

ÖSSUR HF.'S ANNUAL GENERAL MEETING

will be held on Monday 8 March 2021 at 9:00 AM (GMT).



The Board of Directors has decided to utilize the authorization in Article 17 of Company's Articles of Association to have the Annual General Meeting fully virtual.

Information on shareholders' participation and registration, shareholders' rights, voting and proxies, and other practical matters can be found below.

PROPOSED AGENDA

1. The Board of Directors' report on the Company's activities for the preceding year.
2. Decision on the distribution of the Company's net profit for the fiscal year 2020.
3. Submission of the Consolidated Financial Statements of the Company for the preceding year for confirmation.
4. The Board of Directors' report on remuneration and benefits.
5. Decision on the Company's Remuneration Policy.
6. Decision on remuneration to the Board of Directors for 2021.
7. Proposal on new Long-Term Incentive Program.
8. Election of the Board of Directors.
9. Election of an Auditor.
10. Proposal to renew authorizations to increase the Company's share capital.
The Board of Directors proposes to renew its authorizations in Article 5 of the Company's Articles of Association to increase the Company's share capital.
11. Proposal to grant an authorization to initiate share buyback programs.
12. Any other business lawfully submitted or accepted for discussion by the Annual General Meeting.

SHAREHOLDERS' PARTICIPATION AND REGISTRATION

As the Annual General Meeting will be fully virtual, shareholders can only participate in the Meeting online. Shareholders, who intend to participate, must notify the Company of their participation no later than on Wednesday 3 March 2021. Notifications shall be made either: (i) via the Company's Shareholder Portal, which can be found on the Company's website, or (ii) via email to ir@ossur.com.

The online platform LUMI AGM will be used to conduct the Annual General Meeting. LUMI AGM can be accessed via a computer (web browser; the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox). Each shareholder is responsible for ensuring that he/she has a computer with the latest version of the above-mentioned web browsers, and a functional and adequate internet connection. Shareholders are advised that delays may occur during the Meeting as communication and voting is conducted electronically.

Shareholder registration to the Annual General Meeting will be confirmed via email, either: (i) to the email address registered by the shareholder in the Company's Shareholder Portal, or (ii) to another email address specifically provided by the shareholder to the Company in the participation notification (following necessary verification). The confirmation email will include an admission card for the Annual General Meeting as well as more detailed information on the virtual participation, including how to access the LUMI AGM.

To be able to participate in the Annual General Meeting, a shareholder needs to be registered by name in the Company's share register on Wednesday 3 March 2021 or give notice and produce evidence of their ownership of shares, such as satisfactory confirmation of ownership from the respective custodian registered in the Company's share register if the shares are held in a nominee account.

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SHAREHOLDERS' RIGHTS

Shareholders have the right to put items on the agenda of the Annual General Meeting and submit proposed resolutions, provided a request thereof has been received by the Company no later than Friday 26 February 2021 via email to ir@ossur.com.

Shareholders may submit written questions to the Annual General Meeting, either: (i) prior to the Meeting via email to ir@ossur.com no later than Wednesday 3 March 2021, or (ii) during the Meeting via the chat function in LUMI AGM.

Further information on shareholders' rights, including the requirements to exercise the rights, is available on the Company's website.

VOTING AND PROXIES

Each share in the Company carries one vote, except Treasury Shares that do not carry voting rights.

To be able to vote, a shareholder needs to be registered by name in the Company's share register on Wednesday 3 March 2021 or give notice and produce evidence of his/her ownership of shares, such as satisfactory confirmation of ownership from the respective custodian registered in the Company's share register if the shares are held in a nominee account.

Voting rights will be determined based on the ownership recorded in the Company's share register at the day of the Annual General Meeting and any satisfactory confirmation of ownership received by the Company.

Shareholders participating in the Annual General Meeting, can: (i) vote through LUMI AGM during the Meeting, (ii) cast their votes electronically through the Company's Shareholder Portal prior to the Meeting no later than Thursday 4 March 2021, or (iii) cast their votes in writing prior to Meeting via email to ir@ossur.com no later than Thursday 4 March 2021.

Shareholders not participating in the Annual General Meeting, can: (i) cast their votes on items on the agenda electronically through the Company's Shareholder Portal prior to the Meeting no later than Thursday 4 March 2021, (ii) cast their votes in writing prior to the Meeting via email to ir@ossur.com no later than Thursday 4 March 2021, or (iii) grant a proxy.

Proxies must be received by the Company no later than Wednesday 3 March 2021. Electronic proxies must be submitted through the Company's Shareholder Portal. Written proxies must be sent via email to ir@ossur.com.

