsibility for management and reporting of the Selected Sustainability Data to assess reporting and consolidation process, use of company-wide systems and controls performed;
- Performed limited substantive testing on a sample basis to underlying documentation and evaluated the appropriateness of quantification methods and compliance with the accounting policies for preparing Selected Sustainability Data at corporate head office and in relation to selected reporting sites;
- Performed analytical review and trend explanation of the Selected Sustainability Data; and
- Evaluated the evidence obtained.



Management's Responsibilities

Management is responsible for:

- Designing, implementing and maintaining internal control over information relevant to the preparation of the Selected Sustainability Data that is free from material misstatement, whether due to fraud or error;
- Establishing objective accounting policies for preparing the Selected Sustainability Data;
- Measuring and reporting the information in the Selected Sustainability Data based on the accounting policies; and
- The content of the Selected Sustainability Data.

Our Responsibility

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Selected Sustainability Data for the period 1 January - 31 December 2024 are prepared, in all material respects, in accordance with the accounting policies;
- Forming an independent conclusion, based on the procedures performed and the evidence obtained; and
- Reporting our conclusion to the stakeholders of the Company.

Other Matter

The comparative information included in the Sustainability Statement for Embla Medical for the financial year 1 January – 31 December 2023 was not subject to our assurance engagement. Our conclusion is not modified in respect of this matter.

Copenhagen, 5 February 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 3377 1231

Rasmus Friis Jørgensen
State Authorized Public Accountant

Torben Jensen
State Authorized Public Accountant

EMBLA MEDICAL™

FINANCIAL STATEMENTS

2024

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

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Statement by the Board of Directors and President and CEO

Embla Medical is a global leader in non-invasive orthopaedics, innovating, producing, and providing advanced technological solutions within the prosthetics, neuro orthotics and bracing & supports market. The Company also provides patient care through a global network of Orthotic and Prosthetic (O&P) facilities. Embla Medical's mission is to improve the mobility of our end-users so they can live their Life Without Limitations®. The Company is headquartered in Iceland and owns and operates subsidiaries in multiple countries around the world. The Company sells its products worldwide, but its principal markets are Europe and North America. The Consolidated Financial Statements of the Company as at and for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as "the Company" or "Embla Medical").

On 13 March 2024, it was approved at the Annual General Meeting to establish a new parent organization named Embla Medical, which became the listed company. The change was formally implemented by changing the name of the Össur hf.

Embla Medical's Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) accounting standards as adopted by the European Union and additional requirements in the Icelandic Annual Accounts Act no. 3/2006.

Operations in 2024
The total net sales of the Company amounted to USD 854.9 million (2023: USD 785.7 million). Organic sales increase was 6%. Net profit amounted to USD 69.0 million (2023: USD 58.8 million). Basic and diluted earnings per share amounted to US cents 16.2 (2023: US cents 14.0). Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to USD 169.1 million and 20% of sales (2023: USD 139.3 million, 18%).

The total assets of the Company amounted to USD 1,539.0 million at year end (2023: USD 1,385.7 million), total liabilities were USD 758.3 million (2023: USD 680.7 million) and total equity was USD 780.7 million (2023: USD 705.0 million). The equity ratio at year end was 51% (2023: 51%).

The Company employed an average of 4,091 employees in 2024 (2023: 3,945) and 4,078 at year end (2023: 3,999). Information regarding salaries and salary related expenses can be found in note 6.

In 2024 Embla Medical managed to grow the business across all regions and business segments. Sales grew 6% organically and 9% including acquisitions, driven by a strong performance in EMEA and our Prosthetics & Neuro Orthotics and Patients Care segments. Gross profit margin was 63%, compared to 62% in 2023. The increase in gross profit can partly be ascribed to cost reduction initiatives in manufacturing implemented during the first quarter as well as better product mix and manufacturing efficiency.

No subsequent events occurred after the balance sheet date that would require disclosure in the Consolidated Financial Statements.

Shareholders and share price
Embla Medical's shares are admitted to trading on the Nasdaq Copenhagen stock exchange. The market value of the Company at year end was USD 2,125 million (2023: USD 1,713 million). The share price in DKK amounted to 35.6 at year end (2023: 27.45) and increased by 29.7% during the year. At year end, registered shareholders in Embla Medical were 6,095 compared to 4,675 at the beginning of the year. It should be noted that due to the concentration of trading in Nasdaq Copenhagen in 2017, about 1,600 shareholders that held shares listed in Iceland were consolidated into a few nominee accounts. The ten largest shareholders and their ownership percentage (net of treasury shares) are: William Demant Invest A/S – 51.28%, Interogo Holding AG – 10.79%, Live Pension Fund – 6.23%, Arbejdsmarkedets Tillægspension – 5.07%, SEB Investment Management – 4.17%, Gildi Pension Fund – 3.48%, LSR Pension Fund – 2.68%, Sellers of Fior&Gentz – 1.55%, Handelsbanken Fonder – 1.32%, Birta Pension Fund – 1.19%. William Demant Invest A/S (WDI) ownership in Embla Medical exceeded 50% in January 2018. According to WDI's announcement at the time, their intention is to hold 50-60% of Embla Medical's shares going forward and they have no intention of taking over Embla Medical or delisting Embla Medical's shares from Nasdaq Copenhagen. Furthermore, WDI has no intention of making changes to Embla Medical's strategy, management or operations.

Statement by the Board of Directors and President and CEO

Embla Medical shares and share contracts
Embla Medical's total share capital is 427,6 million shares with a nominal value ISK 1 each. In 2024 in connection with the acquisition of Fior & Gentz, new shares were issued raising the total share capital in nominal value by 1.6%, from ISK 421,0 million to ISK 427,6 million resulting in USD 27 million increase in share capital. At year end 2024 Embla Medical held 0.7 million treasury shares that equals to 0.2% of issued shares. The remaining treasury shares held will be used to fulfill obligations under share option agreements that have vested or will be vesting in 2025. Share contracts are granted to management and key leaders. In 2024 a new long term incentives program of performance share units ("PSUs") and restricted shares units ("RSUs") was initiated in accordance with approval at the Company's Annual General Meeting for 2023. This program replaced the previous share options plan. Total granted and unexercised share options and share units at year end 2024 were 3.9 million shares (2023: 4.9 million shares), of which 1.8 million are exercisable before year end 2025 and the remaining in 2026-2027. See further information in note 24.

Dividend proposal
In line with the Company's Capital Structure and Capital Allocation Policy, the Board of Directors will propose to the Annual General Meeting in 2025 not to pay a cash dividend. With emphasis on prioritizing investments in growth opportunities, value-adding investment opportunities and acquisitions, Embla Medical has decided to discontinue dividend payments and focus on returning excess capital to shareholders via purchase of treasury shares in accordance with the Company's Capital Structure and Capital Allocation Policy.

Corporate governance and risk management
The Company follows the Danish Recommendations for Corporate Governance issued by the Danish Committee on Corporate Governance, available at: https://corporategovernance.dk/. The Board of Directors complies with applicable Icelandic laws and regulations, the Articles of Association of the Company and the Board of Directors' Rules of Procedure, which addresses the Board's role and responsibilities. The Company's management structure consists of the Board of Directors and the Executive Management, led by the President and CEO. The two bodies are separate, and no person serves as a member of both. The Board of Directors is composed of six members elected by shareholders at each Annual General Meeting for a term of one year. The Board of Directors consists of three women and three men and is in compliance with Icelandic law on gender ratio. No Embla Medical employee sits on the Board of Directors. The President and CEO manages the Company's daily operations.

The Board of Directors has established three committees, the Audit Committee, the Nomination Committee and the Remuneration Committee. The Audit Committee has three members from the Board, who are appointed by the Board of Directors for a term of one year. The Chairman of the Board and the Chairman of the Audit Committee sit on the Nomination Committee with the President and CEO and the Remuneration Committee. The committees comply with their respective Terms of Reference, which address their role and responsibilities etc.

An investment in Embla Medical involves various risks as the business, financial conditions, and operational results rest upon certain assumptions and could have negative affect the Company. Even though the long-term prospects and underlying fundamental drivers of our markets are not expected to change, Embla Medical highlights key risks which are currently considered the most relevant. The key risks identified are: reimbursement landscape, regulatory requirements, new technologies, industry consolidation, forward integration and acquisitions. Further description of these risks as well as other relevant material risks that Embla Medical faces can be found in the Risk Management chapter of the Annual Report and Company's website. Information about financial instruments and financial risk management can be found in note 34.

The Board of Directors has an ongoing dialogue with the President and CEO on the identification, description and handling of the business risks to which the Company may be exposed. The Company's control framework in relation to financial processes, is designed to mitigate risk of material misstatements. The Company designs its processes to ensure there are no material weaknesses with internal controls that could lead to a material misstatement in its financial reporting. The external auditor's role in these processes is included in the independent auditor's report.

Statement by the Board of Directors and President and CEO

Sustainability at Embla Medical
Sustainability is embedded into Embla Medical's strategy and throughout its organization. The Company has a robust sustainability agenda and captures its commitment under the theme of Responsible for Tomorrow® recognizing that the decisions and actions taken today, will affect future generations.

The Company's Sustainability Commitment is to provide products and services that contribute to good health, using responsible production methods and supporting climate action, while being a sponsor for inclusivity and transparency. It is believed that sustainable growth is the only way to build a successful and responsible business for the benefit of future generations.

Our Environment
Embla Medical takes responsibility for its environmental impact, has set science-based targets and is actively working towards Net-zero operations by 2050. It is reducing the environmental impact in the supply chain, and of the products and services.

Our People
The Company takes responsibility for enhancing the social well-being of the people across its value chain. It develops quality products and services that improve people's mobility, nurtures the well-being and development of its employees within a safe and inclusive work environment. Embla Medical partners with suppliers that are committed to quality, and ethical and sustainable practices, and creates a lasting positive impact on the communities, helping more people to live a Life Without Limitations. Multiple policies have been approved and implemented to support and guide the employees and other stakeholders. Embla Medical's policies are available on the Company's website: https://emblamedical.com/policies.

Our Business
The Company leads its business with integrity and transparency, promoting sound governance practices in all its activities. In accordance with its values, Embla Medical sets high ethical standards, and has a zero-tolerance policy when it comes to corruption and bribery. The Company guides its employees through the Code of Conduct and offers platforms for them and other stakeholders to voice any potential concerns through the Embla Medical Speak-Up line. The Board approves a Corporate Governance report that includes all the information to be included in the statutory statement referred to in Article 66 (c) of the Icelandic Act Annual Accounts no. 3/2006, as well as explanations, comments and information on each recommendation in the Danish Recommendation for Corporate Governance. The report is available on the Company's website: https://www.emblamedical.com/investor-relations/reports-and-presentations.

The Icelandic Annual Accounts Act no. 3/2006 requires companies in Iceland to conclude on non-financial information in the Annual Report. For 2024, we are disclosing the information regarding sustainability in reference to the Corporate Sustainability Reporting Directive and European Sustainability Reporting Standards, and including reporting on sustainable finance in line with the EU Taxonomy Regulation. Embla Medical has obtained limited assurance according to ISAE 3000 on selected sustainability data included in the Sustainability Statement chapter in the Annual Report. Embla Medical is required by the EU Taxonomy to disclose its alignment and eligibility of turnover, operating expenses and capital additions with six environmental objectives stated in the EU 2020/852 regulation. The results can be found in Sustainability statement chapter in the Annual Report.

Statement by the Board of Directors and President and CEO

Statement by the Board of Directors and the President and CEO
According to our best knowledge, it is our opinion that the Consolidated Financial Statements give a true and fair view of the consolidated financial performance of the Company for the year 2024, its assets, liabilities and consolidated financial position as at 31 December 2024 and its consolidated cash flows for the year 2024. Furthermore, it is our opinion that the financial statements and the report of the Board of Directors and the President and CEO contain a clear overview of developments and results in the Company's operations, its position and describe the main risk factors and uncertainties facing the Company.

In our opinion, the Sustainability Statement included in the Annual Report represents a reasonable, fair, and balanced representation of the Company's sustainability performance and are prepared in accordance with the stated accounting policies. Furthermore, disclosures within subsection "EU Taxonomy KPIs" in the environmental section of the Sustainability Statement are, in all material respects, in accordance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

In our opinion, the Consolidated Financial Statements of Embla Medical hf. for the financial year 2024 identified as "EmblaMedical-2024-12-31.zip" are prepared in all material respects, in compliance with the ESEF Regulation.

The Board of Directors and President and CEO of Embla Medical hf. hereby confirm the Consolidated Financial Statements of Embla Medical for the year 2024 with their signatures.

Reykjavík, 5 February 2025

Board of Directors

Niels Jacobsen
Chairman of the Board

Svafa Grönfeldt
Vice Chairman of the Board of Directors

Arne Boye Nielsen
Member of the Board of Directors

Alberto Esquenazi
Member of the Board of Directors

Tina Abild Olesen
Member of the Board of Directors

Caroline Vagner Rosenstand
Member of the Board of Directors

President and CEO

Sveinn Sölvason

Independent auditor's report

To the Board of Directors and the Shareholders of Embla Medical hf.

Opinion

We have audited the accompanying Consolidated Financial Statements of Embla Medical hf. and its subsidiaries (the Company) for the year 2024, excluding the Statement by the Board of Directors and President and CEO.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated financial position of the Company as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS accounting standards as adopted by the European Union (EU), and applicable articles in Icelandic law on annual accounts.

