



ANNUAL REPORT

2025



Annual Report 2025

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OVERVIEW

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 such as 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 over 40 countries with around 4,500 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.



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

2025 was a year of meaningful progress for Embla Medical. Across geographies and patient care settings, the need for our solutions remains as strong as ever, and once again, our teams delivered with focus and purpose.

We achieved 6% organic growth driven by strong performance in Prosthetics & Neuro Orthotics and delivered a robust EBITDA margin of 20%, reflecting operational efficiency and effective cost control. These results underscore the strength of our business model and our ability to operate in a dynamic environment.

We continued to advance our Growth’27 strategy through a combination of innovative solutions, market expansion, and operational execution. A key milestone during the year was the acquisition of a majority share in Streifender ortho.production, positioning Embla Medical as a full-range provider. This investment strengthens our presence in key markets and expands our reach in less developed healthcare markets – enabling us to better support clinicians, customers and, most importantly, reach more patients.

Innovation remains at the heart of our progress. In 2025, we introduced new solutions across our portfolio of leading global brands: Össur, College Park and Fior & Gentz. Our innovations have improved millions of lives and created lasting value for patients and healthcare systems. Yet, there is so much more we can do to reach more people with even more impactful solutions, and we are fortunate to have one of the most innovative teams in the industry leading the way.

We also strengthened our foundation in Patient Care following a year with lower-than-expected growth, as we undertook important changes to better support patients and clinicians over the long term. With the global rollout of our ForMotion brand and the implementation of new performance management systems nearing completion, our focus is on creating the best possible environment for clinicians to deliver exceptional patient care and on ensuring optimal outcomes for patients. These efforts position our Patient Care business to return to a stronger growth trajectory in 2026.

One particularly meaningful milestone was the opening of a new clinic in Kyiv. Establishing a presence in Ukraine underscores our commitment to ensuring access to high-quality mobility care and reflects our belief that mobility is fundamental to dignity and independence.

During the year, we were honored to receive multiple awards and accolades, not only for our products and innovation capabilities but also our broader commitment to responsible growth. This includes being named one of TIME Magazine’s World’s Best Companies in Sustainable Growth. These recognitions are a testament to the dedication of our employees and the trust placed in us by customers, partners, and end-users around the world.

While the global environment remains challenging, we stay grounded and focused on what we can control. What has not changed, and will not change, is the need for what we do. People around the world continue to count on us to improve their mobility, and our purpose remains as strong as ever.

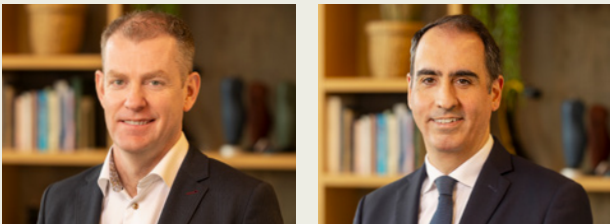
As we look ahead, we remain confident in our strategy and our ability to navigate change while creating value for patients, customers, employees, healthcare systems and shareholders. The underlying drivers of demand - an aging population, rising incidence of mobility-limiting conditions, and growing expectations for quality of life, remain firmly in place. Our focus is clear: putting patients first. We will continue to innovate, collaborate, and invest in solutions that help people live life without limitations.

I would like to sincerely thank our employees, customers, end-users, and shareholders for their trust and continued collaboration. Together, we are shaping a future where more people can live a life with greater mobility, independence, and confidence.

Sveinn Sölvason
Sveinn Sölvason
President and CEO

OVERVIEW

2025 Highlights



Conal Harte appointed as the Executive Vice President of Patient Care

André Rocha appointed as the new Executive Vice President of R&D



Patient Care facilities in Denmark, Finland, Iceland, Norway, Sweden and the Netherlands re-branded to ForMotion



Embla Medical acquires majority share in Streifeneder ortho.production, a manufacturer of prosthetics, orthotics, materials and workshop supplies



Embla Medical Expands Support for Ukrainian Amputees with New Kyiv Clinic and Iceland Partnership



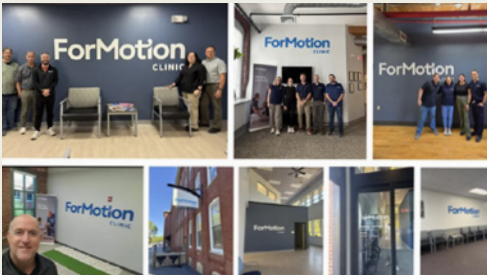
Full launch of new bionic knees - Icon® by College Park and Navii® by Össur



Fior & Gentz awarded a new reimbursement code in the US for the “NEURO HiTRONIC MPKAFO” (bionic knee joint)



Launch of Odyssey® iQ by College Park



Continued re-brand of Patient Care facilities to ForMotion in Australia and the US

Celebrating Excellence

2025 was marked by achievements and accolades that reflect our commitment to innovation, quality, and meaningful impact. These honors recognize the dedication of our teams and the trust of those we serve.



Embla Medical named one of the World's Best Companies in Sustainable Growth 2026 by TIME Magazine for the second year in a row



Embla Medical receives Iceland's Presidential Export Award 2025, recognizing the company's success as an international business



Forbes Magazine names Embla Medical to its first-ever global Accessibility 100 list, recognizing the company's history of innovative prosthetics, neuro orthotics and bracing solutions, and high-quality patient care services

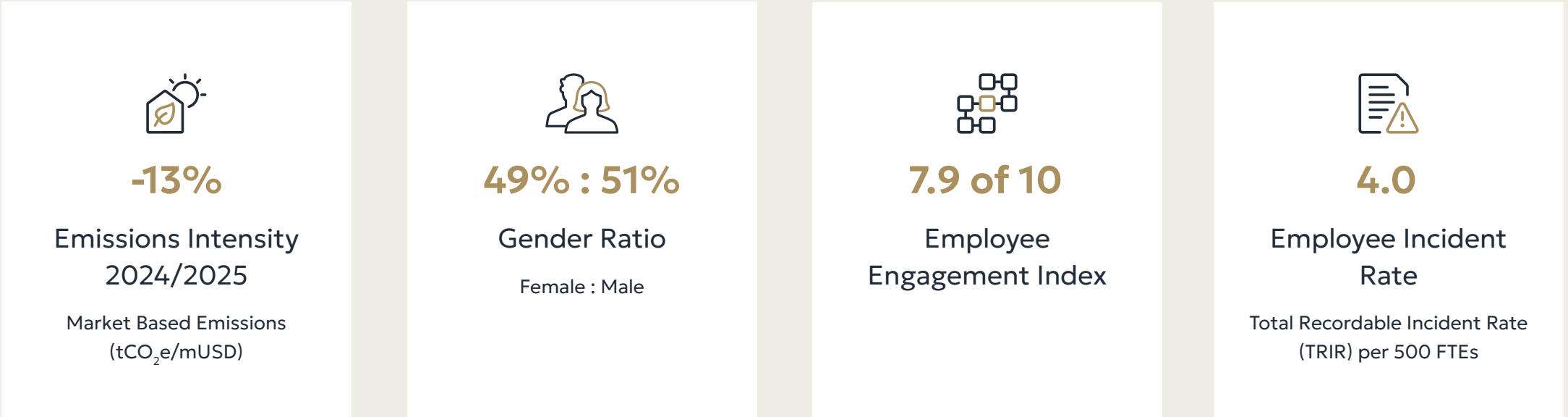


Össur Americas Customer Care named a finalist for the "Best in Class Contact Center" award at Customer Contact Week (CCW)