Further information on the voting rules and the use of proxies, including formality requirements, is available on the Company's website.

GENERAL INFORMATION

The Annual General Meeting will start punctually at 9:00 am (GMT) and will be conducted in English. Documents to be submitted to the Annual General Meeting, including the audited Consolidated Financial Statements for 2020, the Annual Report for 2020 and the Remuneration Report for 2020, as well as the proposed resolutions and remarks from the Board of Directors on each item of the agenda are available on the Company's website. The documents are also available to shareholders at the Company's office at Grjótháls 5, 110 Reykjavík, Iceland, on weekdays during normal business hours, but shareholders are encouraged to obtain the documents online due to the current circumstances.

The final agenda and proposals will be published on Monday 22 February 2021. If shareholders have requested to put items on the agenda or submitted proposed resolutions at any time between 22 February and 26 February 2021, the final agenda and proposals will be updated on the Company's website no later than three days prior to the Annual General Meeting.

Shareholders are also advised that according to Article 63 a. of the Icelandic Companies Act No. 2/1995, as amended, written notices on candidature to the Board of Directors can be made until five days prior to the Annual General Meeting. Thus, information on all candidates to the Board of Directors will be made available no later than two days prior to the Meeting.

All information on the Annual General Meeting and the meeting material can be found on the Company's website: www.ossur.com/investors/AGM

Reykjavík, 15 February 2021,
The Board of Directors of Össur hf.



Össur hf.'s Annual General Meeting 2021

– Proposed resolutions and remarks on each item of the agenda

1. The Board of Directors' report on the activities of the Company for the preceding year

The report will be presented by Mr. Niels Jacobsen, the Chairman of the Board of Directors.

2. Decision on the distribution of the Company's net profit for the fiscal year 2020

The Board of Directors proposes to carry the net profit in 2020 over to the following year. The Board does not propose to pay out cash dividend because of the current situation with the Company's level of net interest-bearing debt to EBITDA above the target range of 1.5-2.5x.

The proposal is made in conformity with the Company's Capital Structure and Dividend Policy approved by the Board of Directors in February 2021:

"The key objective of the Capital Structure and Dividend Policy is to maintain a healthy balance sheet and a level of net interest-bearing debt of 1.5-2.5x to EBITDA. Össur will prioritize value-adding investment opportunities and acquisitions while excess capital is returned to shareholders via annual cash dividends and/or purchase of own shares. Össur's policy is to distribute a relatively stable cash dividend which will be decided annually in DKK per share. Return of capital to shareholders is based on objectives of maintaining a solid financial position, operational outlook and investment requirements. In order to maintain flexibility for operations and investments, or due to unexpected economic situations, Össur can temporarily exceed the level of net interest-bearing debt to EBITDA. Össur will not return capital to shareholders when the leverage is above the target range of 1.5-2.5x."

3. Submission of the Consolidated Financial Statements of the Company for the preceding year for confirmation

The Board of Directors proposes that the Consolidated Financial Statements for 2020 are approved.

The Consolidated Financial Statements are available on the Company's website, www.ossur.com/investors/AGM

The Consolidated Financial Statements for 2020 will be presented by Mr. Jón Sigurðsson, President and CEO.

4. The Board of Directors' report on remuneration and benefits

A report on the remuneration and benefits of the Board of Directors, the CEO and the Executive Management, the expected costs related to share option agreements and the execution of the Remuneration Policy.

The Company's Remuneration Report for 2020 is available on the Company's website, www.ossur.com/investors/AGM

The report will be presented by Mr. Niels Jacobsen, the Chairman of the Board of Directors.

5. Decision on the Company's Remuneration Policy

The Board of Directors proposes that the Company's Remuneration Policy is approved.

The only proposed amendment to the current Remuneration Policy approved at the Annual General Meeting in 2020 is to strengthen the Company's option to reclaim, in whole or in part, bonus payments that have been based on false, misleading, insufficient or incorrect data, or if the recipient acted in bad faith in respect of other matters, which resulted in too high bonus payments or bonus payments which would otherwise not have been paid, see paragraph 3 in item 2 of the proposed Remuneration Policy.

The Remuneration Policy is available on the Company's website, www.ossur.com/investors/AGM

6. Decision on remuneration to the Board of Directors for 2021

The Board of Directors proposes the following Board remuneration for 2021:

Chairman of the Board	USD 100,000
Vice Chairman of the Board	USD 60,000
Board Member	USD 40,000

The proposal constitutes the same Board remuneration as last year. No increase is proposed due to the current situation.

7. Proposal on new Long-Term Incentive Program

The Board of Directors proposes that the following long-term incentive program is approved:

“Type of share-based incentive program: Share options.