Our opinion is consistent with our additional report to the Audit Committee and Board of Directors.

The Consolidated Financial Statements comprise
- The Statement by the Board of Directors and President and CEO.
- The Consolidated Income Statement.
- The Consolidated Statement of Comprehensive Income.
- The Consolidated Balance Sheet.
- The Consolidated Statement of Cash Flow.
- The Consolidated Statement of Changes in Equity.
- Notes to the Consolidated Financial Statements, which include material accounting policies and other explanatory information.

The Statement by the Board of Directors and President and CEO and note 2. Quarterly statements are excluded from the audit, refer to section reporting on other information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the Consolidated Financial Statements section of our report.

Independence

We are independent of the Company in accordance with Icelandic laws on auditors and auditing and the code of ethics that apply to auditors in Iceland and relate to our audit of the Company's Consolidated Financial Statements. We have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company are in accordance with the applicable law and regulations in Iceland and that we have not provided non-audit services that are prohibited under Article 5.1. of Regulation (EU) No. 537/2014.

The non-audit services that we have provided to the Company, in the period from 1 January 2024 to 31 December 2024, are disclosed in note no. 7 to the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Audit procedures
Impairment of goodwill The book value of goodwill at year end 2024 amounted to USD 776 million. The change in goodwill consists of additions due to current year business combinations amounting to USD 104 million together with exchange rate loss amounting to USD 19 million. The carrying value of goodwill and the related impairment test relies on the discounted expected future cash flows (value in use) which are complex to determine and require significant estimation by management. The estimates used by management include the determination of market and sales potential, timing of product launches, profit margins, discount rate assumptions and the determination of appropriate cash generating units. Due to the relative sensitivity of certain inputs to the impairment testing process, and in particular the future cash flows of the cash generating unit, the valuation of goodwill is considered to be a key audit matter. We refer to note no. 40 that explains the impairment and Company's accounting policies in further detail. We also refer to note no. 13 on goodwill and note no. 33 relating to the change in the Company due to the acquisition of other companies.	**Our audit procedures included:** - Understanding management´s process for assessing the goodwill for potential impairment, including discussions with management for indications of impairment of goodwill. - Evaluation of the reasonability of the model used by management to calculate the value in use of the individual cash generation units and if it complies with the requirements of IAS 36 Impairment of assets. This entailed involving our internal specialists to assist with the audit procedures carried out in relation to the impairment of goodwill. - Understanding and validation of assumptions used to calculate the discount rates and value in use, including evaluation of price and volume forecast, long-term growth rates, and mathematical accuracy of relevant value-in-use models prepared by management. - Performing sensitivity analysis based on activity and our understanding of the future prospects to identify whether these scenarios could give rise to an impairment. - Evaluation of the presentation and disclosure of impairment testing, ensuring compliance with applicable accounting standards.

Reporting on other information, including the Statement by the Board of Directors and President and CEO

The Board of Directors and President and CEO are responsible for other information. The other information comprises of the Statement by the Board of Directors and President and CEO, note no. 2 Quarterly statements and the Annual Report, which we obtained prior to the date of this auditor's report.

Our opinion on the Consolidated Financial Statements does not cover the other information, including the Statement by the Board of Directors and President and CEO.

Independent auditor's report

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in other information that we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

With respect to the Statement by the Board of Directors and President and CEO we have, in accordance with article 104, of the Icelandic law on annual accounts reviewed that to the best of our knowledge, the Statement by the Board of Directors and President and CEO accompanying the Consolidated Financial Statements includes applicable information in accordance with Icelandic law on annual accounts if not presented elsewhere in the Consolidated Financial Statements.

Responsibilities of the Board of Directors and President and CEO

The Board of Directors and the President and CEO are responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with IFRS accounting standards as adopted by the EU, and applicable articles in Icelandic law on annual accounts, and for such internal control as determined necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Company's management must provide appropriate explanations regarding its ability to continue as going concern, if applicable, and why management applies the presumption of going concern in the preparation and presentation of the Consolidated Financial Statements.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent auditor's report

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on European single electronic format (ESEF Regulation)

As part of our audit of the Consolidated Financial Statements of Embla Medical hf. we performed procedures to be able to issue an opinion on whether the Consolidated Financial Statements of Embla Medical hf. for the year 2024 with the file name EmblaMedical-2024-12-31.zip is prepared, in all material respects, in accordance with law no. 20/2021 Act on securities issuer obligations to issue information and self-report relating to requirements under the European single electronic format regulation EU no. 2019/815, which include requirements concerning preparation of the Consolidated Financial Statements in XHTML format and iXBRL markup.

The Board of Directors and President and CEO are responsible for preparing the Consolidated Financial Statements in accordance with law no. 20/2021. This responsibility includes preparing the Consolidated Financial Statements in a XHTML format in accordance to EU regulation no. 2019/815 on the European single electronic format (ESEF regulation).

Our responsibility is to obtain reasonable assurance, based on evidence that we have obtained, on whether the Consolidated Financial Statements are prepared in all material respects, in accordance with the ESEF Regulation, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF regulation, whether due to fraud or error.

In our opinion, the Consolidated Financial Statements of Embla Medical hf. for the year 2024 with the file name EmblaMedical-2024-12-31.zip is prepared, in all material respects, in accordance with the European single electronic format regulation EU no. 2019/815.

Independent auditor's report

Appointment

We were first appointed as auditors at the Company's annual general meeting on 8 March 2022. Our appointment has been renewed annually at the Company's annual general meeting representing a total period of uninterrupted engagement appointment of three years.

Reykjavík, 5 February 2025

PricewaterhouseCoopers ehf.

Vignir Rafn Gíslason
State Authorized Public Accountant

Ljósbrá Baldursdóttir
State Authorized Public Accountant

Consolidated Income Statement

All amounts in USD '000	Notes	2024	2023
Net sales	3	854,889	785,683
Cost of goods sold		(320,189)	(300,110)
Gross profit		**534,700**	**485,573**
Other income / (expenses)		399	1,927
Sales and marketing expenses		(311,151)	(293,080)
Research and development expenses		(40,832)	(38,142)
General and administrative expenses		(69,964)	(66,891)
Earnings before interest and tax (EBIT)		**113,153**	**89,387**
Financial income		3,251	4,608
Financial expenses		(24,746)	(20,720)
Net exchange rate difference		(4,435)	(666)
Net financial expenses	8	(25,930)	(16,778)
Share in net profit of associates	15	3,340	3,398
Earnings before tax (EBT)		**90,563**	**76,007**
Income tax	9	(21,603)	(17,206)
Net profit		**68,960**	**58,801**
Attributable to:			
Owners of the Company		68,278	58,389
Non-controlling interests		682	412
Net profit		**68,960**	**58,801**
Earnings per share	10		
Basic earnings per share (US cent)		16.2	14.0
Diluted earnings per share (US cent)		16.2	14.0

Consolidated Statement of Comprehensive Income

All amounts in USD '000	Notes	2024	2023
Net profit		68,960	58,801
Items that may be reclassified subsequently to income statement:			
Change in cash flow hedges	25	1,832	963
Fair value changes of financial liabilities	30	88	93
Exchange differences on translating foreign operations		(11,175)	4,839
Income tax	22	(2,073)	811
Other comprehensive income, net of income tax		**(11,328)**	**6,706**
Total comprehensive income		**57,632**	**65,507**
Attributable to:			
Owners of the Company		56,950	65,095
Non-controlling interests		682	412
Total comprehensive income		**57,632**	**65,507**

Consolidated Balance Sheet

Assets

All amounts in USD '000	Notes	31.12.2024	31.12.2023
Property, plant and equipment	11	71,824	64,386
Right of use assets	12	127,802	121,673
Goodwill	13	776,306	690,855
Other intangible assets	14	96,645	65,841
Investment in associates	15	20,364	20,532
Other financial assets	16	2,704	4,530
Deferred tax assets	27	46,365	41,888
Non-current assets		**1,142,010**	**1,009,706**
Inventories	17	143,102	136,226
Accounts receivable	18	121,915	127,844
Other financial assets	16	1,475	0
Other assets	19	44,300	39,253
Cash and cash equivalents	20	86,163	72,653
Current assets		**396,955**	**375,976**
Total assets		**1,538,965**	**1,385,682**

Consolidated Balance Sheet

Equity and liabilities

All amounts in USD '000	Notes	31.12.2024	31.12.2023
Issued capital and share premium	21	93,464	66,260
Other reserves	22	(75,390)	(64,045)
Retained earnings	23	759,112	699,667
Shareholders equity		777,186	701,883
Non-controlling interest		3,513	3,123
Total equity		**780,699**	**705,005**
Borrowings	26	328,754	311,802
Lease liabilities	12	118,279	112,605
Deferred tax liabilities	27	37,478	28,777
Provisions	28	7,937	6,666
Deferred income	29	8,589	7,277
Other financial liabilities	30	47,946	17,351
Non-current liabilities		**548,982**	**484,478**
Borrowings	26	28,620	21,533
Lease liabilities	12	24,136	21,793
Accounts payable		27,275	30,749
Income tax payable		18,305	12,138
Provisions	28	12,615	11,322
Accrued salaries and related expenses		48,715	50,068
Other financial liabilities	30	10,258	9,583
Other liabilities	32	39,361	39,012
Current liabilities		**209,284**	**196,198**
Total liabilities		**758,266**	**680,676**
Total equity and liabilities		**1,538,965**	**1,385,682**

Consolidated Statement of Cash Flow

All amounts in USD '000	Notes	2024	2023
Earnings before interests and tax (EBIT)		113,153	89,387
Depreciation and amortization	11, 12, 14	55,973	49,920
Change in inventories		(5,928)	(2,268)
Change in receivables		(5,524)	(16,370)
Change in payables		(2,279)	14,896
Change in provisions		3,174	(7,365)
Other operating activities		1,828	(2,214)
Cash generated from operations		**160,397**	**125,986**
Interest received		3,238	4,733
Interest paid		(24,082)	(16,046)
Income tax paid		(23,487)	(20,349)
Net cash generated from operating activities		**116,066**	**94,324**
Purchase of fixed and intangible assets	11, 14	(39,227)	(42,278)
Acquisition of subsidiaries, net of cash in acquired entities	33	(70,072)	(11,903)
Other investing activities		4,529	(2,966)
Cash flows used in investing activities		**(104,770)**	**(57,147)**
Repayments of long-term borrowings	26	0	(13,202)
Changes in revolving credit facility	26	39,787	(1,575)
Payments of lease liabilities	12	(24,379)	(25,423)
Increase in subsidiaries not affecting control	23	(9,648)	0
Dividends from subsidiaries paid to non-controlling interests		0	(759)
Cash flows (used in) / generated from financing activities		**5,761**	**(40,959)**
Net change in cash		17,056	(3,782)
Exchange rate effects on cash held in foreign currencies		(3,545)	(196)
Cash and cash equivalents at beginning of period		72,653	76,631
Cash and cash equivalents at end of period		**86,163**	**72,653**
Non-cash financing and investing activities	20		

Consolidated Statement of Changes in Equity

All amounts in USD '000	Share capital	Share premium	Other reserves	Retained earnings	Share-holders equity	Non-controlling interests	Total equity
Balance at 1 January 2023	**4,781**	**61,430**	**(70,467)**	**639,961**	**635,704**	**(194)**	**635,510**
Net profit				58,389	**58,389**	412	**58,801**
Change in cash flow hedges			770		**770**		**770**
Fair value changes of financial liabilities			70		**70**		**70**
Transl. diff. of shares in subsidiaries			5,866		**5,866**		**5,866**
Total comprehensive income	0	0	6,706	58,389	**65,095**	412	**65,507**
Payment of dividends					**0**	(759)	**(759)**
Put option for minority share in subsidiary			(825)		**(825)**		**(825)**
Share contracts charge for the period			1,759		**1,759**		**1,759**
Share contracts vested during the	0	49	(1,218)	1,088	**(81)**		**(81)**
Change in non-controlling interests				229	**229**	3,665	**3,894**
Balance at 31 December 2023	**4,781**	**61,479**	**(64,045)**	**699,667**	**701,883**	**3,123**	**705,005**
Net profit				68,278	**68,278**	682	**68,960**
Change in cash flow hedges			1,466		**1,466**		**1,466**
Fair value changes of financial liabilities			66		**66**		**66**
Transl. diff. of shares in subsidiaries			(12,860)		**(12,860)**		**(12,860)**
Total comprehensive income	0	0	(11,328)	68,278	**56,950**	682	**57,632**
Put option for minority share in subsidiary			689		**689**		**689**
Share contracts charge for the period			602		**602**		**602**
Share contracts vested during the			(1,308)	1,308	**0**		**0**
Issued new shares	48	27,156			**27,204**		**27,204**
Change in non-controlling interests				(10,142)	**(10,142)**	(292)	**(10,434)**
Balance at 31 December 2024	**4,829**	**88,635**	**(75,390)**	**759,112**	**777,186**	**3,513**	**780,699**

For details on other reserves refer to note 22.

In June 2016 the Icelandic Parliament passed a legal reform of the Icelandic Financial Statements Act no. 3/2006 which became effective on January 1, 2016. It requires retained earnings to be separated into two categories: restricted and unrestricted retained earnings. Profits, net of dividend, received from subsidiaries are classified as restricted retained earnings. The Company could, based on its control as the parent company, decide to let its subsidiaries pay dividends that would lower the restricted balance. As the Company has sufficient retained earnings from previous years, this legal act does not prevent the Company from making dividend payments to its shareholders.