2025 Financial Highlights



2025 Sustainability Highlights

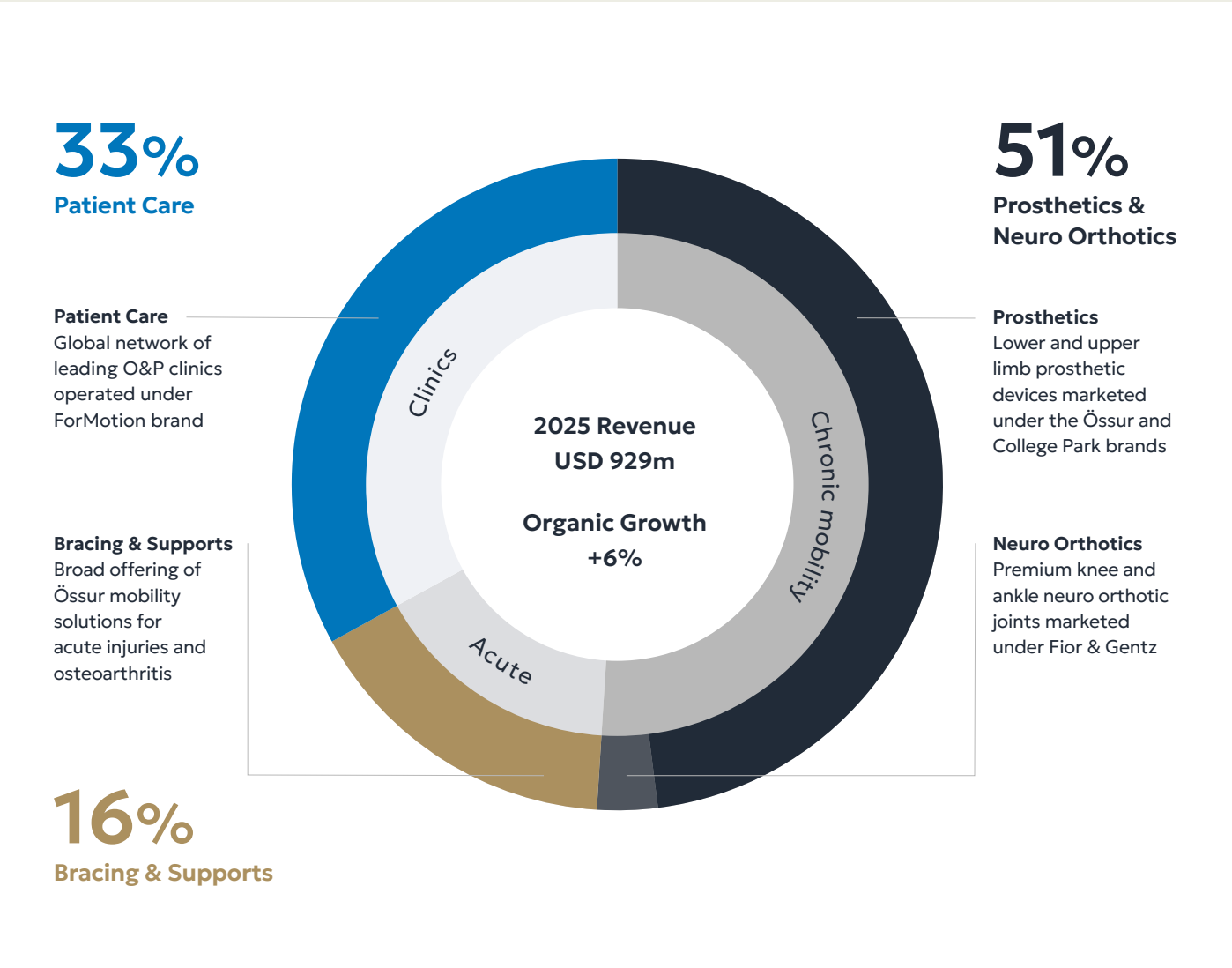


OVERVIEW

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.



Prosthetics & Neuro Orthotics

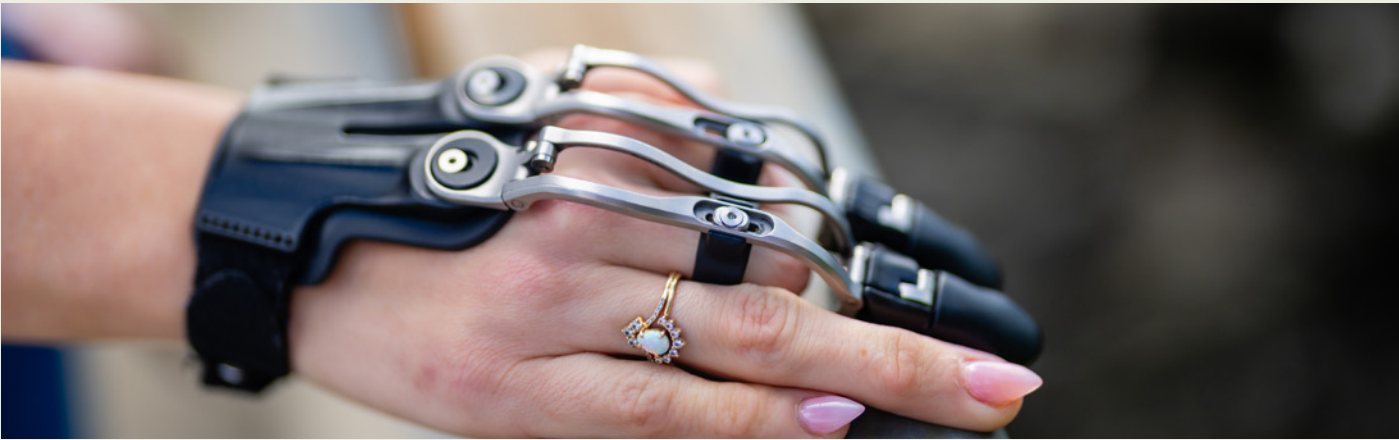
51% of Total Sales

Our prosthetics product portfolio, marketed under the Össur and College Park brands, includes a range of lower and upper limb prosthetic components. This offering now also includes Streifeneder orthopaedic materials and equipment, added through our investment in Streifeneider ortho.production.

The portfolio spans solutions that support individuals with lower activity levels who may struggle to balance safety, comfort, and mobility, as well as advanced solutions designed to empower more active users to excel and engage in high-impact activities.

Our neuro orthotics product portfolio, marketed under the Fior & Gentz brand, includes a range of premium knee and ankle orthotic joints to create innovative custom-made orthotics for patients experiencing gait impairments resulting from 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

16% of Total Sales

Össur offers a broad range of mobility solutions for acute injuries and osteoarthritis.

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 portfolio of solutions for acute injuries 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 (ForMotion)

33% of Total Sales

Embla Medical provides patients with world-class care through a global network of leading Orthotic & Prosthetic (O&P) facilities, operating under 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 over 40 countries, Embla Medical’s industry-leading brands have global operations in three regions:





STRATEGY

Business Model

Our business is centered on improving people’s mobility so they can live a Life Without Limitations®. We develop, manufacture and distribute a wide range of prosthetic, neuro orthotic and bracing & supports solutions, and we serve patients in need of various mobility solutions in our patient care facilities across the globe.



Patients

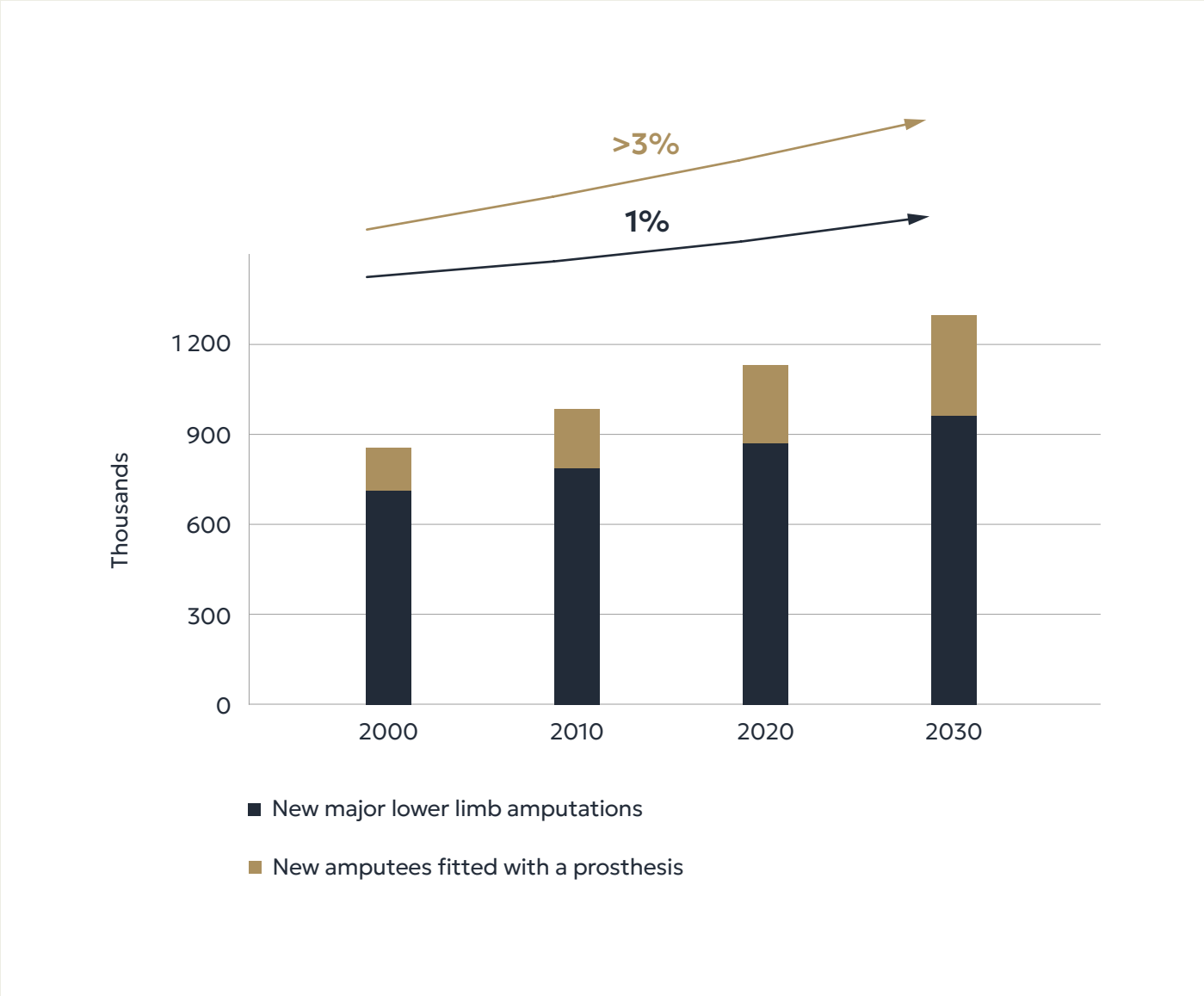
The patients we serve include people with lower and upper limb loss resulting from conditions such as vascular disease, including diabetes, as well as cancer, trauma and congenital defects. Our patient population also includes individuals who require off-the-shelf or customized orthotic solutions due to mobility impairments related to neurological conditions, osteoarthritis of the knee or hip, or musculoskeletal conditions present at birth or caused by illness or injury, or those who require enhanced healing following surgery or injury.