Participants: The CEO and other members of the Executive Management, their direct reports (with exceptions) and key specialists in strategic positions.

Total number of share options: Up to 2,800,000 share options, for one share each, may be granted and be in effect at each time under the program. If any share options lapse prior to their vesting date, new share options may be granted instead.

Cap: Up to 420,000 share options may be granted to the CEO in total (15% of the program) and up to 150,000 shares may be granted to each member of the Executive Management (approx. 5% of the program each).

Granting time: The share options shall be granted periodically. No more than 1,400,000 share options shall be granted and be in effect under the program in 2021.

Vesting time: 3 years from the grant date.

Exercise period: 1 year immediately after the share options have vested.

Exercise price: The Company's average share price on Nasdaq Copenhagen the 20 trading days prior to the grant date.

Other key terms and conditions:

Participants may not exercise their share options when they are in possession of inside information.

The CEO and other members of the Executive Management are required to hold shares, corresponding to 5% of the profit gained of the share options after deduction of taxes, until their employment with the Company is terminated.

The Company has the option to reclaim, in whole or in part, remuneration that has been based on false, misleading, insufficient or incorrect data, or if the recipient acted in bad faith in respect of other matters, which resulted in too high remuneration or remuneration which would otherwise not have been granted.

The Company may not grant any loans or guarantees to participants in connection with the share options.”

When the current share incentive program was introduced in 2018, it was stated that the plan was to have a continuing program and present a new program in 2021. As before, the plan is to have a continuing program and present a new program in 2024.

The purpose of the share incentive program is to attract and retain management team and key leaders and reward for delivery of long-term strategy. That way the interest of the shareholders and management are aligned, and the Company is provided with competitive compensation tool to drive and motivate team performance culture.

The proposal above is structured in a very similar way as the current program. There are two main changes. The number of share options has been reduced from 5,400,000 to 2,800,000 and there is a cap on the number of share options that can be granted to the CEO and the other members of the Executive Management.

The potential value of the share options at the time of exercise depends on the share price development the three years after the share options are granted (the vesting time). When the share options have vested, the option holder has one year to exercise the options (the exercise period). For transparency and illustrative purposes only, if the share price would increase by 5% each year but other aspects would remain constant, including salaries and currencies, then the potential value of the options would be 16% of the CEO's base salary and 13-22% of the base salaries of other members of the Executive Management if they would exercise the options on the vesting date.

The Company's cost of the proposed new share incentive program is estimated to be USD 4.5 million in total, based on the option pricing model of Black-Scholes. The cost of each granted option is expensed evenly over three years from the grant date.

8. Election of the Board of Directors

When evaluating its size and composition, the Board of Directors considers the Company's operations, policies and practices and the knowledge, experience, and expertise of each Board Member.

Dr. Kristján Tómas Ragnarsson decided not to seek re-election to the Board of Directors. The Board therefore carried out a search for a candidate with the above considerations in mind. When establishing the search criteria, emphasis was placed on finding a candidate that had fundamental knowledge of the O&P field and the US healthcare system. Dr. Alberto Esquenazi was identified as the ideal candidate by the Board. Information on Dr. Esquenazi can be found on the Company's website.

Otherwise, the Board proposes that its size shall remain unchanged and that other current Board Members are re-elected. Accordingly, the Board proposes the following candidates to the Board of Directors:

Mrs. Guðbjörg Edda Eggertsdóttir

Dr. Alberto Esquenazi

Dr. Svafa Grönfeldt

Mr. Niels Jacobsen

Mr. Arne Boye Nielsen

In the Board's opinion the proposed size and composition complies with the Board's aim to discharge its duties in an efficient manner with integrity in the best interest of the Company.

Further information on the Board candidates is available on the Company's website, www.ossur.com/investors/AGM

Shareholders are advised that according to Article 63 a. of the Icelandic Companies Act No. 2/1995, as amended, written notices on candidature to the Board of Directors can be made until five days prior to the Annual General Meeting. Thus, updated information on all candidates to the Board of Directors will be made available to the shareholders no later than two days prior to the Annual General Meeting.

9. Election of an Auditor

The Board of Directors proposes, in conformity with the Audit Committee's recommendations to the Board, to re-elect Deloitte ehf. as the Company's Auditor.

10. Proposal to renew authorizations to increase the Company's share capital

The Board of Directors proposes to renew its authorizations in Article 5 of the Company's Articles of Association to increase the Company's share capital. The existing authorizations were approved by the Annual General Meeting in 2016 and will expire on 10 March 2021.