Notes to the Consolidated Financial Statements

1. General information

Embla Medical is a limited liability company incorporated and domiciled in Iceland. The address of its registered office is Grjóthláls 5, Reykjavík. Its ultimate controlling party is William Demant Invest A/S (WDI). The Consolidated Financial Statements of the Company as at and for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as "the Company" or "Embla Medical").

The Company is a global orthopedics company, specializing in the design, development, manufacturing and sales of prosthetics and bracing & supports products. Embla Medical also provides patient care through a global network of Orthotic and Prosthetic (O&P) facilities. The Company sells its products worldwide, but the principal markets are Europe and North America.

Embla Medical's Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) accounting standards as adopted by the European Union and additional requirements in the Icelandic Annual Accounts Act no. 3/2006.

The Consolidated Financial Statements are presented in US dollars and all values are rounded to the nearest thousand ('000), except when otherwise indicated. This rounding may have impact on the total sum. In preparing the Consolidated Financial Statements, the Company has applied the concept of materiality to the presentation and level of disclosure. It is the opinion of management that essential and mandatory information is disclosed which is relevant to an understanding of these Consolidated Financial Statements.

These Consolidated Financial Statements have been approved for issue by the Board of Directors and President and CEO on 5 February 2025. The Consolidated Financial Statements as presented in this report are subject to approval by the Annual General Meeting of Shareholders, to be held on 12 March 2025.

The Company is listed on the Nasdaq Copenhagen Stock Exchange as EMBLA.

Notes to the Consolidated Financial Statements

2. Quarterly statements

		Unaudited			
	Full year 2024	**Q4 2024**	**Q3 2024**	**Q2 2024**	**Q1 2024**
Net sales	854,889	224,781	213,528	216,727	199,852
Cost of goods sold	(320,189)	(82,663)	(79,916)	(78,192)	(79,418)
Gross profit	534,700	142,117	133,612	138,535	120,435
Gross profit margin	63%	63%	63%	64%	60%
Other income / (expenses)	399	(86)	123	126	236
Sales and marketing expenses	(311,151)	(80,628)	(75,333)	(78,882)	(76,307)
Research and development expenses	(40,832)	(11,005)	(9,498)	(10,481)	(9,848)
General and administrative expenses	(69,964)	(18,532)	(16,263)	(16,072)	(19,097)
EBIT	113,153	31,867	32,641	33,225	15,419
Net financial expenses	(25,930)	(8,041)	(5,171)	(7,543)	(5,174)
Share in net profit of associates	3,340	1,055	668	878	739
EBT	90,563	24,882	28,138	26,559	10,984
Income tax	(21,603)	(6,263)	(6,165)	(6,493)	(2,682)
Net profit	**68,960**	**18,619**	**21,973**	**20,066**	**8,302**
EBITDA	169,126	46,502	46,568	47,040	29,016
EBITDA margin	20%	21%	22%	22%	15%
EBITDA before special items	173,264	46,502	46,568	47,040	33,154
EBITDA margin before special items	20%	21%	22%	22%	17%

Special items amounted to USD 4 million in Q1 2024 and are related to the acquisition of FIOR & GENTZ announced in January 2024 and cost reduction initiatives in manufacturing.

3. Net sales

	2024	**2023**
Sales by geographical segment:		
EMEA	394,869	336,278
Americas	392,898	384,057
APAC	67,122	65,348
Total	**854,889**	**785,683**
Sales by business segment:		
Prosthetics & Neuro Orthotics	451,306	394,837
Bracing & Supports	148,386	146,500
Internal product sales	(38,516)	(35,748)
External product sales	561,176	505,587
Patient Care	293,713	280,096
Total	**854,889**	**785,683**

In 2023 a new business segment split was presented. Further evaluation resulted in a reclass between Prosthetic & Neuro Orthotics and Internal products sales for comparatives in 2023. This reclass has no effects on total product sales.

Sales of additional sold warranties and service checks included in standard warranties are deferred at point of sale, then released over the warranty period. Refer to note 40 for accounting policy on revenue recognition and warranty provisions and refer to note 29 for breakdown of revenues recognized over time and amounts deferred and released during the year. All other revenues are recognized at point of sale.

Notes to the Consolidated Financial Statements

4. Segment information

The identified operating segments comprise the three main geographical markets. These segments are EMEA (Europe Middle-East and Africa), Americas and APAC (Asia-Pacific). The geographical segments form the basis for managerial decision making. Information reported to the President and CEO for the purposes of resource allocation and assessment of segment performance focuses on geographical markets.

No single customer accounted for more than 10% of the Company's sales in 2024 or 2023.

2024	Americas	EMEA	APAC	Eliminations	Consolidated
Sales					
External sales	392,898	394,869	67,122	0	854,889
Inter-segment sales	160,128	509,552	4,955	(674,635)	0
Total sales	553,026	904,421	72,077	(674,635)	854,889
Results					
Segment results (EBIT)	44,033	61,253	7,866	0	113,153
Net financial expenses					(25,930)
Share in net profit of associates					3,340
Earnings before tax (EBT)					90,563
Income tax					(21,603)
Net profit					**68,960**
Balance sheet 31.12.2024					
Segment assets	759,915	719,241	59,809	0	1,538,965
Segment liabilities	158,382	581,549	18,335	0	758,266

The total amount of non-current assets other than financial instruments and deferred tax assets, broken down by the Company´s country of domicile and other material location of the assets, is shown in the below table:

Country	2024	2023
USA	520,992	521,525
Germany	158,507	29,863
France	127,620	131,778
Iceland	104,081	91,849
UK	42,619	41,659
Sweden	40,439	44,565
Netherlands	21,934	22,585
Australia	18,742	20,568
Other	58,007	58,895
	1,092,941	**963,287**

Other information	Americas	EMEA	APAC	Eliminations	Consolidated
Capital additions	6,620	31,791	816	0	39,227
Depreciation, impairment and amortization	15,394	37,891	2,688	0	55,973

The majority of inter-segment sale prices are determined using the Transactional Net Margin Method (TNMM).

Notes to the Consolidated Financial Statements

2023	Americas	EMEA	APAC	Eliminations	Consolidated
Sales					
External sales	384,057	336,278	65,348	0	785,683
Inter-segment sales	134,309	470,317	4,631	(609,257)	0
Total sales	518,366	806,595	69,979	(609,257)	785,683
Results					
Segment results (EBIT)	40,895	41,062	7,430	0	89,387
Net financial income/(expenses)					(16,778)
Share in net profit of associates					3,398
Earnings before tax (EBT)					76,007
Income tax					(17,206)
Net profit					**58,801**
Balance sheet 31.12.2023					
Segment assets	735,666	584,861	65,155	0	1,385,682
Segment liabilities	163,737	499,325	17,615	0	680,676
Other information	**Americas**	**EMEA**	**APAC**	**Eliminations**	**Consolidated**
Capital additions	13,760	27,317	1,201	0	42,278
Depreciation, impairment and amortization	16,374	30,899	2,647	0	49,920

5. Sales and expenses split by main currencies

	2024			2023		
	LCY	USD	%	LCY	USD	%
Sales						
USD	350,524	350,524	41%	346,755	346,755	44%
EUR	220,419	238,475	28%	173,902	188,065	24%
ISK	508,430	3,684	0%	503,403	3,659	0%
Nordic curr. (SEK, NOK, DKK)		99,604	12%		93,268	12%
Other (GBP, AUD, CAD & Other)		162,603	19%		153,936	20%
Total		**854,889**	**100%**		**785,683**	**100%**
COGS and OPEX						
USD	302,848	302,848	41%	308,819	308,819	44%
EUR	164,563	178,000	24%	135,361	146,369	21%
ISK	11,112,364	80,541	11%	9,959,251	72,122	10%
Nordic curr. (SEK, NOK, DKK)		91,609	12%		85,118	12%
Other (GBP, MXN, CAD & Other)		88,738	12%		83,868	12%
Total		**741,736**	**100%**		**696,296**	**100%**

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

Notes to the Consolidated Financial Statements

6. Salaries

	2024	2023
Salaries	280,540	269,126
Salary-related expenses	63,776	60,336
	344,316	**329,462**
Full time equivalent (FTE) on average	4,091	3,945
Full time equivalent at period end	4,078	3,999

Included in salary-related expense are pension related expenses amounting to USD 21.4 million (2023: USD 19.7 million).

Salaries and salary-related expenses, classified by functional category:

	2024	2023
Cost of goods sold	87,761	84,539
Sales and marketing expenses	192,302	184,493
Research and development expenses	24,873	22,135
General and administrative expenses	39,380	38,295
	344,316	**329,462**

Expenses related to information technology and human resource departments are allocated to the functions they support. Salaries by functions in comparative year have been adjusted to align with the allocation.

Management salaries and benefits

	Salaries		Shares owned [ii]	
Board of Directors:	**2024**	**2023**	**2024**	**2023**
Niels Jacobsen - Chairman of the Board[i]	111	108	219,493,992	219,493,992
Svafa Grönfeldt - Vice Chairman	74	72	0	0
Guðbjörg Edda Eggertsdóttir [iii]	-	43	-	26,318
Alberto Esquenazi	44	43	0	0
Arne Boye Nielsen	52	50	0	0
Caroline Vagner Rosenstand	44	-	0	-
Tina Abild Olesen	37	-	0	-

(i) Shares owned by William Demant Invest A/S which is represented by Niels Jacobsen on the Board. Niels Jacobsen and financially related parties own personally 203,330 shares (2023: 203,330 shares).
(ii) Shares owned are displayed in total number of owned shares, not rounded to the nearest thousand.
(iii) Guðbjörg Edda Eggertsdóttir was not a part of Board of Directors in 2024.

The Board of Directors did not hold any share option contracts at the end of the current period nor at the end of the comparative period.

2024	Fixed base salary	Cash based incentive	Pension	Other benefits	Share based incentive	Total remuneration
Executive Management:						
Sveinn Sölvason, President and CEO[i]	576	225	128	25	59	1,014
Executive management (6.6 FTE's)[ii]	2,558	814	368	41	418	4,199
	3,134	**1,040**	**496**	**66**	**477**	**5,213**

2023	Fixed base salary	Cash based incentive	Pension	Other benefits	Share based incentive	Total remuneration
Executive Management:						
Sveinn Sölvason, President and CEO[i]	576	385	85	27	107	1,180
Executive management (7 FTE's)[ii]	2,465	859	309	32	727	4,392
	3,042	**1,243**	**395**	**59**	**834**	**5,573**

Notes to the Consolidated Financial Statements

At the beginning of December 2023 Lukas Märklin took over as Chief Operating Officer (COO) from Egill Jonsson who retired after 27 years in the company. Beginning of August 2024 the company announced an organizational change where the executive management team changed from seven to six. In November 2024 Hildur Einarsdóttir the Executive Vice President of Research & Development, announced that she will be leaving the company at beginning of 2025. The search for a new EVP of R&D is underway.

(i) Shares owned at year end by Sveinn Sölvason 68,342 (2023: 68,342).
(ii) Shares owned at year end by executive management 81,991 (2023: 999,595).

7. Fees to auditors

	2024	2023
Audit of Financial Statements	1,664	1,508
Other services	90	100
	1,754	**1,608**

The table shows the fees to PricewaterhouseCoopers (PwC). In current year none of the other services fee was paid to PricewaterhouseCoopers ehf., the auditor of the Consolidated Financial Statements (2023: USD 7 thousand).

8. Financial income / expenses

	2024	2023
Interests on bank deposits	1,966	3,448
Other financial income	1,285	1,160
Financial income	**3,251**	**4,608**
Interests on loans	(17,883)	(13,168)
Interest on leases	(5,365)	(4,791)
Other financial expenses	(1,499)	(2,761)
Financial expenses	**(24,746)**	**(20,720)**
Net exchange rate differences	(4,435)	(666)
Net financial expenses	**(25,930)**	**(16,778)**

9. Income tax

	2024	2023
Current tax expenses	(29,456)	(21,147)
Deferred tax expenses	7,853	3,941
	(21,603)	**(17,206)**

	2024		2023	
	Amount	**%**	**Amount**	**%**
Earnings before tax	90,563		76,007	
Tax using Icelandic corporate tax rate	(19,018)	21%	(15,201)	20%
Difference between tax rates of non - Icelandic enterprises and Icelandic corporate tax rate	(2,905)	3%	(2,966)	4%
Impact of non-deductible expenses / non-taxable income	92	0%	1,409	(2%)
Impact of unrecognized tax assets, net	(10)	0%	(971)	1%
Effects of change in tax rate	51	0%	(73)	0%
Other impacts	187	0%	596	(1%)
	(21,603)	**24%**	**(17,206)**	**23%**

Deferred tax expenses:	2024	2023
Origination and reversal of temporary differences	7,802	4,014
Effect of changes in tax rate	51	(73)
	7,853	**3,941**

For compliance and reporting on both Country-by-Country Reporting and Pillar Two, Embla Medical is part of WDI group. Embla Medical is not impacted by OECD's/EUs Pillar Two Model Rules and local implementation thereof.