Prosthetic Patients



Source: Embla Medical Management estimates

Growing Number of Amputees Receiving Prosthetics



Source: Embla Medical Management estimates

The primary cause of lower limb amputation is vascular-related disease. Market data, however, shows that the proportion of people living with limb absence due to trauma, cancer and congenital defects is higher than incidence rates alone would suggest. This is because individuals with lower limb loss resulting from vascular-related diseases have a shorter average life expectancy than those whose limb loss is caused by other factors. This underscores the potential opportunities in catering to the needs of chronic patients who need lifelong service and explains why 70-80% of Patient Care revenue is recurring.

Innovation

Embla Medical develops and manufactures prosthetic, neuro orthotic and bracing & supports solutions, from idea to finished product. With every innovation, our goal is to deliver cost-effective mobility solutions that create value for patients and healthcare systems worldwide. To obtain independent clinical evidence and health economic data, Embla Medical initiates and supports clinical studies in cooperation with leading scientists, institutions, and healthcare professionals in the field.

As part of our ambition to remain at the forefront of innovation and new technology, we participate in externally funded projects, collaborating with partners across industry and academia. We contribute to initiatives involving world-class scientists engaged in cutting edge research. This enables us to jointly shape the technologies 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, Germany, 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 and assembling 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 the vast majority of Embla Medical’s products and services are reimbursed. We have operations in around 40 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.



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.

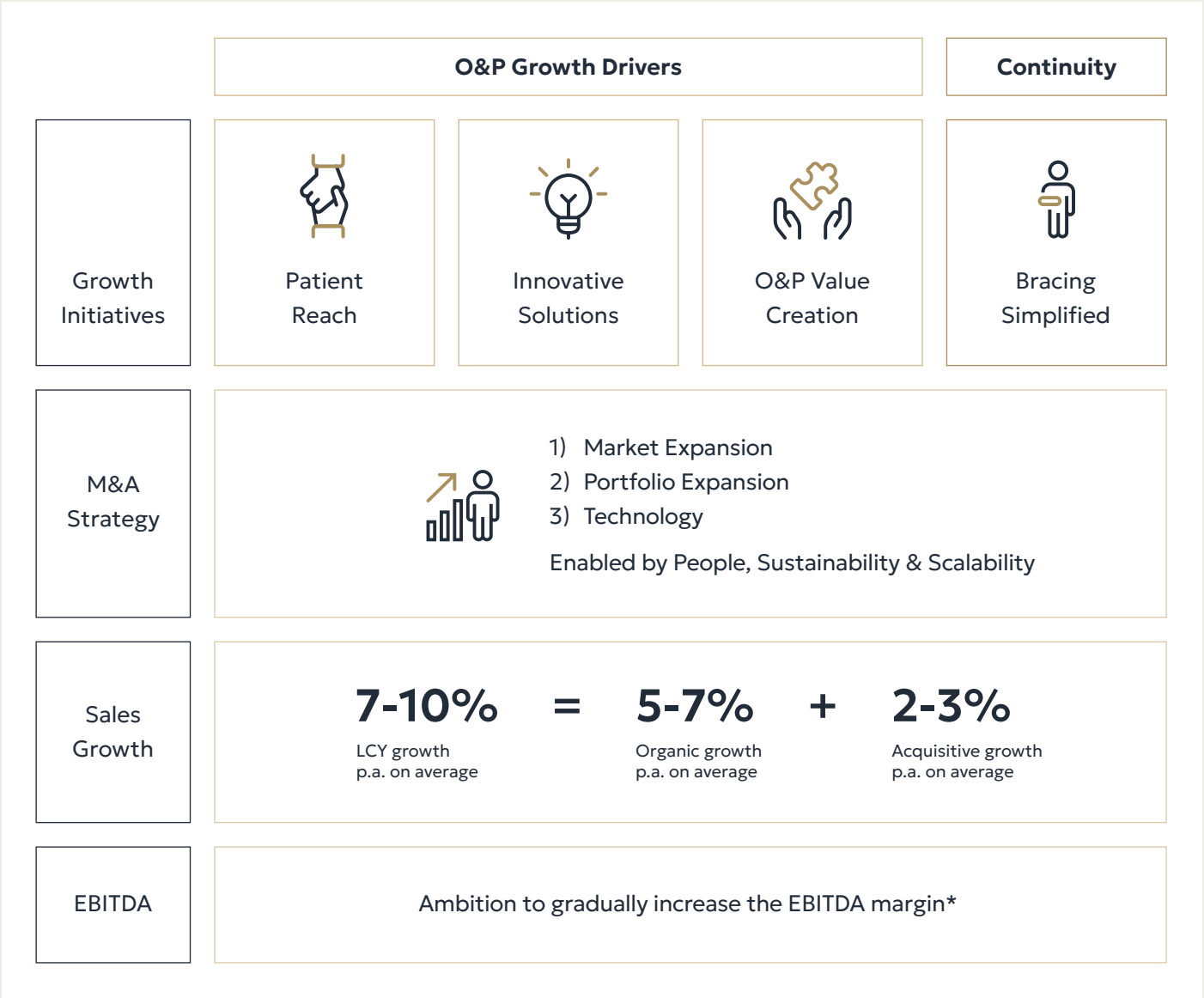
	Patient Reach	We connect directly with patients and reach out to payers and prescribers.
	Innovative Solutions	We embrace innovation in all our actions. We provide innovative and patient-centric solutions combining product and service.
	O&P Value Creation	We offer business solutions to our customers,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

Transitioning from being a product company
to an increasingly patient-centric organization



Our Growth’27 Strategy



*Subject to potential M&A and special items



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, globally, only one in three new amputees currently receives a prosthetic device.

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.

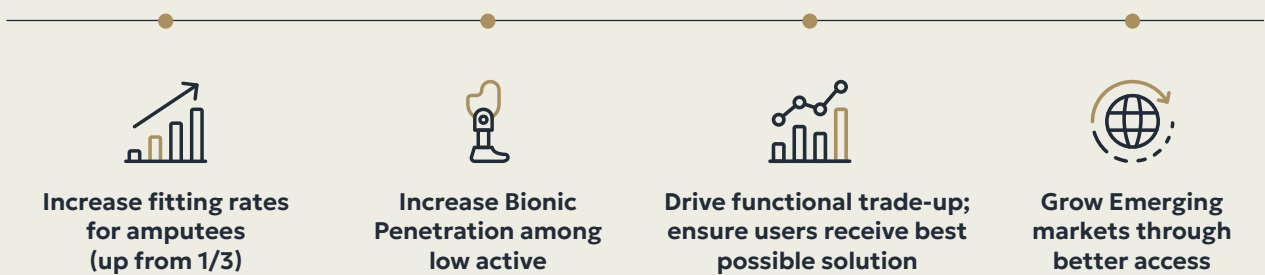


Innovative Solutions

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. Through 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 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 distinct growth drivers: contribute to higher fitting rates, increase bionic penetration, drive functional trade-up and grow Emerging Markets.



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 across the entire value chain, with the aim of attracting and better serving a greater number of patients in O&P clinics, while becoming a stronger 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 12 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 complex and require frequent clinic visits. In both cases, maintaining a consistently high standard of care is crucial to delivering enhanced value to patients and underscores 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 an improved 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 expansion.



Market Access



Technology



Portfolio Expansion

In September 2025, Embla Medical closed a majority investment in Streifeneder ortho.production, an international developer and supplier of orthopaedic mobility solutions, employing around 100 people. In addition to its offerings of prosthetic and orthotic components, Streifeneder ortho.production also supplies orthopaedic materials and equipment to the O&P industry.

Financial Ambition

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.



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 undergone limb amputation. Through the Össur and College Park brands, we provide a full range of premium and standard 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 2 billion. Embla Medical is the second largest company operating in Prosthetics with a market share estimated at around 25%. The growth rate of the market is estimated to be 6-8%.