Accordingly, it is proposed to renew Article 5 of the Company's Articles of Association, which states as follows:

"In connection with acquisitions, the Board of Directors of the Company is authorized to increase the share capital of the Company in stages over five years by an amount of up to ISK 67,000,000 – sixtysevenmillionIcelandickrónur – in nominal value, through the sale of new shares without the provision on pre-emptive rights of Article 34 of the Icelandic Act No. 2/1995 on Limited Liabilities Companies being applicable. The Board of Directors determines the offer price of these shares, the terms of sale, the subscription deadline and deadline for payment. The Board of Directors may decide that subscribers pay for the new shares partly or fully with other valuables than cash.

The Board of Directors is authorized to increase the share capital of the Company in stages over five years by up to ISK 8,000,000 – eightmillionIcelandickrónur – in nominal value. The authorization shall only be utilized to fulfill share option agreements with employees et al. in accordance with the Company's share incentive schemes. The pre-emptive rights provision of Article 34 of the Icelandic Act No. 2/1995 on Limited Liabilities Companies is not applicable. The share price and the rules governing the purchase of shares shall be in accordance with the terms of the option agreements."

If the proposal is approved, Article 5 of the Company's original Articles of Association in Icelandic will also be renewed and shall state as follows:

"Í tengslum við fyrirtækjakaup er stjórn félagsins heimilt að auka hlutafé félagsins í áföngum á fimm árum um allt að kr. 67.000.000 – sextíuogsjömilljónirkróna – að nafnverði, með sölu nýrra hluta án þess að forgangsréttarákvæði 34. gr. laga um hlutafélög nr. 2/1995 eigi við. Stjórn félagsins ákveður útböðsgengi þessara hluta og sölureglur hverju sinni, fresti til áskriftar og fresti til greiðslu þeirra. Stjórn félagsins er heimilt að ákveða að áskrifendur greiði fyrir hina nýju hluti að hluta eða öllu leyti með öðru en reiðufé.

Stjórn félagsins er heimilt að auka hlutafé félagsins í áföngum á fimm árum um allt að kr. 8.000.000 – áttamilljónirkróna – að nafnverði. Heimildin skal aðeins nýtt til að uppfylla kaupréttarsamninga sem gerðir hafa verið við starfsmenn o.fl. í samræmi við kaupréttaráætlanir félagsins. Forgangsréttarákvæði 34. gr. laga um hlutafélög nr. 2/1995 eiga ekki við. Kaupgengi hlutanna og sölureglur skulu vera í samræmi við efni kaupréttarsamninga."

11. Proposal to grant an authorization to initiate share buyback programs

The Board of Directors proposes that the following resolution on share buyback programs is approved:

“The Board of Directors is authorized, until the next Annual General Meeting 8 March 2022, to allow the Company to initiate one or more share buyback programs (the “Programs”) that comply with the provisions of Regulation No. 596/2014 of the European Parliament and of the Council on market abuse (“MAR”) and the Commission’s delegated regulation 2016/1052. The main purpose of the Programs shall be to reduce the Company’s share capital, but the shares purchased may also be used to meet the Company’s obligations under share incentive programs with employees. The Company may purchase up to 8,000,000 shares in total under the Programs, corresponding to 1.9% of the current share capital. The total consideration for shares purchased under the Programs shall not exceed USD 40 million. The Company shall not purchase more than 25% of the average volume of the shares each trading day based on the average volume the 20 trading days preceding the date of purchase on the regulated market where the purchase is carried out. The purchase price shall not be higher than the price of the last independent trade or the highest current independent bid, whichever is higher, on the regulated market where the transaction is carried out. Each Program shall be managed by an investment firm or a credit institution which makes its trading decisions in relation to the Company’s shares independently of, and without influence by, the Company with regard to the timing of the purchases. The Company’s purchases under the Programs shall be disclosed in accordance with law and regulations.”

This proposal is made in accordance with the Company’s Capital Structure and Dividend Policy, see item 2 above. The current authorization to initiate share buyback programs expires at the Annual General Meeting 8 March 2021. It is proposed to renew the authorization until the next Annual General Meeting 8 March 2022.

If the proposal is approved, it will be up to the Board of Directors to grant the Company an authorization to initiate one or more Programs within the limits set out in the proposal.

12. Any other business lawfully submitted or accepted for discussion by the Annual General Meeting

No other business has been submitted.

Shareholders have the right to put items on the agenda of the Annual General Meeting and submit proposed resolutions, provided a request thereof has been received by the Company no later than Friday 26 February 2021 via email to ir@ossur.com.

Further information on shareholders’ rights, including the requirements to exercise the rights, is available on the Company’s website, www.ossur.com/investors/AGM