10. Earnings per share

	2024	2023
Net profit	68,960	58,801
Weighted average number of ordinary shares (in '000)	426,644	420,297
Adjustments for calculation of diluted earnings per share:		
Options	15	21
Weighted average number of shares including potential shares (in '000)	426,659	420,318
Basic earnings per share (US cent)	16.2	14.0
Diluted earnings per share (US cent)	16.2	14.0

11. Property, plant and equipment

2024	Leasehold improvements	Machinery & equipment	Office equipment	Computer equipment	Total
Cost					
At 1 January	42,814	71,701	15,033	14,941	144,489
Additions	11,522	10,712	1,313	3,486	27,033
Business combinations	10	459	10	115	594
Eliminated on disposal	(27)	(224)	0	(180)	(431)
Fully depreciated assets	(1,086)	(1,540)	(871)	(3,867)	(7,364)
Exchange rate differences	(1,960)	(992)	(546)	(554)	(4,052)
At 31 December 2024	51,273	80,116	14,939	13,941	160,269
Depreciation					
At 1 January	17,284	44,462	9,431	8,926	80,103
Charge for the period	4,684	8,338	1,661	3,892	18,575
Eliminated on disposal	(14)	(144)	0	(155)	(313)
Fully depreciated assets	(1,086)	(1,540)	(871)	(3,867)	(7,364)
Exchange rate differences	(1,214)	(617)	(371)	(354)	(2,556)
At 31 December 2024	19,654	50,499	9,850	8,442	88,445
At 31 December 2024	**31,619**	**29,617**	**5,089**	**5,499**	**71,824**

Depreciation classified by functional category:	2024	2023
Cost of goods sold	9,850	9,129
Sales and marketing expenses	3,922	4,549
Research and development expenses	773	673
General and administrative expenses	4,030	3,275
Total	**18,575**	**17,626**

2023	Leasehold improvements	Machinery & equipment	Office equipment	Computer equipment	Total
Cost					
At 1 January	32,910	69,427	15,703	13,928	131,968
Additions	13,565	8,902	1,975	4,791	29,233
Business combinations	26	82	3	0	111
Eliminated on disposal	(1,827)	(4,098)	(2,019)	(280)	(8,224)
Fully depreciated assets	(2,777)	(3,258)	(847)	(3,795)	(10,677)
Exchange rate differences	917	646	218	297	2,078
At 31 December 2023	42,814	71,701	15,033	14,941	144,489
Depreciation					
At 1 January	16,927	41,900	9,676	9,276	77,779
Charge for the period	3,832	8,645	1,631	3,518	17,626
Eliminated on disposal	(1,285)	(3,131)	(1,304)	(234)	(5,954)
Fully depreciated assets	(2,777)	(3,258)	(847)	(3,795)	(10,677)
Exchange rate differences	587	306	275	161	1,329
At 31 December 2023	17,284	44,462	9,431	8,926	80,103
At 31 December 2023	**25,530**	**27,239**	**5,602**	**6,015**	**64,386**

None of the Company's property, plant and equipment are pledged as security. Major divestments are subject to bank approval.

Notes to the Consolidated Financial Statements

12. Leases

Right of use assets

2024	Buildings & sites	Machinery & equipment	Total
At 1 January	118,967	2,706	121,673
Additions and renewals	35,206	3,799	39,005
Depreciation charge for the period	(22,933)	(2,300)	(25,233)
Eliminated on disposal and termination	(1,649)	0	(1,649)
Exchange rate differences	(5,801)	(191)	(5,992)
At 31 December 2024	**123,789**	**4,012**	**127,802**

Depreciation classified by functional category:	2024	2023
Cost of goods sold	10,093	8,982
Sales and marketing expenses	5,047	4,491
Research and development expenses	3,028	2,695
General and administrative expenses	7,065	6,332
Total	**25,233**	**22,500**

2023	Buildings & sites	Machinery & equipment	Total
At 1 January	122,647	2,484	125,131
Additions and renewals	15,033	2,077	17,110
Depreciation charge for the period	(20,566)	(1,934)	(22,500)
Eliminated on disposal and termination	(562)	(24)	(586)
Exchange rate differences	2,415	103	2,518
At 31 December 2023	**118,967**	**2,706**	**121,673**

Lease liabilities

Contractual maturities analysis as follows:	31.12.2024	31.12.2023
In 2025 / 2024	29,307	26,447
In 2026 / 2025	24,831	23,154
In 2027 / 2026	20,438	18,708
In 2028 / 2027	16,985	15,184
Later	77,069	76,132
Total	**168,629**	**159,625**
Less: Present value discount	(26,214)	(25,228)
Lease liability	**142,415**	**134,397**

Lease liabilities are presented in the Consolidated Balance Sheet as follows:		
Non-Current	118,279	112,605
Current	24,136	21,793
Total	**142,415**	**134,397**

Lease related expenses recognized in the Consolidated Income Statement:	2024	2023
Depreciation expense from right of use assets	25,233	22,500
Interest expense on lease liabilities	5,365	4,791
Exchange difference on lease liabilities	2,209	(1,173)
Short-term and low value lease expenses not included in lease liabilities	697	717
Termination of right of use asset	76	586
Total	**33,580**	**27,421**

Total cash outflow for leases	29,743	30,214

Notes to the Consolidated Financial Statements

13. Goodwill

	2024	2023
At 1 January	690,855	680,400
Business combinations	104,489	2,241
Exchange rate differences	(19,038)	8,214
At 31 December	**776,306**	**690,855**

During the year, the Company assessed the recoverable amount of goodwill and determined that none of the Company's cash-generating units have suffered an impairment loss.

The carrying amount of goodwill was allocated to the following cash-generating units:

	31.12.2024	31.12.2023
Americas	451,947	453,621
EMEA	309,266	220,984
APAC	15,093	16,250
Total	**776,306**	**690,855**

The recoverable amount of the cash-generating units is determined based on a value in use calculation which require the use of assumption. The calculation use cash flow projections based on the financial forecast for the year 2025 approved by management and the Board of Directors.

Cash flow beyond the one-year period are extrapolated using the assumption stated below. Cash flows beyond 2029 have been extrapolated using a steady growth rate for all cash-generating units. This growth rate does not exceed the long-term average growth rate for the market in each segment. Management believes that any reasonable change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

2024	Americas	EMEA	APAC
Sales growth (%)	8%	8%	13%
EBITDA margin (%)	21%	25%	19%
Capex ratio	4%	3%	3%
Perpetual growth rate (%)	2.5%	2.5%	2.5%
Pre-tax discount rate (%)	10.6%	10.2%	10.6%
Post-tax discount rate (%)	10.2%	9.8%	10.1%

2023	Americas	EMEA	APAC
Sales growth (%)	9%	9%	13%
EBITDA margin (%)	19%	23%	23%
Capex ratio	4%	3%	3%
Perpetual growth rate (%)	2.5%	2.5%	2.5%
Pre-tax discount rate (%)	11.5%	10.6%	11.0%
Post-tax discount rate (%)	11.1%	10.3%	10.6%

Management has determined the values assigned to each of the above key assumptions as follows:

Sales growth
Average annual growth rate over the four-year forecast period consistent with Growth'27 strategy approved by the Board of Directors.

EBITDA margin
Average annual EBITDA margin over the four-year forecast period based on gradual margin improvements in line with historical margin increases.

CAPEX ratio
Average annual amount of purchased fixed and intangible assets as ratio to sales. This is based on both historical and planned purchases and sales.

Perpetual growth rate
Average steady growth rate used to extrapolate cash flows beyond the forecast period. This growth rate does not exceed the long-term average growth rate for the market in each segment

Pre-tax discount rate
Reflect specific risk relating to the relevant segments and the countries in which they operate.

Post-tax discount rate (WACC)
Reflect specific risk relating to the relevant segments and the countries in which they operate, including tax effects based on effective tax rates in each segment.

14. Other intangible assets

2024	Customer & distribution relationships	Patents & development costs	Trademarks	Software & other	Total
Cost					
At 1 January	34,254	28,343	2,871	54,246	119,714
Additions	55	1,716	79	1,612	3,462
Additions - internally generated	0	0	0	8,732	8,732
Business combinations	22,321	1,953	5,766	1,049	31,089
Fully amortized assets	(19,426)	(18)	(323)	(2,290)	(22,057)
Exchange rate differences	(503)	220	(237)	(174)	(694)
At 31 December 2024	36,701	32,214	8,156	63,175	140,246
Amortization					
At 1 January	25,676	7,780	588	19,829	53,873
Charge for the period	3,387	1,950	252	6,576	12,165
Fully amortized assets	(19,426)	(18)	(323)	(2,290)	(22,057)
Exchange rate differences	(244)	77	6	(219)	(380)
At 31 December 2024	9,393	9,789	523	23,896	43,601
At 31 December 2024	**27,308**	**22,425**	**7,633**	**39,279**	**96,645**

Amortization classified by functional category:	2024	2023
Cost of goods sold	1,577	628
Sales and marketing expenses	6,377	5,724
Research and development expenses	1,691	1,377
General and administrative expenses	2,520	2,065
Total	**12,165**	**9,794**

2023	Customer & distribution relationships	Patents & development costs	Trademarks	Software & other	Total
Cost					
At 1 January	36,939	25,009	2,803	50,242	114,993
Additions	109	3,548	52	712	4,421
Additions - internally generated	0	0	0	8,624	8,624
Fully amortized assets	(3,278)	(500)	0	(5,388)	(9,166)
Exchange rate differences	484	286	16	56	842
At 31 December 2023	34,254	28,343	2,871	54,246	119,714
Amortization					
At 1 January	27,039	6,857	501	18,593	52,990
Charge for the period	1,740	1,376	86	6,592	9,794
Fully amortized assets	(3,278)	(500)	0	(5,388)	(9,166)
Exchange rate differences	175	47	1	32	255
At 31 December 2023	25,676	7,780	588	19,829	53,873
At 31 December 2023	**8,578**	**20,563**	**2,283**	**34,417**	**65,841**

None of the Company's intangible assets are with restricted title or pledged as security.

15. Investment in associates

	2024	2023
At 1 January	20,532	13,751
Additions	0	3,832
Share in net profit	3,340	3,398
Dividend received	(2,585)	(508)
Exchange rate differences	(923)	59
At 31 December	**20,364**	**20,532**

Included in share in net profit in 2023 is an excess of the net fair value of identifiable assets and liabilities over the cost of investment acquired during the period amounting to USD 2.1 million. None of the individual associate´s financial information are material.

16. Other financial assets

	31.12.2024	31.12.2023
Financial asset at amortized cost:		
Held to maturity securities	856	2,905
Restricted cash	534	491
Financial asset at fair value through Income Statement:		
Call option for shares in associates	1,315	1,134
Hedging derivatives foreign currency forwards	1,475	0
	4,179	**4,530**
Non-Current	2,704	4,530
Current	1,475	0
	4,179	**4,530**

Hedging derivatives are classified as other financial assets when book value is positive and as other financial liabilities when book value is negative.

17. Inventories

	31.12.2024	31.12.2023
Raw material	44,268	43,913
Work in progress	23,167	19,202
Finished goods	75,667	73,112
	143,102	**136,226**

Inventories of USD 11.5 million (2023: USD 10.3 million) are expected to be sold or used in production after more than twelve months.

Inventories recognized as an expense during the period amounted to USD 260.6 million (2023: USD 237.6 million). Thereof USD 4.4 million (2023: USD 3.3 million) was recognized as an expense in respect of write-downs of inventory to net realizable value. There was no reversal of prior year write downs in the current year. The reserve for obsolete inventories at year end amounted to USD 5.6 million compared to USD 5.6 million in 2023.

None of the Company's inventories are pledged as security.

Notes to the Consolidated Financial Statements

18. Accounts receivable

	31.12.2024	31.12.2023
Nominal value	125,949	132,920
Allowance for doubtful accounts	(4,034)	(5,076)
	121,915	**127,844**

The average credit period on sale of goods are 43 days (2023: 50 days). An allowance has been made for doubtful accounts. This allowance has been determined by management with reference to the expected credit loss (ECL). Management considers that the carrying amount of receivables approximates their fair value.

Movement in the allowance for doubtful accounts	**2024**	**2023**
At 1 January	(5,076)	(4,952)
Impairment (losses)/gains recognized on receivables	372	(283)
Amounts written off as uncollectable	494	141
Exchange rate differences	176	18
At 31 December	**(4,034)**	**(5,076)**

	31.12.2024				
Accounts receivable	**Gross carrying amount at default**	**Expected credit loss rate**	**Collective allowance (lifetime ECL)**	**Individual allowance**	**Net carrying amount**
Not past due	81,684	0.1%	75	15	81,594
Less than six months past due	35,949	2.0%	722	429	34,798
Six to twelve months past due	2,755	17.1%	472	267	2,016
More than twelve months past due	5,561	27.4%	1,523	531	3,507
	125,949		**2,792**	**1,242**	**121,915**

	31.12.2023				
Accounts receivable	**Gross carrying amount at default**	**Expected credit loss rate**	**Collective allowance (lifetime ECL)**	**Individual allowance**	**Net carrying amount**
Not past due	78,641	0.1%	80	307	78,254
Less than six months past due	43,961	1.9%	843	386	42,732
Six to twelve months past due	3,593	33.1%	1,190	165	2,238
More than twelve months past due	6,725	25.1%	1,689	416	4,620
	132,920		**3,802**	**1,274**	**127,844**

The expected credit loss on accounts receivable is estimated using a provision matrix with reference to past default experience, general economic conditions and an assessment of both the current as well as expected conditions, including time value of money where appropriate. Individual allowances and adjustments to the collective bad debt provision are made based on the individual assessment of customers' situation and probability of incoming payments. Refer to note 40 for further details related to accounting policies.