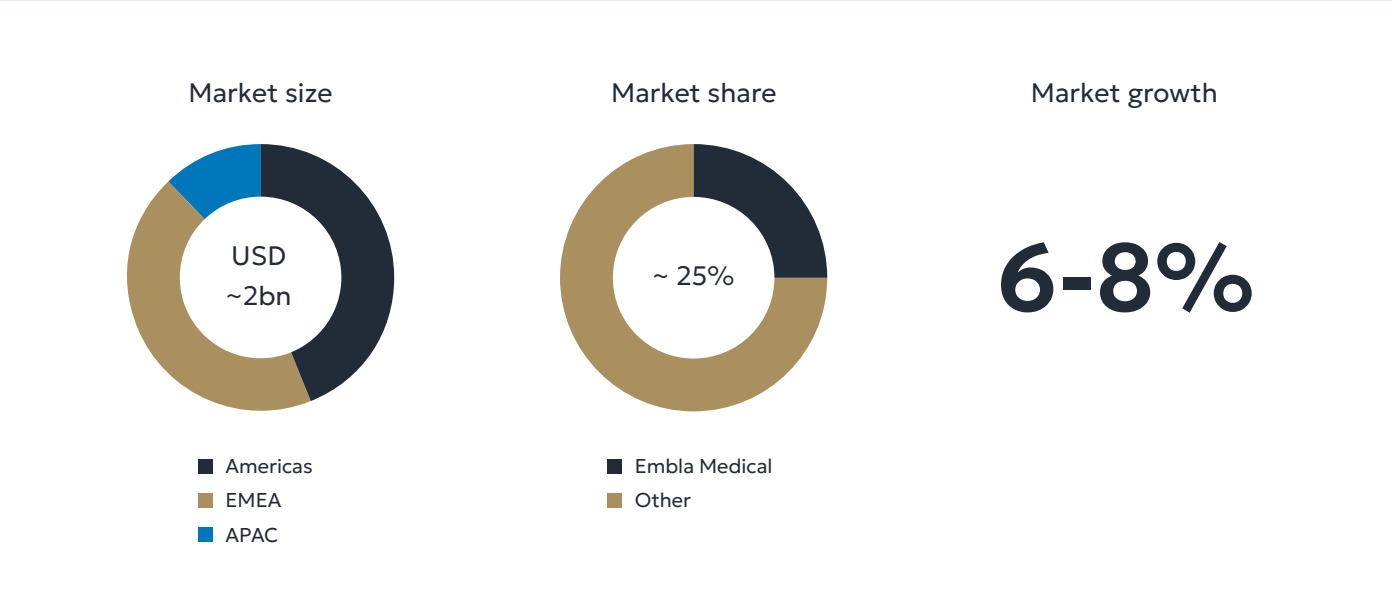
Growth in the prosthetics industry is driven by volume and product mix, supported by a consistent renewal and maintenance cycle for prosthetic products, increasing fitting rates for prosthetics patients, expanding reimbursement coverage, the adoption of new innovative technologies for reimbursement,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

Pricing in the prosthetics product market is on average relatively stable, with annual adjustments influenced by inflationary trends and regional reimbursement developments.

MARKETS

Markets and Trends

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

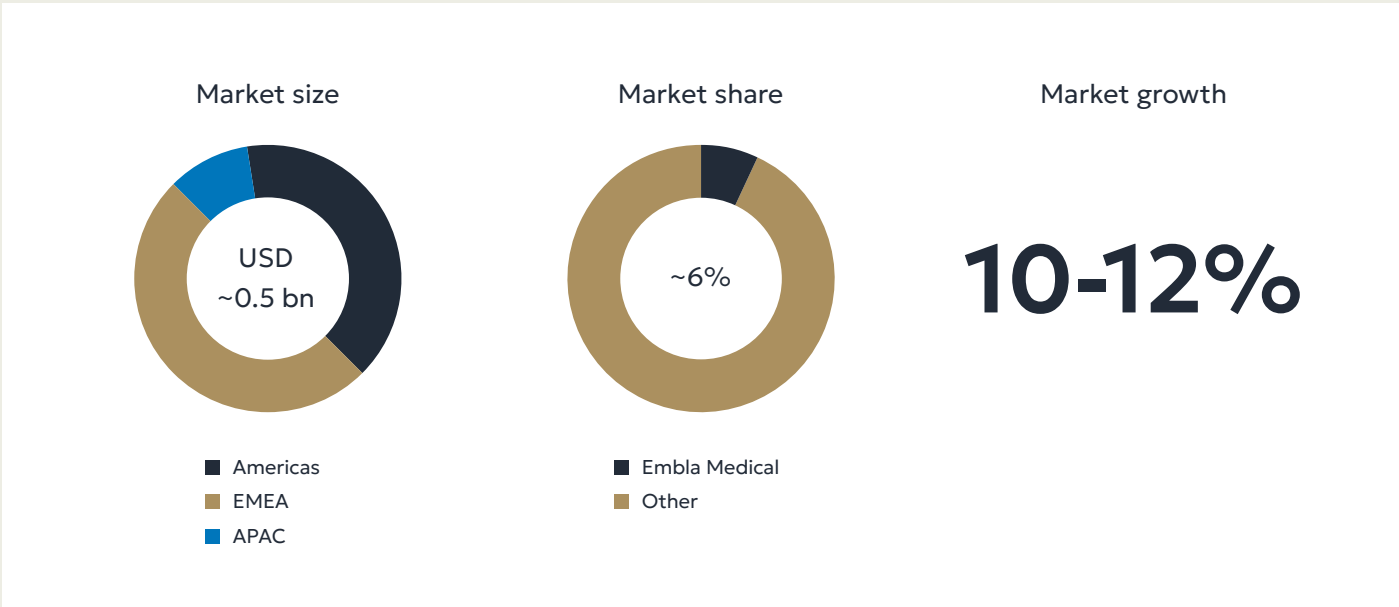
Neuro orthotics include products for people living with a mobility impairment as a result of stroke, spinal cord injuries, multiple sclerosis, cerebral palsy, or other neurological conditions. Through the Fior & Gentz brand, we provide a full range of premium orthotic joints for custom ankle foot orthoses (AFOs) and knee ankle foot orthoses (KAFOs).

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

Growth in the neuro orthotics industry is driven by both volume and mix, supported by a consistent renewal and maintenance cycle, increasing fitting rates, expanding reimbursement coverage, the acceptance of new innovative technologies for reimbursement, and broader healthcare coverage.

Pricing in the neuro orthotics product market is generally stable, with annual adjustments influenced by inflationary trends as well as region-specific reimbursement developments.

Neuro Orthotics Product Market



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

The Bracing & Supports Product Market

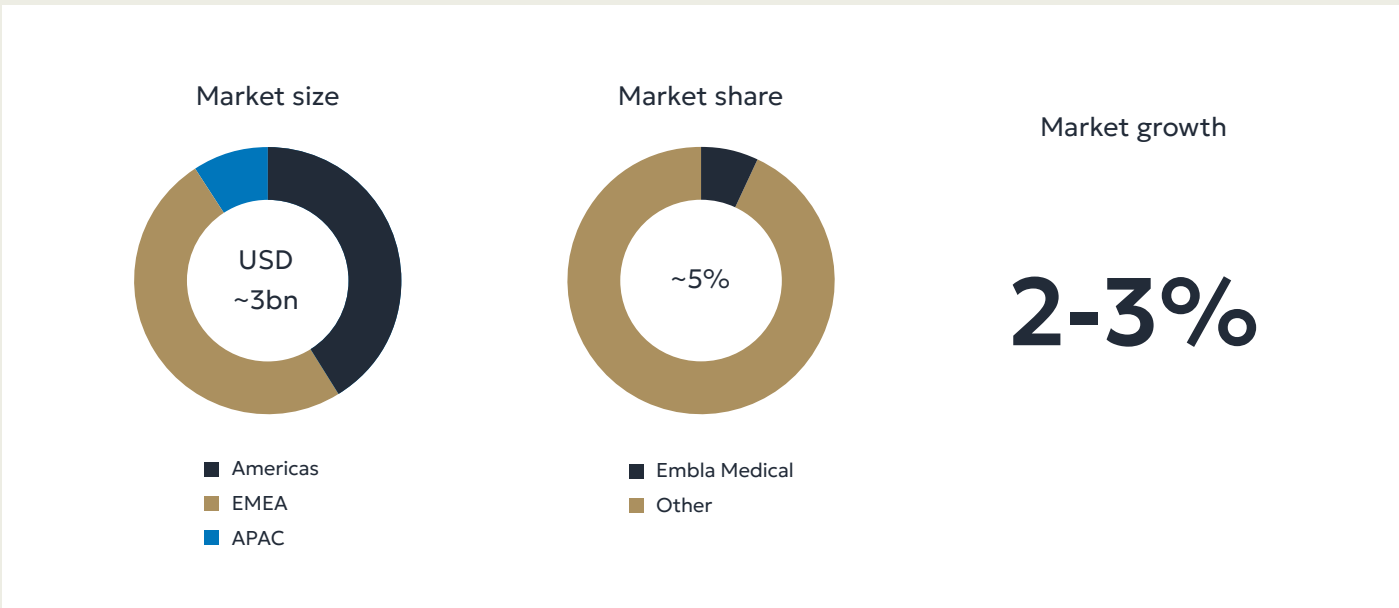
Bracing & Supports include products used to provide support for both therapeutic and preventative purposes. Össur provides a comprehensive line of products with a primary focus on osteoarthritis and injury solutions, including devices that support the spine, knee, hip, foot, ankle, and hands.