The Company writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

19. Other assets

	31.12.2024	31.12.2023
Prepaid expenses	22,630	17,660
VAT refundable	7,361	5,524
Other	14,309	16,069
	44,300	**39,253**

20. Cash and cash equivalents

For the purpose of presentation in the Consolidated Statement of Cash Flow, cash and cash equivalents include bank balances, cash on hand and minor cash equivalents. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Balance Sheet.

Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- Exchange rate differences on borrowings and amortization of borrowing cost – note 26. Borrowings
- Liabilities acquired in Business Combinations – note 33. Business Combinations
- Assets acquired in Business Combinations – note 33. Business Combinations
- Deferred payments and contingent consideration on acquisitions – note 33. Business Combinations
- Additions to right of use assets and lease liabilities - note 12. Leases
- Exchange rate adjustment on lease liabilities - note 12. Leases
- Additions to financial assets and financial liabilities – notes 16. Other financial assets and 30. Other financial liabilities
- Fair value adjustment on financial assets and financial liabilities - notes 16. Other financial assets and 30. Other financial liabilities

21. Issued capital and share premium

Common stock is as follows in thousands of shares in ISK:

	Issued shares	Treasury shares	Total
Balance at 1 January 2023	423,000	(2,711)	420,289
Cancellation of own shares	(2,000)	2,000	0
Sold treasury shares		10	10
Balance at 31 December 2023	421,000	(701)	420,299
Issued shares	6,636		6,636
Balance at 31 December 2024	**427,636**	**(701)**	**426,935**

Movement in issued capital is as follows in USD thousands:

	Share capital	Share premium	Total
Balance at 1 January 2023	4,781	61,430	66,211
Sold treasury shares	0	49	49
Balance at 31 December 2023	4,781	61,479	66,260
Issued shares	48	27,156	27,204
Balance at 31 December 2024	**4,829**	**88,635**	**93,464**

The share buyback program was temporarily paused in 2022. Decisions on share buybacks are made in accordance with the Company's Capital Structure and Capital Allocation Policy, within the authorizations granted by the Annual General Meeting. The share buyback programs are managed by Nordea, which make its trading decisions independently and without influence by the Company regarding the timing of the purchases. The share buyback program is to be reinitiated shortly. In 2024 in connection with the acquisition of Fior & Gentz, new shares were issued raising the total share capital in nominal value by 1.6%, from ISK 421,0 million to ISK 427,6 million, resulting in USD 27 million share capital increase. At year end 2024 Embla Medical held 0.7 million treasury shares that equals to 0.2% of issued shares.

22. Other reserves

The following table shows a breakdown of the movement in other reserves in the Consolidated Statement of Changes in Equity.

	Statutory reserve	Share contracts	Hedging	Financial assets	Currency Translation	Total
Balance at 1 January 2023	1,267	5,150	(1,028)	0	(75,856)	(70,467)
Change in cash flow hedges			963			963
Income tax			(193)			(193)
Fair value changes of financial liabilities				93		93
Income tax				(23)		(23)
Transl. diff. of shares in subsidiaries					4,839	4,839
Income tax					1,027	1,027
Total comprehensive income	0	0	770	70	5,866	6,706
Put option for minority share in subsidiary				(825)		(825)
Share contracts charge for the period		1,759				1,759
Share contracts vested during the period		(1,218)				(1,218)
Balance at 31 December 2023	**1,267**	**5,691**	**(258)**	**(755)**	**(69,990)**	**(64,045)**
Change in cash flow hedges			1,832			1,832
Income tax			(366)			(366)
Fair value changes of financial liabilities				88		88
Income tax				(22)		(22)
Transl. diff. of shares in subsidiaries					(11,175)	(11,175)
Income tax					(1,685)	(1,685)
Total comprehensive income	0	0	1,466	66	(12,860)	(11,328)
Put option for minority share in subsidiary				689		689
Share contracts charge for the period		602				602
Share contracts vested during the period		(1,308)				(1,308)
Balance at 31 December 2024	**1,267**	**4,985**	**1,208**	**0**	**(82,850)**	**(75,390)**

Statutory reserve
The statutory reserve comprises certain portion of the share capital according to Icelandic Company Act.

Share contracts reserve
The share contracts reserve is used to recognize the fair value of options or share units issued to employees but not exercised, see note 24 for details.

Hedging reserve
The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve, see note 25 for details. The cash flow hedge reserve is used to recognize the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges.

Currency translation reserve
The currency translation reserve comprises all currency differences arising from the translation of the financial statements of subsidiaries having different functional currencies than the Company as well as from the translation of liabilities that hedge net investment.

Notes to the Consolidated Financial Statements

23. Retained earnings

Transaction with non-controlling interests

During the year the Company acquired remaining shares in two of its subsidiaries. The effect on the equity attributable to the owners of the Company during the year is as follows:

	2024
Carrying amount of non-controlling interest acquired	(292)
Consideration paid to non-controlling interest	9,648
Contingent consideration payable in 2026	1,078
Excess of consideration paid recognized in retained earnings	10,434
Net amount recognized in shareholders equity	**10,142**

24. Share contracts

In 2024 a new long term incentives program of performance share units ("PSUs") and restricted shares units ("RSUs") was initiated in accordance with approval at the Company's Annual General Meeting for 2023. This program replaced the previous share options plan.

Under this program management and key leaders can be rewarded for delivery of long-term strategy by granting PSUs for President and CEO and the Executive Management or RSUs for the Executive Management direct report at VP level and key specialists in strategic positions.

According to the program, if performance is on target, PSUs and RSUs will be granted each year based on the current Embla Medical share price and the current annual fixed salary of the participants. The maximum PSUs granted per year is approximately 375,000. The number of PSUs granted to the participants will follow the guidelines described in Embla Medical's Remuneration Policy and will be reported in Embla Medical's Remuneration Report. A maximum of 325,000 RSUs will be granted each year.

To calculate the PSUs/RSUs value at granting, the volume-weighted average share price on Nasdaq Copenhagen the first five trading days following the date of publication of Embla Medical's consolidated financial statements for the performance period/previous financial year is used. The potential value of the PSUs/RSUs at vesting depends on the share price development during the vesting time. The vesting time of the PSUs/RSUs is three years from granting. It is a vesting condition that the respective executive/key employee is employed by an Embla Medical entity at vesting, subject to certain good leaver provisions. At vesting, the PSUs/RSUs are converted into Embla Medical shares on a 1:1 ratio. For delivery of shares, the Board may either issue new shares (subject to the Annual General Meeting's approval) or allow Embla Medical to use treasury shares that have been acquired based on authorization from the Annual General Meeting.

According to prior incentive plan (share options issued before 2024) where managers were granted options to purchase ordinary shares at an exercise price, determined by the average closing price of shares traded on the OMX Copenhagen stock exchange over the 20 trading days prior to the issue date. The employee must remain continuously employed with the Company until the option expiring date, either as an employee or in any other way, deemed satisfactory by the Company.

Notes to the Consolidated Financial Statements

Each employee share option converts into one ordinary share on exercise. No amounts are paid or payable by the recipient to the Company on receipt of the option. The options carry neither right to dividends nor voting rights. The Company allows net settlement of options in which an equivalent number of shares are delivered to the employee that equals to the profit of the exercised options. With net settlement, the Company does not deliver in full the number of shares at exercise price. The fair value of the share options granted are valued using the Black-Scholes pricing model. Variables used in the Black-Scholes calculation are the exercise price per share, expected life in years, estimated volatility, annual rate of quarterly dividends and annual discount rate. In 2024, the expected volatility was not assumed nor the annual discount rate as new stock options were not granted. In 2023 the expected volatility assumptions used to value the options range from 29.82% to 30.97% and the annual discount rate, range from 2.4% to 3%. Expected life of options are three years and the options expire one year after the vesting date. If a share option vests during a closed period for insider trading the vesting period is automatically extended until the next open window for insider trading.

The following share PSU / RSU and share options contracts (hereinafter referred to as: share contracts) are outstanding at balance sheet date:

	Number of shares	Grant year	Exercise year	Exercise price (in DKK)	Share price at grant date (in DKK)	Weighted average remaining contr. life in months
Issued to Executive Management:						
PSU/RSU						
Sveinn Sölvason President and CEO	94,579	2024	2027	33.3	33.3	27
Executive management (5 persons)	251,483	2024	2027	33.3	33.3	27
Total	**346,062**					
Share options						
Sveinn Sölvason President and CEO	250,000	2021 - 2023	2024 - 2026	29.9-44.6	29.2-43.6	6
Executive management (4 persons)	466,400	2021	2024	44.6-44.5	43.2-43.6	0
Executive management (5 persons)	450,000	2022	2025	28.5-41.7	29.5-44.0	6
Executive management (3 persons)	200,000	2023	2026	27.9-34.2	27.5-34.6	19
Total	**1,366,400**					
Issued to management team:						
PSU/RSU						
Managers (36 Persons)	308,385	2024	2027	32.2	32.2	27
Total	**308,385**					
Share options						
Managers (32 persons)	1,247,600	2021	2024	44.5-46.8	43.2- 47.7	0
Managers (16 persons)	575,000	2022	2025	28.5-41.7	29.5-44.0	5
Managers (3 persons)	105,000	2023	2026	30.9-34.2	30.2-34.6	15
Total	**1,927,600**					
Total issued RSU/ PSU	**654,447**					**27**
Total issued share options	**3,294,000**					**4**
Total	**3,948,447**		**Total weighted average remain. contr. life in months**			**8**

Notes to the Consolidated Financial Statements

Movements in share options and RSU / PSU during the period:

	2024		2023	
	Number of shares	Weighted average exercise price (in DKK)	Number of shares	Weighted average exercise price (in DKK)
PSU / RSU				
Granted during period	699,700	30.7	0	0
Forfeited during period	(45,253)	30.7	0	0
Total outstanding at 31 December	**654,447**	**30.7**	**0**	**0**
Share options				
Outstanding at 1 January	4,872,800	41.3	5,789,600	37.6
Granted during period	0	0	375,000	32.3
Forfeited during period	(741,200)	44.7	(217,200)	42.9
Exercised and expired during period	(837,600)	43.3	(1,074,600)	38.6
Total outstanding at 31 December	**3,294,000**	**40.0**	**4,872,800**	**41.3**

The estimated remaining cost due to the share contracts and PSU/RSU is USD 2.5 million (2023: USD 1.2 million). An expense of USD 0.6 million (2023: USD 1.8 million) is recognized in the Consolidated Income Statement for the period. The amount of expense excluding forfeited or expired options is USD 1 million. The exercise period of the share option contracts ranges from 2025-2026 and for RSU and PSU falls in 2027.

The range of the share price of exercised and expired options in the current year is DKK 30.3 to DKK 46.3 (2023: DKK 32.3 to DKK 49.8).

Embla's Medical yearly cost related to the new long-term incentive programs is estimated to be around USD 3.2 million when fully implemented.

25. Hedging reserve

Embla Medical hedges its ISK and EUR exposure, using a twelve month, quarterly layered hedging strategy. This is done with forward currency contracts where Embla Medical sells EUR for ISK. At each balance sheet date Embla Medical has outstanding contracts covering approximately 50% of yearly ISK costs. Due to the layered approach, hedge ratio of closed contracts is approximately 80% of ISK costs. Embla Medical applies hedge accounting (IFRS 9) to the extent possible.