The size of the global Bracing & Supports product market in which Embla Medical operates is estimated to be approximately USD 3 billion, and Embla Medical’s market share is estimated at around 5%. The growth rate of the market is estimated to be 2-3%.

Market growth is driven by healthy volume growth. Rising participation in amateur sports and higher general activity levels, along with increased volumes of elective surgeries such as knee replacement procedures, which drive demand for postoperative bracing, support ongoing growth. Market expansion is further supported by the adoption of high-end innovative products, such as the Unloader® OA bracing products. The primary sales channel in the Bracing & Supports market are Orthotic & Prosthetic clinics (Patient Care clinics), hospitals, and orthopaedic clinics.

Price levels are relatively stable with annual adjustments influenced by inflationary trends and region-specific reimbursement developments. In some markets, however, moderate price pressure exists for selected product categories, particularly those with lower levels of innovation.

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

The Patient Care Market

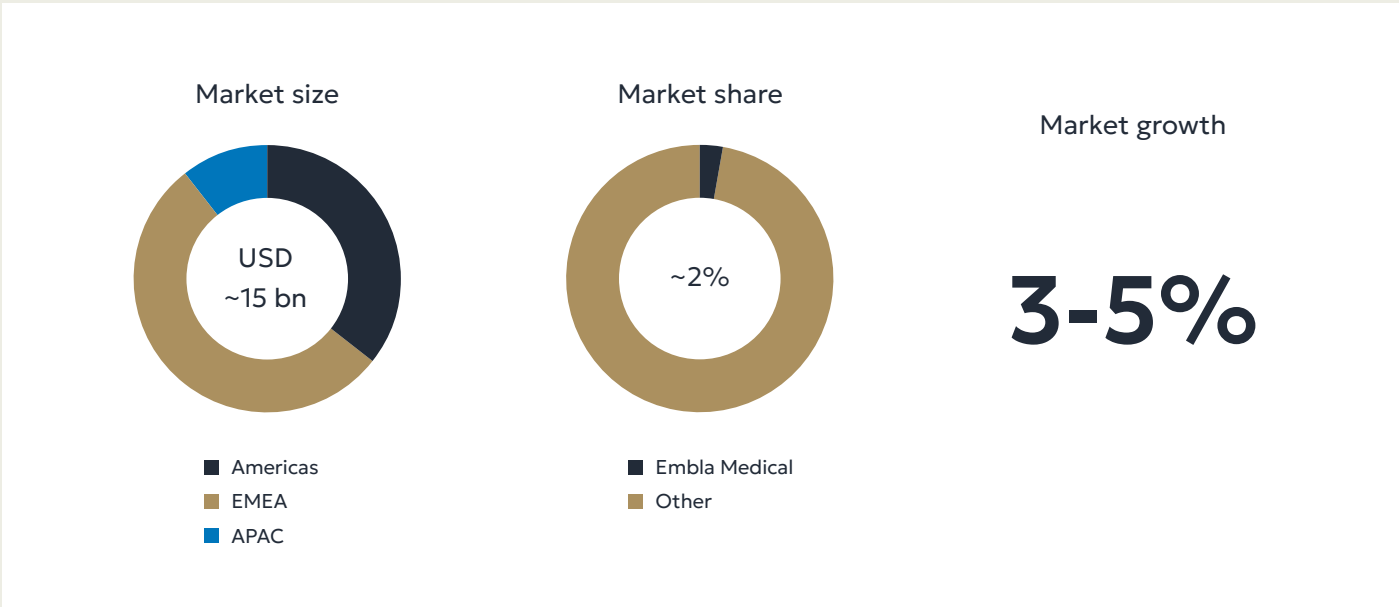
The Patient Care market consists of patient care clinics, often referred to as Orthotic & Prosthetic (O&P) clinics, that provide services to patients with orthotic and prosthetic mobility needs.

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

Growth in the Patient Care services market is driven by both volume and mix, supported by a consistent renewal and maintenance cycle, increasing fitting rates for orthotics and prosthetics patients, expanding reimbursement coverage, the acceptance of new innovative technologies for reimbursement, and improved healthcare coverage and disposable income in emerging markets.

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

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 products based on the condition and clinical indication of the patient.
3	Providers Healthcare professionals, such as CPO’s, doctors, and other clinical specialists who provide patients with products.
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, along with and global macrorends, is creating increased demand and new opportunities for growth. We have selected six trends that positively impact the demand for Embla Medical’s products and services:

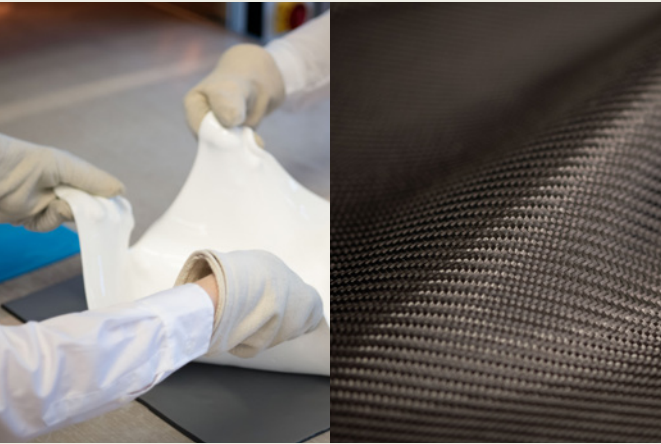
 An aging and more active population ■ The global population aged 65 and older is increasing, as is the amputee population. ■ A growing number of people affected by vascular disease, the leading cause of amputation. ■ Incidences of fractures, joint instability, and joint disorders are rising.	 Improved treatment options and penetration of high-end solutions ■ New innovative technologies being accepted for reimbursement. ■ Expanded healthcare coverage is improving access and increasing patient fitting rates. ■ Increased acknowledgment of the total health economic benefits of high-end solutions.
 Access to healthcare improving in emerging markets ■ Global economic growth is increasingly driven by emerging markets. ■ Disposable income and willingness to pay out-of-pocket are rising in these regions. ■ Increasing healthcare coverage in emerging markets.	 Healthcare consumerism empowering patients ■ Individuals are taking greater control of their healthcare decisions, pushing for solutions that meet their needs. ■ Patients are more willing to switch providers if dissatisfied, often using online resources to find alternatives. ■ Increased demand for transparency to support informed care decisions.
 Healthcare consolidation and budget management ■ Healthcare systems efforts to manage cost, increasing need for innovation and health economic benefits. ■ Consolidation in the Patient Care services market. ■ Growing demand for cost-effective solutions without compromising quality.	 Digitalization increasing ease of doing business ■ Digitalization is transforming communication between patients and healthcare providers, as well as between businesses. ■ Increased automation through digital processes in order flow and manufacturing. ■ Data driven insights enable more timely and improved service delivery to patients.



Lower Limb Prosthetics



Materials & Equipment



MARKETS

Streifeneder ortho.production

In September 2025, Embla Medical announced an agreement to invest in a majority share (51% of the shares) in privately owned Streifeneder ortho.production GmbH located in Bavaria, Germany.

Streifeneder ortho.production is an international developer and supplier of orthopaedic mobility solutions, employing around 100 people. In addition to its offerings of prosthetic and orthotic components, Streifeneder also supplies orthopaedic materials and equipment to the O&P industry.

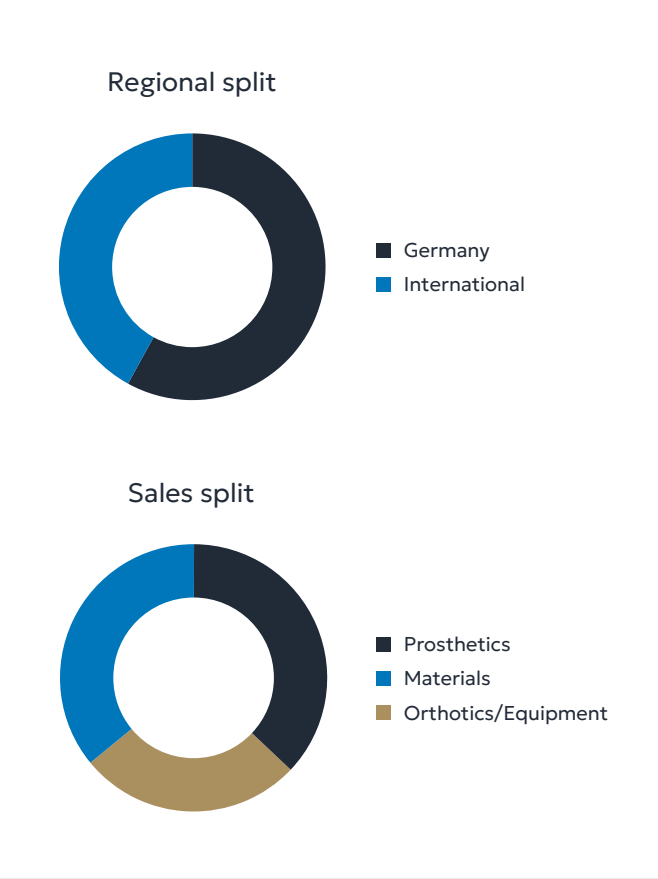
The investment in Streifeneder is a solid strategy for Embla Medical to become a full range provider expanding our reach to a larger part of the global O&P market including the Emerging Markets, ultimately reaching more patients.