Movements in the hedging reserve during the period:

	2024	2023
At 1 January	(258)	(1,028)
Change in fair value of hedging instrument recognized in Other Comprehensive Income	308	713
Reclassified to Income Statement	1,524	250
Deferred tax	(366)	(193)
At 31 December	**1,208**	**(258)**

At balance sheet date ten forward contracts were open. The fair value of the contracts results in an asset of USD 1.5 million at year end 2024 (2023: USD 0.4 million liability). The effects of the foreign currency-related hedging instruments on the Company's financial position and performance are as follows:

	31.12.2024	31.12.2023
Carrying amount	(1,475)	358
Notional amount	36,545	29,892
Maturity date	Mar-Dec 25	Mar-Dec 24
Hedge ratio	1:1	1:1
Change in discounted spot value of outstanding hedging instruments since inception of the hedge	308	713
Weighted average hedged rate for outstanding hedging instruments	153.8	151.8

26. Borrowings

	31.12.2024	31.12.2023
Loans in USD	103,375	96,318
Loans In EUR	253,999	237,014
Total	**357,374**	**333,335**
Non-Current	328,754	311,802
Current	28,620	21,533
Total	**357,374**	**333,335**

Aggregated maturities of borrowings are as follows:

	31.12.2024	31.12.2023
In 2025 / 2024	28,620	21,533
In 2026 / 2025	51,224	176
In 2027 / 2026	277,528	236,769
In 2028 / 2027	0	74,857
	357,374	**333,335**

The table below shows how cash and non-cash changes affect borrowings within the Company:

	2024	2023
At 1 January	333,335	339,777
Cash flows	39,787	(14,777)
Non-cash changes:		
Acquisition related	0	(97)
Exchange rate differences	(16,198)	8,055
Amortization of borrowing costs	450	377
At 31 December 2024	**357,374**	**333,335**

The weighted average interest on outstanding loans at 31.12.2024 was 3.3% (2023: 3.8%). The following table highlights key information of the Company´s borrowings:

Lender	Type	Currency	Interest type	Outstanding	Available
Nordea, Danske Bank	Term, Bullet	EUR	Floating	52,240	0
Nordea, Danske Bank	Revolver	EUR	Floating	150,248	0
European Investment Bank	Term, Bullet	USD	Fixed	74,598	0
Nordic Investment Bank	Term, Bullet	EUR	Fixed	51,763	0
Danske Bank	Overdraft	Multicurrency	Floating	28,525	49,569
Total				**357,374**	**49,569**

27. Deferred tax assets / (liabilities)

	2024	2023
At 1 January	13,111	7,724
Income tax payable for the period	29,456	21,146
Calculated tax for the period	(21,603)	(17,206)
Business combinations	(9,995)	42
Recognized in other comprehensive income	(1,697)	1,223
Exchange rate differences	(385)	182
At 31 December	**8,887**	**13,111**
Deferred tax in the Balance Sheet:		
Deferred tax asset	46,365	41,888
Deferred tax liabilities	(37,478)	(28,777)
	8,887	**13,111**

Movement in deferred tax balances:

	01.01.2024	Recognized in Income Statement	Recognized directly in OCI	Other [i]	31.12.2024	Deferred tax assets	Deferred tax liabilities
Goodwill	(15,110)	(3,747)		(45)	(18,902)	4,240	(23,142)
Intangible assets	(8,899)	1,836		(9,594)	(16,657)	2,811	(19,468)
Property, plant and equipment	(1,946)	288		(212)	(1,870)	1,976	(3,846)
Tax loss carry forward	1,265	(7)		(65)	1,193	1,193	0
Inventories	15,972	3,257		(2)	19,227	20,040	(813)
Provisions	4,654	169		(49)	4,774	4,773	1
Current liabilities	11,842	4,981		(78)	16,745	17,890	(1,145)
Receivables	1,167	798		4	1,969	1,989	(20)
Other	4,166	279	(1,697)	(340)	2,408	3,490	(1,082)
Total	**13,111**	**7,853**	**(1,697)**	**(10,381)**	**8,887**	**58,402**	**(49,515)**
Deferred tax assets and liabilities offsetting						(12,037)	12,037
Net deferred tax assets (liabilities)						**46,365**	**(37,478)**

	01.01.2023	Recognized in Income Statement	Recognized directly in OCI	Other[i]	31.12.2023	Deferred tax assets	Deferred tax liabilities
Goodwill	(13,352)	(1,747)		(10)	(15,110)	5,747	(20,857)
Intangible assets	(8,667)	(84)		(148)	(8,899)	1,431	(10,330)
Property, plant and equipment	(1,574)	(491)		118	(1,946)	1,703	(3,649)
Tax loss carry forward	2,125	(772)		(88)	1,265	1,265	0
Inventories	10,135	5,812		25	15,972	16,785	(813)
Provisions	6,993	(2,340)		1	4,654	4,654	0
Current liabilities	7,638	4,171		33	11,842	12,864	(1,022)
Receivables	1,070	97		(1)	1,167	1,185	(18)
Other	3,356	(705)	1,223	290	4,166	4,384	(218)
Total	**7,724**	**3,941**	**1,223**	**220**	**13,111**	**50,018**	**(36,907)**
Deferred tax assets and liabilities offsetting						(8,130)	8,130
Net deferred tax assets (liabilities)						**41,888**	**(28,777)**

(i) Effects of foreign currency exchange rate differences and acquisitions.

The Company has unused tax losses available for which no deferred tax asset is recognized. At year end 2024 these unused tax losses amounted to USD 22.8 million (2023: USD 25.2 million). USD 8.4 million of this amount will expire in 5-10 years (2023: USD 8.5 million). The remaining tax losses carry an indefinite term.

In relation to the elimination of intercompany gain in inventories, the Company has recognized a deferred tax benefit of USD 0.9 million (2023: USD 5.4 million) in the Consolidated Income Statement.

Embla Medical, as part of WDI group for Pillar Two reporting, has applied the exception to recognize deferred tax on OECD's/EU's Pillar Two Model Rules and local implementation hereof.

28. Provisions

2024	Warranty provisions	Restructuring provisions	Other provisions	Total
At 1 January	10,789	2,777	4,422	17,988
Additional provision recognized	10,012	2,452	4,176	16,640
Utilization of provision	(8,225)	(4,267)	(1,077)	(13,569)
Exchange rate differences	(152)	0	(356)	(508)
At 31 December 2024	**12,424**	**962**	**7,165**	**20,551**
Non-current	6,290	0	1,647	7,937
Current	6,133	962	5,519	12,615
At 31 December 2024	**12,423**	**962**	**7,166**	**20,551**

2023	Warranty provisions	Restructuring provisions	Other provisions	Total
At 1 January	9,922	9,201	6,011	25,134
Additional provision recognized	7,567	181	1,083	8,831
Utilization of provision	(6,785)	(6,605)	(2,806)	(16,196)
Exchange rate differences	84	0	133	218
At 31 December 2023	**10,789**	**2,777**	**4,422**	**17,988**
Non-current	4,938	0	1,728	6,666
Current	5,851	2,777	2,694	11,322
At 31 December 2023	**10,789**	**2,777**	**4,422**	**17,988**

Warranty provisions are expected to be utilized over the next 6 years in line with warranty terms. Restructuring provisions are expected to be utilized within the next 12 months as projects have been initialized but not all costs have materialized. Other provisions are related to various obligations of which USD 5.5 million are expected to be utilized within the next 12 months, the remaining amount in other provisions relate to employee long term services.

29. Deferred income

	2024	2023
At 1 January	10,119	9,359
Deferred income	4,602	3,719
Released from deferred income	(2,962)	(3,183)
Exchange rate differences	(449)	224
At 31 December	**11,311**	**10,119**
Non-current	8,589	7,277
Current	2,722	2,842
At 31 December	**11,311**	**10,119**

Deferred income relates to the sale of additional warranty for prosthetic products and service checks included in standard warranty. Income from additional warranty is deferred when sold and released on a straight line basis within the warranty period. Income from service checks is deferred when sold and released when the service has been rendered. Additional warranties range from 2-6 years. The current deferred income is presented as part of other liabilities in the Consolidated Balance Sheet as indicated in note 32.

30. Other financial liabilities

	31.12.2024	31.12.2023
Financial liabilities at amortized cost:		
Deferred payments relating to business combinations	27,351	15,327
Other financial liabilities at amortized cost	381	550
Financial liabilities at fair value through Income Statement:		
Contingent consideration relating to business combinations	29,157	8,833
Put option for shares in associates	1,315	1,134
Financial liabilities at fair value through Other Comprehensive Income:		
Put option for minority share in subsidiary	0	732
Hedging derivatives - foreign currency forwards	0	358
	58,204	**26,933**
Non-current	47,946	17,351
Current	10,258	9,583
	58,204	**26,933**

Hedging derivatives are classified as other financial assets when book value is positive and as other financial liabilities when book value is negative.

During the year USD 0.1 million was recognized in Other comprehensive income related to fair value gain of put option for minority share in subsidiary (2023: USD 0.1 million). The put option was exercised during the year and the subsidiary is fully owned by the company at end of 2024.

Contingent consideration relating to business combination is mainly resulting from acquisition of Naked Prosthetics and Fior & Gentz. The contingent consideration payments are dependent on sales growth and fair value is determined based on best information available at the date of acquisition. The full value of the contingent consideration relating to Fior & Gentz acquisition was accounted for at acquisition date and is payable in the years 2025 to 2027 dependent on sales growth. The contingent consideration relating to Naked Prosthetics, that was acquired in 2022, was accounted for at acquisition date to a limited extent, the first payment was paid in 2024 and the remaining amount is payable within the next four years dependent on sales growth. The estimated payments are based on forecasted sales within the Company's sales channels. The amount recognized at acquisition date for current year's acquisition can be found in note 33. Business combinations.

Put options for purchase of remaining share in an associate is calculated as a multiple of EBITDA of the associate in the previous financial year in the proportion which the put option shares bear to the total shares of the entity. The option is exercisable in 2027 and 2028.

31. Related party transactions

Balances and transactions within the Company (Embla Medical hf. and its subsidiaries) have been eliminated in consolidation and are not disclosed in this note.

The Company engages in transactions with some of its associated companies and other related parties. The transactions consist of sale and purchases where commercial terms and market prices apply.

Transactions and balances with related parties:

Associates	**2024**	**2023**
Sales of products	2,825	2,404
Purchases	4,695	524
Receivables from associates at 31 December	647	507
Payables to associates at 31 December	469	374
Other related parties	**2024**	**2023**
Sales of products	890	1,338
Purchases	6,850	6,358
Receivables from other related at 31 December	440	607
Payables to other related at 31 December	612	487

For disclosures relating to key management positions, refer to note 6.

32. Other liabilities

	31.12.2024	31.12.2023
Accrued expenses	23,033	23,996
Sales tax and VAT	4,979	4,798
Deferred income	2,722	2,842
Sales return accrual	3,930	2,828
Other	4,697	4,548
	39,361	**39,012**

33. Business combinations

On 1 January 2024 Embla Medical acquired all shares of the privately owned Fior & Gentz, a leading producer of lower limb neuro orthotics components. Fior & Gentz, founded in Lüneburg, Germany in 1997, is a leading European provider of functional lower limb neuro orthotic solutions and employs around 80 people.

As part of the consideration paid for Fior & Gentz, Embla Medical issued 6,636,122 new shares. The share price of each share was DKK 28.10 and the total value of the share price capital increase is thus DKK 186 million (USD 27 million). The consideration paid in cash was partly financed through additional credit facilities, amounting to USD 55 million. Acquisition related cost amounted to USD 1 million and is included in general and administrative expenses and reported as special items.

The accounting for the acquisition has been finalized at the end of the reporting period. The goodwill is not deductible for income tax purpose.

In the Consolidated Income Statement for the year 2024, sales amounting to USD 23.4 million (2023: USD 1.2 million) and net profit of USD 5.5 million (2023: USD 0.2 million) were related to the Fior & Gentz acquisition.

The current year acquisition was made at 1 January resulting in the consolidated pro-forma revenue and profit to be the same as reported.

Assets acquired and liabilities consumed at the date of acquisition:	
Property, plant and equipment	594
Other intangible assets	31,089
Inventories	5,375
Accounts and other receivables	1,128
Bank balances and cash equivalents	2,963
Deferred tax liabilities	(9,995)
Other liabilities	(2,270)
Net identifiable assets acquired	28,884
Goodwill	104,489
Net assets acquired	**133,373**
Consideration:	
Net assets acquired	133,373
Contingent consideration and deferred payments on current year´s acquisition	(38,184)
Issued new shares	(27,205)
Cash paid	67,984
Payments on prior year´s acquisitions	5,052
Cash from acquired company	(2,963)
Consideration shown in Cash Flow	**70,072**

34. Financial instruments

Financial assets and liabilities

The Company holds the following financial instruments:

Financial assets	**Notes**	**31.12.2024**	**31.12.2023**
Financial assets at amortized cost:			
Accounts receivable	18	121,915	127,844
Cash and cash equivalents	20	86,163	72,653
Financial assets at amortized cost	16	1,390	3,396
Financial assets at fair value through Income Statement	16	1,315	1,134
Hedging derivatives - foreign currency forwards	16	1,475	0
Total		**212,257**	**205,027**

Financial liabilities	**Notes**	**31.12.2024**	**31.12.2023**
Financial liabilities at amortized cost:			
Accounts payable		27,275	30,749
Borrowings	26	357,374	333,335
Lease liabilities	12	142,415	134,397
Other financial liabilities at amortized cost	30	27,732	15,877
Financial liabilities at fair value through Income Statement	30	30,472	9,966
Financial liabilities at fair value through Other Comprehensive Income	30	0	732
Hedging derivatives - foreign currency forwards	30	0	358
Total		**585,267**	**525,415**

Fair value of financial instruments

In the above overivew of financial instruments, financial assets and financial liabilities that are measured at fair value in the financial statement can be identified.

Except as detailed in the following table, management considers that the carrying amount of financial assets and financial liabilities recognized in the Consolidated Financial Statements to approximate their fair value.

	31.12.2024		**31.12.2023**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities:				
Borrowings	357,374	358,808	333,335	334,373

The difference between the fair value and the carrying amount relates to distribution of borrowing cost. The fair value is determined as a level 2 in the fair value hierarchy.

Fair value hierarchy

The following table explains the judgements and estimates made in determining the fair values of the financial instruments recognized and measured at fair value in the financial statements. In order to convey the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under IFRS accounting standards as adopted by the European Union.

Financial assets	Notes	Level 1	Level 2	Level 3	Total
Financial assets at fair value through income statement:					
Call option for shares in associates	16			1,315	1,315
Hedging derivatives - foreign currency forwards	16		1,475		1,475
Total financial assets		**0**	**1,475**	**1,315**	**2,789**
Financial liabilities					
Financial liabilities at fair value through income statement:					
Contingent consideration related to acquisition	30			29,157	29,157
Put option for shares in associates	30			1,315	1,315
Total financial liabilities		**0**	**0**	**30,472**	**30,472**

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price.

Level 2: The fair value of financial instruments that are not traded in active markets is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Capital risk management

The Company manages capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged since 2023.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in note 26, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

Net debt to EBITDA before special items ratio

The Company's management continuously reviews the capital structure. As a part of this review the management considers, amongst other the cost of capital and net debt to EBITDA before special items.