The majority investment in Streifeneder will also strengthen Embla Medical’s presence in Germany, the second largest O&P market in the world. Streifeneder is estimated to grow in line with the global prosthetics market in the range of 6-8% in the near-term, in addition to realizing commercial synergies by leveraging Embla Medical / Össur’s global footprint.



Key Facts

- Family-owned business (Bavaria, Germany)
- Sales of EUR 25m in 2024 (~USD 29m)
- Employing around 100 people
- Key player in German O&P market
- Strong in Prosthetics “value segment”
- Solid O&P materials offering



Source: Embla Medical company data

MARKETS

Leading the Future of Patient Care



INTERVIEW WITH
Conal Harte
Executive Vice President, Patient Care

Q1: You are now 12 months into your role as EVP Patient Care. What motivated you to take on the role, and how has your experience been so far?

A: Having worked in the O&P industry since 2004, I jumped at the opportunity to transition to Patient Care. The field has evolved significantly in recent years, and stepping into this role has been both enlightening and energizing.



I have witnessed tremendous untapped potential across our organization and am excited about what we can achieve together as one global team. Spending time face to face with teams in our clinics around the world, seeing firsthand their relentless focus on delivering the best possible care to their patients, has been the most rewarding and humbling experience of all.

Q2: The ForMotion rebranding has been a major initiative in 2025. What was the background for this, and what does it mean for the organization and your patients?

A: From late 2024 and throughout most of 2025, we introduced a new unified brand identity, ForMotion, across the majority of our Patient Care facilities. The goal was to bring our network of O&P clinics together under one cohesive brand.

Over the past 11 years, we have acquired many clinics, each with its own unique identity. While this individuality remains important, the time was right



to unite under the ForMotion brand and clearly articulate what we stand for in Patient Care. ForMotion has created a stronger sense of belonging and connection, transforming us into a truly global team with a shared global purpose and the power to impact global change.

The transition has gone smoothly, credited to meticulous planning and strong change management. A key part of the process was honoring the legacy of each local brand, retaining what makes it unique while carrying that forward into the new identity. These conversations were essential in building local engagement and identifying champions for the change.

ForMotion brings together some of the world’s best O&P clinics under a common purpose, a shared goal, and a recognizable set of values. The unified network will deliver comprehensive, modern, and innovative care to our patients,

while honoring local expertise and heritage. ForMotion represents a clear promise: access to the highest standard of care in the industry, wherever they are.

Q3: The Patient Care business delivered a period of lower growth in 2025. Why do you think this is and how do you plan to turn this around?

A: Our Patient Care business experienced lower than expected growth, mainly in some of our more mature markets. This can partly be ascribed to softness and timing in patient volumes amid broader uncertainty, especially in the US. At the same time, 2025 has been a year of significant internal transformation. Alongside the ForMotion rebranding, we are undertaking global system integrations to improve operational efficiency and scalability. While these initiatives are essential for long-term value creation and sustainable growth, they have temporarily impacted revenue and profitability. Returning Patient Care to its historical growth levels is a top priority. We have already launched focused performance management initiatives to unlock the full potential of the business, and I am confident that we are on the right path.



MARKETS

Growth Markets



INTERVIEW WITH
Gudjon G. Karason
President Growth Region

Q1: Can you describe Embla Medical’s activities in Emerging Markets and why these markets represent a significant untapped opportunity?

A: Approximately 80% of new amputees globally live in Emerging Market countries, yet these markets still only represent a small share of Embla Medical’s revenue. A key challenge is limited access to quality healthcare, often compounded by little or no public insurance coverage. In many regions, there is also a lack of established supply chains and clinical infrastructure, which restricts patients’ access to prosthetic care.

Amputees in Emerging Markets are generally younger and healthier, meaning the potential benefit of receiving a prosthetic device, is, all else equal, even greater. We see this as a substantial opportunity as we establish a stronger presence in these countries. We are expanding our activities in existing markets through locally relevant innovations and offerings, while also selectively growing our footprint to reach more patients.

Q2: You have highlighted India as a Private Pay opportunity. Can you elaborate on this strategic initiative?

A: India is now the world’s most populous country and has a correspondingly large amputee population. Historically, many of these amputations have largely been work- or trauma-related, but we are seeing a shift toward vascular disease as a growing cause.

Despite the high number of amputations, fitting rates remain low in many regions, preventing patients, particularly younger individuals, from returning to active lives and placing a significant burden on society.

Our approach to unlocking this potential focuses on addressing three key barriers: access, awareness, and affordability. We aim to tackle these through proprietary solutions combined with an agile and innovative delivery model.

As a first step, we are launching a pilot clinic in Delhi, taking a selective approach to both patient groups and solution offerings to maximize positive impact. While healthcare coverage remains limited, we believe there is strong potential for improvement in the near future.

Q3: The situation in Ukraine has created a significant humanitarian challenge. How can Embla Medical help address the unmet need in a conflict setting?

A: As a result of the ongoing war, there are sadly thousands of new amputees in Ukraine. Many are young and present with complex injuries, including multiple limb loss and significant nerve damage. This has led to greater than anticipated need for advanced solutions, including bionic technologies.

Today, funding is available through a combination of public sources and donations for both civilians

and veterans, and we have been encouraged by the demand for high-end products. This requires more funding and more clinical effort, but we see a willingness from governments and private donors to provide support during this difficult time.

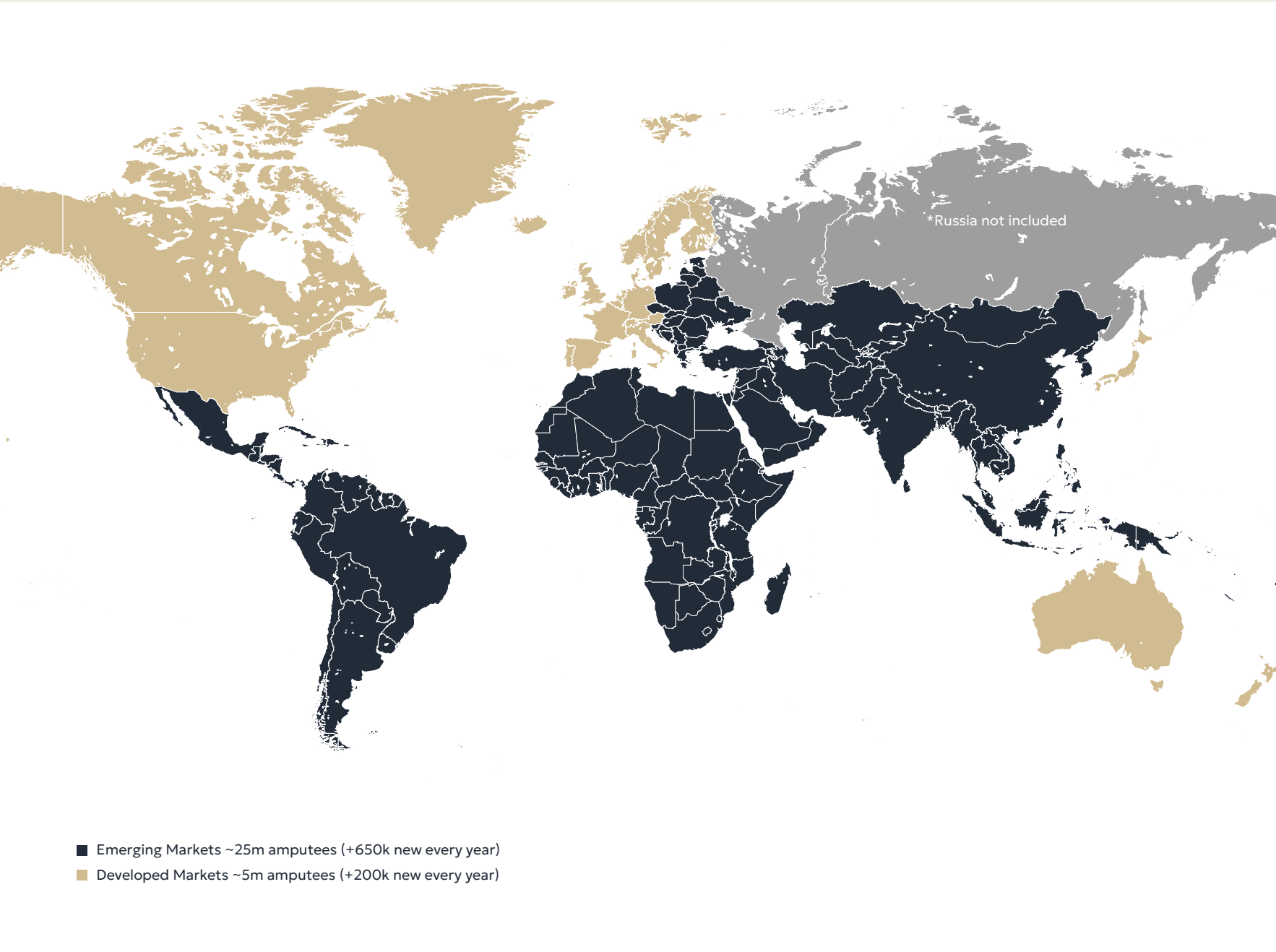
As one of the leading players in the industry, we want to be prepared when the war hopefully soon comes to an end. We have recently established our first prosthetic clinic in Kyiv and will continue to strengthen our presence through clinician training and education. Over time, we plan to expand our organization and clinical footprint in Ukraine and offer our full portfolio of mobility solutions across a broad range of patient needs.



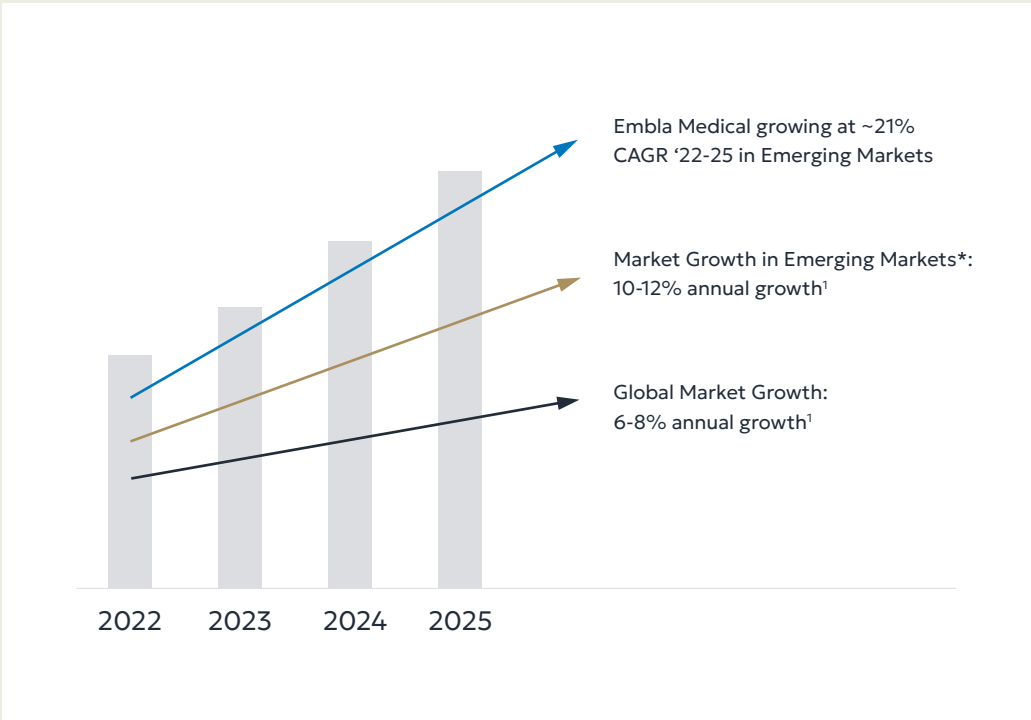
Emerging Markets at Glance

Emerging Markets represent over 80% of the new amputee volume worldwide. However, Emerging Markets only make up around 10% of Embla Medical’s current sales, representing a material growth contributor with ample room for further growth.

Overview of the Emerging Markets

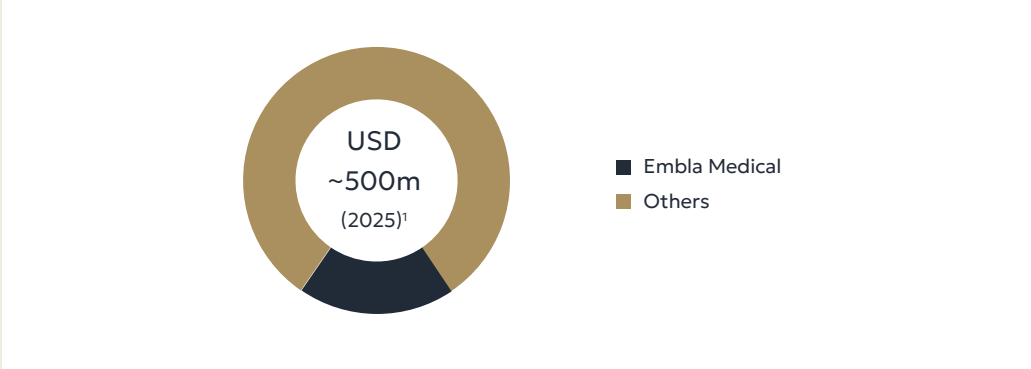


Growth Rates in Emerging Markets



*Our Emerging Markets growth calculation does not include Russia. Embla Medical has taken the decision not to sell into Russia due to the ongoing war.
1) Embla Medical Market Intelligence Reports and News reports

Addressable Market in Emerging Markets



INNOVATION

Advancing Mobility Through Innovation



INTERVIEW WITH
André Rocha
Executive Vice President of Research & Development

Q1: André, you joined Embla Medical less than a year ago as EVP R&D. What attracted you to the role?

A: Three things stood out. First, Embla Medical’s mission and strong sense of purpose, making a meaningful, positive impact on thousands of lives. Second, the scale of the opportunity ahead. While Embla Medical has delivered impressive growth, there remains significant untapped potential to help even more people live without limitations.



Finally, the people and culture, particularly within R&D. I had exposure to the team before joining, and their passion for improving mobility, their drive for continuous improvement, and their warmth and collaboration impressed me from the outset.

Q2: Innovation has been a strong growth driver in 2025. Looking at the pipeline, what excites you most going forward?

A: We have an exciting innovation pipeline. We recently upgraded the Power Knee™ with significant improvements, including a new advanced gait algorithm, Synchronous Control™, and work on the next release is already underway. Powered microprocessor knees are the future, and we are focused on strengthening our leadership in this category.

We also see an opportunity to better serve the low active population with a dedicated microprocessor knee, complementing existing solutions such as Rheo Knee®, ICON®, and Navii®.

Our next generation multi-articulating hand introduces several unique features, and initial user feedback has been very positive. In addition, our AeroFit® liner, built on proprietary 3D-printed silicone technology, significantly reduces humidity build-up on the skin and will soon be available to conventional socket users.

Finally, within the growing neuro orthotics space, we are advancing bionic ankle and knee solutions with our Fior & Gentz team.

Q3: Embla Medical is a recognized innovation leader. How has the competitive environment for product development evolved?

A: Competition continues to challenge us, both established players and new entrants, which keeps us focused on preserving and strengthening our innovation leadership. This requires optimizing both the effectiveness and efficiency of our innovation efforts and ensuring we invest where we can deliver the greatest benefit for users.

A share of our investment goes into exploratory research and technology maturation, which is essential for long-term leadership. At the same time, industry-wide challenges, such as the shortage of prosthetists and orthotists, require us to innovate beyond products, including making solutions easier to fit, configure, and service, and improving clinical workflows.

What has not changed is the extent of unmet need. People with mobility challenges still face limitations in functionality, comfort, safety, and ease of use, and only a small proportion of amputees globally have access to prosthetic solutions. Despite progress, there is still much work to be done.



Q4: Bionics have been quite transformative for many users. What do you see as the next major advances in mobility solutions?

A: Digitalization and AI are already reshaping our industry, from digital clinic workflows and AI-based control algorithms to the use of generative AI to enhance innovation productivity.

At the same time, bionics still require advances in actuation and control to achieve seamless integration with user intent and become a truly natural extension of the body.

The quality of the human-device interface is critical, making innovation in materials and interfaces a key focus. Össur liners have long been foundational to our business, with AeroFit® being a recent example, and there remains significant opportunity to innovate in socket design as well.

Neuro orthotics also represent a major growth opportunity. While awareness remains low, solutions for conditions such as stroke, MS, and cerebral palsy are clinically effective and life-changing. With the expertise and solutions at Fior & Gentz, we are well positioned to lead in this space.

INNOVATION

Strong Intellectual Property Portfolio

Patient-Driven Innovation

Embla Medical’s intellectual property (IP) strategy aims to safeguard our investment in innovation, enhance its value and preserve the competitive edge the company has gained through the development of innovative products, processes, and services.

Our intellectual property portfolio is strategically developed to align with our overarching business strategy and consists of a broad range of IP assets. At year-end 2025, the IP portfolio consisted of around 2,200 patents and patent applications as well as around 820 trademarks and 560 domain registrations. According to a 2024 report by the Icelandic Intellectual Property Office, Össur is by far the largest patent holder in Iceland.

Product Launches during 2025



Navii® by Össur

Navii® is a fully waterproof bionic knee designed to enhance mobility, confidence, and independence across all activity levels. It features a powerful actuator for controlled stair and ramp descent, effortless swing dynamics, and automatic activity modes for seamless transitions between walking, running, cycling, and stair ascent.