The net debt to EBITDA before special items at period end was as follows:

	31.12.2024	31.12.2023
Net debt	413,626	395,047
EBITDA before special items	173,264	139,307
Net debt/EBITDA before special items	**2.4**	**2.8**

Notes to the Consolidated Financial Statements

Loan covenants

Under the terms of the Company borrowings, which has a carrying amount of USD 357.4 million (2023: USD 333.3 million) the Company is required to comply with the following financial covenants at the end of each annual and interim reporting period:

- Net debt (including deferred payments relating to business combinations) to EBITDA before special items should be below 4.0.

The Company is additionally required to comply with the following financial covenants at the end of each annual reporting period:

- The aggregate EBITDA of the Guarantors for the relevant reporting period represents not less than 50% of the Consolidated EBITDA of the Company.
- The aggregate gross assets of the Guarantors represents not less than 50% of the aggregate gross assets of the Company.

The Company has complied with these covenants throughout the reporting period. There are no indications that Embla Medical would have difficulties complying with the covenants in 2025.

Financial risk management objectives

The Company's corporate finance function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company. This is performed through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include liquidity risk, interest rate risk, foreign currency exchange risk and counterparty credit risk.

The general policy is to apply natural hedging to the extent possible but Embla Medical also uses active hedging of currency exposure that is not covered by the natural hedge in sales and costs by currency. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Currency risk management

The Company operates in a global market, hence exposure to exchange rate fluctuations arises. Exchange rate exposures are managed within approved policy parameters. The general policy is to apply natural exchange rate hedging to the extent possible.

Embla Medical hedges its ISK and EUR exposure, using a twelve month, quarterly layered hedging strategy. This is done with forward currency contracts where Embla Medical sells EUR for ISK. At each balance sheet date Embla Medical has outstanding contracts covering approximately 50% of yearly ISK costs. Due to the layered approach, hedge ratio of closed contracts is approximately 80% of ISK costs. At balance sheet date ten forward contracts were open. The fair value of the contracts results in an asset of USD 1.5 million at year end 2024 (2023: USD 0.4 million liability). Embla Medical applies hedge accounting (IFRS 9) to the extent possible. The carrying amounts of the Company's monetary assets and monetary liabilities denominated in currencies at the reporting date are as follows:

	Liabilities		Assets	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
EUR	308,727	290,181	41,818	43,773
USD	198,980	189,889	110,606	97,613
ISK	56,210	53,095	15,723	19,474
SEK	24,562	25,160	9,317	13,370
GBP	6,486	6,980	4,888	6,268
Other	38,479	34,395	72,730	63,782
	633,444	**599,700**	**255,082**	**244,280**

Notes to the Consolidated Financial Statements

Foreign currency sensitivity analysis

The Company is mainly exposed to the fluctuation of Icelandic krona (ISK) and Euro (EUR).

The following table details the Company's sensitivity to a 10% decrease in USD against the relevant foreign currencies with all other variables fixed. The sensitivity analysis includes all foreign currency denominated items and adjusts their translation at the period end for a 10% change in foreign currency rates. The table below indicates the effect on net profit and equity where USD weakens 10% against the relevant currency. For a 10% strengthening of USD against the relevant currency, there would be an equal and opposite impact on the profit or loss and equity.

	EUR (i)		ISK (ii)	
	2024	2023	2024	2023
Net profit	5,656	4,263	(5,726)	(5,281)
Equity	7,257	(932)	(1,266)	(595)

(i) 24% (2023: 21%) of the Company's COGS and OPEX is in EUR against 28% (2023: 24%) of its sales causing an increase in profit if the USD decreases against the EUR.

(ii) 11% (2023: 10%) of the Company's COGS and OPEX is in ISK against 0.4% (2023: 0.5%) of its sales causing a decrease in profits if the USD decreases against the ISK.

Hedge accounting is not considered in the above calculation.

Interest rate risk management

The Company is exposed to interest rate risks as funds are borrowed at floating interest rates. Interest rate risk is managed by the Company´s treasury function and fixed rate loans or interest rate swap contracts may be used to maintain an appropriate mix between fixed and floating rate borrowings. At the end of 2024 65% of total borrowings were on floating interest rates. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite and to ensure optimal hedging strategies are applied. The Company did not have any interest rate swap agreements outstanding at balance sheet date.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates on borrowings with floating terms. The analyses is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. If interest rates had been 1 percent higher/lower and all other variables were held constant, the Company´s profit for the year ended 31 December 2024 would have decreased/increased by USD 2.3 million (2023: USD 2.0 million).

Notes to the Consolidated Financial Statements

Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. At period end the Company had a total liquidity of USD 135.7 million, consisting of undrawn revolving credit facilities of USD 49.6 million (2023: USD 61.3 million) and cash and cash equivalents of USD 86.2 million (2023: USD 72.7 million).

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest	Less than 1 year	1-5 years	5+ years	Total
31.12.2024					
Borrowings	4.5%	45,178	356,973	0	402,151
Lease liabilities	4.0%	29,307	86,347	52,975	168,629
Non-interest bearing liabilities	-	122,887	47,972	0	170,859
		197,373	**491,292**	**52,975**	**741,639**
31.12.2023					
Borrowings	3.8%	34,489	338,818	0	373,306
Lease liabilities	3.7%	26,447	79,513	53,665	159,625
Non-interest bearing liabilities	-	126,570	17,383	0	143,953
		187,505	**435,714**	**53,665**	**676,885**

Credit risk management

The Company manages the financial counterparty credit risk centrally. Primary Banks should have a long-term credit rating of at least A-/A3 and a short-term credit rating of at least A-2/P-2. Other financial counterparties should have investment grade credit ratings.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

Accounts receivable consist of a large number of customers spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Refer to note 18 for assessment of expected credit loss (ECL) and accounting policy on impairment of financial assets.

The Company is exposed to normal business risk in collecting accounts receivable. Adequate allowance is made for bad debt in line with the Company accounting policy.

Book value of financial assets measured at amortized cost represents the maximum exposure to credit risk.

35. Other information

From 2021, the Company is required to file the primary statements of the Consolidated Financial Statements in the new European Single Electronic Format (ESEF) and therefore those statements are prepared in the XHTML format that can be displayed in a standard browser. The primary statements in the Consolidated Financial Statements are tagged using inline eXtensible Business Reporting Language (iXBRL). The iXBRL tags comply with the ESEF taxonomy, which is included in the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation. Where a primary statements line item is not defined in the ESEF taxonomy, an extension to the taxonomy has been created. Extensions are anchored to elements in the ESEF taxonomy, except for extensions which are subtotals. The Consolidated Financial Statements submitted to the Icelandic Financial Supervisory Authority consists of the XHTML document together with certain technical files, all included in a file named "EmblaMedical-2024-12-31.zip".

36. Insurance

	31.12.2024		31.12.2023	
	Insurance value	Book value	Insurance value	Book value
Fixed assets and inventories	239,336	220,478	213,956	206,255

The book value of fixed assets and inventories is adjusted for inventory reserve. The Company has purchased a Property Damage & Business Interruption insurance intended to compensate for damages on owned property and temporary loss of income due to such loss. Additionally, the Company has numerous insurances in place that are necessary to insure against the risks to its operations, including but not limited to general and product liability, professional liability, product recall insurance, directors' and officers' liability and certain types of frauds towards the Company.

37. Comparative information

Comparative figures disclosed in the notes to these financial statements have been reclassified to conform with the current year´s disclosure format for the purpose of compliance with International Financial Reporting Standards as adopted by the European Union (EU).

38. Contingent liabilities

The Company is engaged in certain litigation proceedings and various ongoing audits and investigations. Management, on an ongoing basis, assesses the possible financial impact of current and pending litigations. Relevant information is disclosed when management is able to assess whether a litigation could potentially have a material financial impact on the Company. In the opinion of management there are currently no litigations expected to have a material effect on the Company's financial position, operating profit or cash flow.

39. Adoption of new and revised standards

New and amended IFRS that are effective for the current year

The following amendments to IFRS became mandatorily effective in the current year. The application of the below amendments has minor or no effects on the Consolidated Financial Statements:

Amendments to IAS 1: Classification of Liabilities as Current or Non-current, and Non-current liabilities with covenants.
Amendments to IFRS 16: Lease Liability in Sale and Leaseback.
Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements.

New and revised IFRS in issue but not yet effective

At the date of authorization of these Consolidated Financial Statements, the Company has not applied new and revised IFRS that have been issued but are not yet effective.

Management of the Company does not expect that the adoption of the standards will have a material impact on the Financial Statements of the Company in future periods.

Standards on sustainability, IFRS S1 and IFRS S2 are not impacting EU companies as separate legislation applies to EU companies (ESRS). The European Sustainability Reporting Standards (ESRS) will likely become effective in 2025 for the Company depending on when approved by Icelandic authorities.

40. Summary of material accounting policies

Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with IFRS accounting standards as adopted by the European Union and additional requirements in the Icelandic Annual Accounts Act no. 3/2006.

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 values. Historical cost is generally based on the fair value of the consideration given in exchange for assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability as market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated Financial Statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 and measurements that have some similarities to fair value but are not fair value, such as net realizable value of inventories in IAS 2 or value of assets in use in IAS 36.

Basis of consolidation

The Consolidated Financial Statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- can use its power to affect its returns.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements

Put options over non-controlling interest are recognized as financial liabilities at the present value of the estimated exercise price. The initial carrying amount is charged against equity attributable to owners of the parent, and subsequent remeasurement of the liability are recognized accordingly. The Company treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized directly in equity attributable to owners of the Company.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combinations is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the purchase price of the business combinations over the Company's interest in the net fair value of the identifiable assets, liabilities, contingent liabilities, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree. If, after reassessment, the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combinations, the excess is recognized immediately in profit or loss. Non-controlling interests that present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Company in a business combinations includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combinations. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

If the initial accounting for a business combinations is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

When a business combinations is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e., the date when the Company obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

The measurement period is the period from the date of acquisition to the date the Company obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

Investments in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or joint control over those policies.

The profit and losses, assets and liabilities of associates are incorporated in the Consolidated Financial Statements using the equity method of accounting. Under the equity method, investments in associates are initially recognized in the balance sheet and adjusted for post-acquisition changes in the Company's share of the net assets of the associate, less any impairment in the value of individual investments. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment. Where the Company´s share of losses in associates equals or exceeds its interest in the associate, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The requirements of IAS 36 Impairment of Assets are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the standard as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Goodwill

Goodwill is initially recognized as an asset at the excess of the purchase price of the business combinations over the Company's interest in the net fair value of the identifiable assets, liabilities, contingent liabilities, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree.

Goodwill is not amortized but recognized at cost less accumulated impairment losses. For impairment testing, goodwill is allocated to each of the Company's cash-generating (CGU) units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. When performing the impairment test, the recoverable amount of the CGU is determined. The value in use is calculated as the present value of expected future cash flows from the cash-generating unit. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment loss for goodwill is recognized directly in profit or loss in the

Notes to the Consolidated Financial Statements

Consolidated Income Statement. The carrying amount of goodwill is tested for impairment together with the other non-current assets in the CGU to which goodwill is allocated to. Impairment of goodwill is not reversed in a subsequent period.

Consistent with the Company’s management and reporting structure, the lowest level of CGU’s is the individual geographical segment, as cash inflows are generated largely independent of cash inflow in other geographical segments within the Company. Accordingly, impairment tests are carried out per geographical segment, and goodwill and other intangibles are allocated to these CGU’s.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Company's policy for goodwill arising on the acquisition of an associate is described in the accounting policy for Investments in associates above.

Revenue recognition

Revenue is measured at the transaction price of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods and services

The Company sells bracing & support products, prosthetics & neuro orthotics products, and related services both as wholesaler and directly to customers through its own distribution channels.

Revenue for the sale of products including standard warranty is recognized when control of the goods has transferred. Control is considered transferred when the goods have been shipped or directly delivered to retail customer. Following shipment, it is considered that our customers have full discretion over the manner of distribution and price to sell the goods. They hold the primary responsibility when selling the goods, and bear the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the Company when the goods are shipped to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Sales related standard warranties serve as an assurance that the products sold comply with agreed-upon specifications, those warranties are accounted for in accordance with IAS 37 Provisions. For some prosthetics products, a service check is included in the standard warranty and is treated as a distinct service and is accounted for as a separate performance obligation. The customer has an option to purchase an additional warranty, which is treated as a distinct service as the Company promises to provide the service to the customer in addition to the product and the standard warranty. That warranty is accounted for as a separate performance obligation.

Revenues from the sale of additional warranties are deferred when sold and released on a straight-line basis within the warranty period. Revenues from service checks included in the standard warranty are deferred when sold and released when the service has been rendered or the service obligation has ended. Deferred revenues are shown separately within liabilities in the balance sheet.

Under the Company’s standard contract terms, customers have a right of return within 30-90 days. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognized for those products expected to be returned. The Company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly unlikely that a significant reversal in the cumulative revenue recognized will occur given the consistent level of returns over previous years.

Interest revenue and dividend

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Leases

The Company leases office buildings, manufacturing and warehouse facilities and vehicles. Rental contracts are typically made for fixed periods but may have extension options, exercisable by the Company. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment, with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses a build-up approach that begins with a risk-free interest rate. The rate is then adjusted for credit risk for leases held by the Company and further modified based on specific lease factors such as term, country and currency.

The lease payments incorporated in the measurement of the lease liability includes fixed payments less any incentives, variable lease payments that depend on an index or rate, expected residual guarantees, and the exercise price of purchase options if the Company expects to exercise the option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability if the lease term has changed, when lease payments changes in an index or rate or when a lease contract is modified, and the modification is not accounted for as a separate lease.

Right of use asset is initially measured at the amount equal to the initial measurement of lease liability. Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Variable rents that depend on usage are not included in the measurement of the lease liability and the right of use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

Notes to the Consolidated Financial Statements

Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates, the functional currency. The Consolidated Financial Statements are presented in USD, which is the Company´s reporting currency and the functional currency of Embla Medical hf.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at 31 December 2024 exchange rates, are generally recognized in income statement.

Foreign subsidiaries

The income statement and balance sheet of foreign subsidiaries that have a functional currency different from the Company's presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at balance sheet date,
- income and expenses for income statement and statement of comprehensive income are translated at average exchange rates, and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate as per 31 December 2024.

Share capital

The share capital of Embla Medical at balance sheet date is ISK 427,636,122 nominal value, divided into the same number of shares. There is only one class of shares, and all shares carry one vote, besides treasury shares that do not carry voting rights.

Share premium

The share premium reserve is comprised of payments in excess of nominal value of ISK 1 per share that shareholders have paid for shares sold by the Company.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 24.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combinations) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.
The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

In the preparation of the Consolidated Financial Statements, accumulated gains in inventories from intercompany transactions are eliminated. This influences the income tax expenses of the consolidated companies, and an adjustment is included in the deferred tax asset. Income tax expense is calculated in accordance with tax rates in the countries where the inventories are purchased.

Embla Medical, as a part of WDI group for Pillar Two reporting, has applied the temporary exception, introduced in May 2023, from the accounting requirements for deferred taxes in IAS 12, so that the group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

Notes to the Consolidated Financial Statements

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognized in Other Comprehensive Income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combinations, the tax effect is included in the accounting for the business combinations.

Property, plant and equipment

Property, plant and equipment are recognized as an asset when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured in a reliable manner.

Property, plant and equipment which qualify for recognition as an asset are initially measured at cost. The cost of a property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

The depreciable amount of the asset is allocated on a straight-line basis over its useful life. The depreciation charge for each period is recognized as an expense. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

The following useful lives are used in the calculation of depreciation:

Machinery and equipment	3-10 years
Office equipment	5-8 years
Computer equipment	2-5 years

Leasehold improvements are depreciated over the lease term.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset at the date of the sale transaction and is recognized in the Consolidated Income Statement.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful life are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is allocated on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each balance sheet date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

The following useful lives are used in the calculation of amortization:

Customer and distribution relationships	4-10 years
Patents and development costs	5-50 years
Trademarks	3-infinitive
Software and other	2-10 years

Internally generated intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Company's development is recognized only if all of the following conditions are met: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset; the intangible asset will

generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where internally generated intangible asset cannot be recognized, development expenditure is charged to profit or loss in the period in which it is incurred. Majority of development expenditure is expensed in the period in which it is incurred except for certain projects.

After initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combinations

Intangible assets acquired in a business combinations are identified and recognized separately from goodwill where they satisfy the definition of an intangible asset, and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

After initial recognition, intangible assets acquired in a business combinations are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Notes to the Consolidated Financial Statements

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits with banks and deposits with financial institutions. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Balance Sheet. Deposits that are subject to regulatory restrictions and are therefore not available for general use by the Company are presented as restricted cash and disclosed in note 16.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the class of inventory, with the majority being valued on a standard cost basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Warranty provisions

The Company generally offers 2-6 years warranties for its prosthetics products. Warranty provisions include expected warranty costs for products sold with standard warranty and are recognized at the date of sale of the relevant products, at management´s best estimate of the expenditure required to settle the Company's obligation. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent information on parts and labor costs. The assumptions made in relation to the current period are consistent with those in prior year.

Restructuring provisions

Restructuring provision is recognized when the Company has developed a detailed formal plan for the restructuring and has started to implement it or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Other provisions

Other provisions mainly consist of legal and employee related provisions.

Financial instruments

Financial instruments are financial assets and financial liabilities. They are recognized in the Company’s balance sheet when the Company becomes a party to the contractual provisions of the instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments (other than financial assets and financial liabilities at fair value through profit or loss) are instruments, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial instruments at fair value through profit or loss are recognized immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss (FVTPL).

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that do not meet the criteria for being measured at amortized cost are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Basis of preparation above.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost and account receivables. The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk from initial recognition of the respective financial instrument. The company applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for accounts receivables. The expected credit loss on accounts receivable is estimated using a provision matrix by reference to past default experience, general economic conditions and an assessment of both the current as well as expected conditions, including time value of money where appropriate. Individual allowance and adjustments to the collective allowance are made based on the individual assessment of customers' situation and probability of incoming payments. As the Company´s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company´s different geographical segments.

A financial asset is credit-impaired when one or more events, that have a detrimental impact on the estimated future cash flows of that financial asset, have occurred. Evidence that a financial asset is credit-impaired includes observable data about significant financial difficulty of the borrower. An allowance for credit-impaired financial assets is measured on an individual basis.

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Notes to the Consolidated Financial Statements

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combinations, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss. When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability, or part of it, as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between the carrying amount of the liability before the modification and the present value of the cash flows after modification, should be recognized in income statement as modification gain or loss.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

A liability is recognized in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to currency risk. Further details of derivative financial instruments are disclosed in note 34.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into, and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company designates certain derivatives as either hedges of cash flow of recognized liabilities or hedges of net investments in foreign operations.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Company designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either cash flow hedges or hedges of net investment in foreign operations.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument, that is used in a hedging relationship, is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedge risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio, but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedge ratio of the hedging relationship (i.e., rebalances the hedge) so that it meets the qualifying criteria again.

The hedging reserve within equity represents the cumulative portion of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

Hedges of net investments in foreign operations

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in equity in the foreign currency translation reserve.

Gains and losses deferred in the foreign currency translation reserve are recognized in profit or loss on disposal of the foreign operation.

Cash flow hedges

The effective portion of changes in the fair value of derivatives, that are designated and qualify as cash flow hedges, is recognized in other comprehensive income and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in Other Comprehensive Income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the Income Statement as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in Other Comprehensive Income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Notes to the Consolidated Financial Statements

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires, is sold, terminated, exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in Other Comprehensive Income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in the Consolidated Income Statement.

Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the set conditions and that the grants will be received. Government grants are recognized in profit or loss in the periods in which the Company recognizes the related expenses for which the grants are intended to compensate.

Significant accounting judgments, estimates and assumptions

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Revision of accounting estimates can also affect future periods.

Management has made significant accounting estimates and judgements in respect of the following areas:

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Details of impairment calculations are set out in note 13.

Acquisitions as part of business combinationss results in recognition of goodwill and various assets and liabilities. The amounts allocated to the acquired assets and liabilities are based on assumptions and estimates about their fair values. Details of fair value of assets and liabilities in business combinations are set out in note 33.

In determining the lease term on initial recognition of right of use assets and lease liabilities, management consider all facts and circumstances that create an economic incenive to exercise and extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The lease liability is initially measured at the present value of future lease payments, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. To determine the incremental borrowing rate, the Company uses a build-up approach that begins with a risk-free interest rate. The rate is then adjusted for credit risk for leases held by the Company and further modified based on specific lease factors such as term, country and currency.

Warranty provisions include expected warranty costs for products sold with standard warranty and are recognized at the date of sale of the relevant products, at management´s best estimate of the expenditure required to settle the Company's obligation. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent information on parts and labor costs.

Some of the Company’s assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of assets or liabilities, the Company uses market-observable data to the extent it is available. Where such inputs are not available, the Company uses valuation models based on observable prices where applicable else non-observable prices. Details of fair value of financial assets and liabilities are set out in note 34.

Notes to the Consolidated Financial Statements

41. Definitions of key ratios and terms

EBIT
Earnings before interest and taxes

EBITDA
Earnings before interest, taxes, depreciation and amortization. Financial items and share in net profit or loss of associated companies are not included in the EBITDA measurement

EBITDA before special items
Management monitors the performance measure EBITDA before special items, at a consolidated level and considers the measure relevant to an understanding of the Company's financial performance as it facilitates a better comparison of the Consolidated Income Statement between periods. Special items comprise material amounts of a non-recurring nature, such as costs relating to divestments, closure or restructuring, lawsuits, etc.

Gross profit margin
Gross profit as a percentage of net sales

EBITDA margin
EBITDA as a percentage of revenues

EBIT margin
EBIT as a percentage of revenues

Free cash flow
Cash from operations less capital expenditure

Equity ratio
Equity as a percentage of total assets

Net interest-bearing debt (NIBD) to EBITDA before special items
Aggregated interest bearing debt, consisting of borrowings and lease liabilities, less cash and cash equivalents divided by EBITDA before special items

Return on equity
Net profit as a percentage of average equity

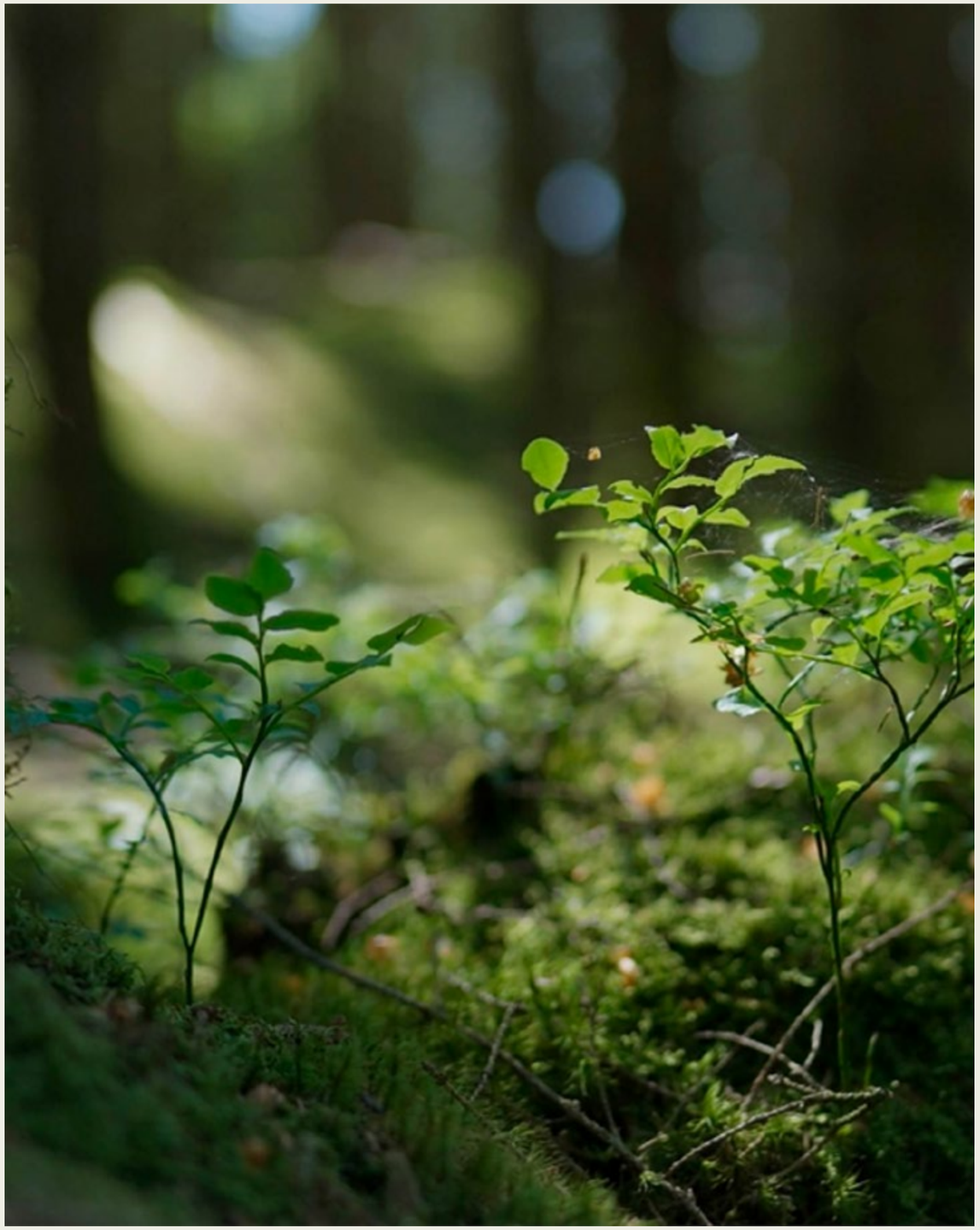
Capex to net sales
The amount of purchased fixed and intangible assets to net sales

Market value of equity
Value of the Company's equity, measured by multiplying the current stock price by the total number of outstanding shares

Sales growth
The change in revenue compared to prior period

Basic Earnings per share (EPS)
Net profit attributable to the parent Company's shareholders, divided by the parent Company’s average number of shares outstanding for the period

Diluted Earnings per share (EPS)
Net profit attributable to the parent Company's shareholders, divided by the parent Company’s average number of shares outstanding for the period adjusted for effects of outstanding share option contracts.



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