Pro-Flex® LP Junior by Össur

Designed for active young users, the Pro-Flex® LP Junior delivers exceptional ankle range and power, enhanced durability and waterproof performance. Built with the proven Pro-Flex three-blade technology and split toe design, it promotes a smooth, natural gait combined with comfort and control every day.



Icon® by College Park

Icon® is a versatile microprocessor-controlled knee for low to high activity users, featuring responsive sensors, streamlined setup, and the intuitive Stride Studio™ app.



AeroFit® by Össur

AeroFit® is a breathable prosthetic interface system combining a vented socket with a 3D-printed silicone liner to significantly reduce humidity inside the prosthesis. Excess moisture is a common cause of discomfort and skin issues for lower-limb.



Odyssey® iQ by College Park

The Odyssey® iQ is a lightweight, weatherproof, low profile microprocessor foot with hydraulic damping, fast response, and long battery life, supporting a wide range of users and activities.



Power Knee™ by Össur

Power Knee™ controls have been updated to deliver functional improvements that enhance mobility and adoption of powered solutions. Synchronous Control™ provides natural, powered motion that adapts seamlessly to each step at any walking speed. Sit-to-stand assistance can now be smoothly ramped and tailored to user preference, while improved stair and stumble-recovery functions deliver more natural transitions and support when it is needed most.

INTERVIEW WITH



Juliet Björnsson
Former Global Product Manager, Navii (now with ForMotion)



Helgi Tómas Hall
VP Global Prosthetics Lower Limb, Embla Medical

Q1: How do you work with product development at Embla Medical?

A: In the product development team, we continuously scan the market for unmet user needs and challenges. This always frames “The Why” behind our new product development. Our goal is to improve the user experience while operating sustainable and profitable business.

Q2: What specific needs of above-knee amputees led to the development of Navii?

A: Above-knee amputees typically have less muscle control, which can limit stability and confidence, particularly in challenging environments such as stairs, curbes, and slopes. In addition, many existing solutions have limited water resistance, restricting participation in activities in and around water. Users are also increasingly informed and expect greater personalization, user-centric design, and meaningful digital engagement. Addressing these needs was central to the development of Navii.



The Navii® is a fully waterproof bionic knee developed by Össur featuring a powerful actuator provided to support consistency for stair and ramp descent.

Patients using the new Navii solution will enjoy strong support and enhanced mobility whether they are walking, standing or descending and this solution will provide safety and comfort in any terrain.

Q3: How did Navii address these needs, and what feedback have you received from users?

A: With Navii, our aim was to deliver a solution that removes the need for users to consciously think about how to use their device. We wanted users to trust the knee to support them intuitively, enabling confident and natural movement.

A key focus was eliminating water-related limitations, allowing users to participate freely in activities without planning around water exposure. We also wanted Navii to feel personal, something that reflects their individuality, while expanding the range of functional exercises to help both prosthetists and users get the most out of the device.

Ahead of the external launch, we conducted pre-launch evaluations in 18 countries with 67 users. The results were very encouraging: 80% of participants preferred Navii over their current prescribed device. Qualitative feedback highlighted improved stability during standing and greater confidence and security when walking, sitting, and navigating stairs. These insights reinforce our excitement about bringing Navii to a broader user base.



PERFORMANCE

Five-Year Overview

USD MILLION	2025	2024	2023	2022	2021
Net sales	929	855	786	719	719
Gross profit	579	535	486	440	455
Operating expenses (excl. other income)	454	422	398	373	360
EBITDA	186	169	139	114	149
EBITDA before special items	186	173	139	128	149
EBIT	125	113	89	65	97
Net profit	84	69	59	43	66
Sales Growth					
Sales growth USD %	9	9	9	0	14
- Organic growth %	6	6	9	4	10
- Currency effect %	2	0	(1)	(7)	3
- Acquired business %	1	3	1	3	1
Balance Sheet					
Total assets	1,730	1,539	1,386	1,325	1,247
Equity	896	781	705	636	627
Net interest-bearing debt (NIBD)	439	414	395	404	363
Cash Flow					
Cash generated by operations	178	160	126	92	128
Free cash flow	100	77	52	35	74

USD MILLION	2025	2024	2023	2022	2021
Key Ratios					
Gross profit margin %	62	63	62	61	63
EBIT margin %	13	13	11	9	14
EBITDA margin %	20	20	18	16	21
EBITDA margin before special items %	20	20	18	18	21
Equity ratio %	52	51	51	48	50
NIBD to EBITDA	2.4	2.4	2.8	3.2	2.4
Effective tax rate %	23	24	23	23	24
Return on equity %	10	9	9	7	11
CAPEX to net sales %	3.4	4.6	5.4	3.6	3.7
Full time equivalent at period end	4,192	4,078	3,999	3,892	3,761
Full time equivalent on average	4,138	4,091	3,945	3,866	3,668
Market					
Market value of equity	2,202	2,125	1,713	2,035	2,724
Number of shares in millions	430	428	421	423	423
EPS in US cents	19.6	16.2	14.0	10.3	15.6
Diluted EPS in US cents	19.6	16.2	14.0	10.3	15.5

Definitions of key ratios and terms can be found on page 138 in the notes to the Consolidated Financial Statements.

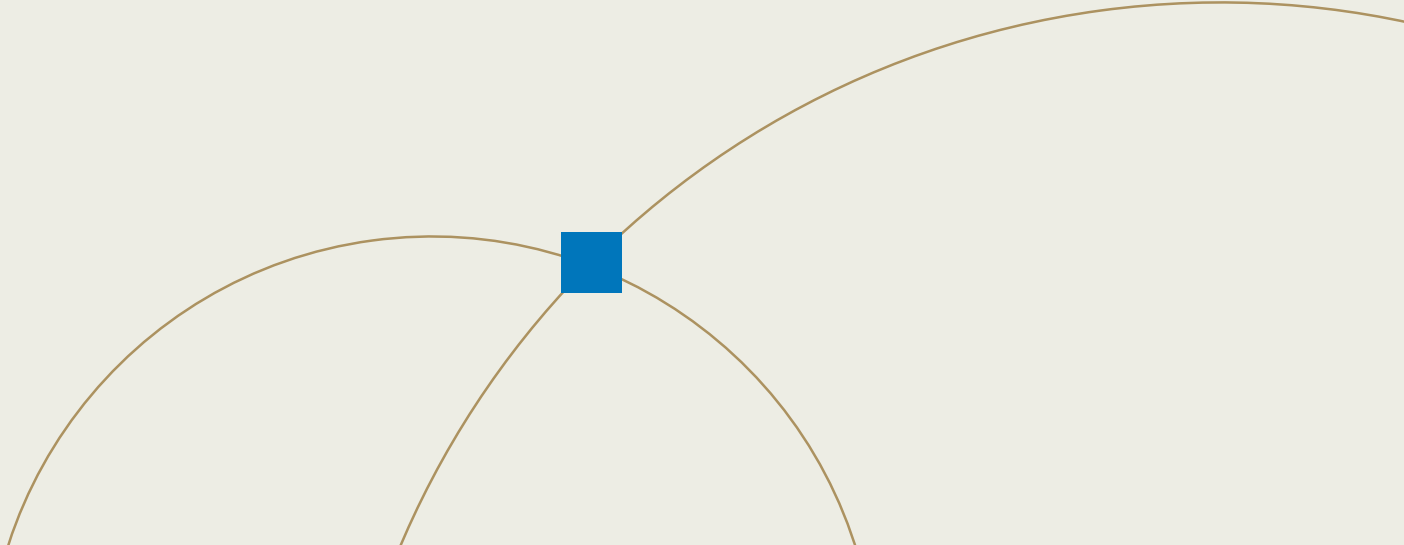


PERFORMANCE

Performance in 2025

Financial Performance in 2025

- Sales amounted to USD 929 million where organic growth was 6% and local currency growth was 7% including acquisitions.
- Prosthetics & Neuro Orthotics sales grew by 10% organic, Bracing & Supports declined 1%, and Patient Care sales grew by 1% organic. Growth in 2025 was mainly attributed to strong volume growth and positive product mix supported by high-end solutions.
- EMEA and APAC regions both demonstrated strong performance; especially in Prosthetics & Neuro Orthotics supported by solid contribution of recently launched innovation. Growth in Neuro Orthotics was also good following an ongoing expansion into multiple new markets.
- Gross profit margin was 62%, compared to 63% in 2024. The gross profit margin was positively impacted by strong sales in Prosthetics & Neuro Orthotics and efficiency gains in manufacturing but partially offset by tariffs, negative FX impact, and initiatives in Patient Care during the year.
- EBITDA margin was 20%, on par with 2024. The EBITDA margin was negatively impacted by a lower gross profit margin, FX, temporary dilution effect from Streifeneder, and initiatives in Patient Care to strengthen growth and profitability of the segment. Total impact on EBITDA margin from these initiatives and other items amounts to ~1.5%-points in 2025.
- Net profit grew by 21% and amounted to USD 84 million or 9% of sales, compared to 8% of sales in 2024.
- Free cash flow amounted to USD 100 million or 11% of sales, compared to 9% of sales in 2024. The strong free cash flow generation benefitted from solid operating results and lower CAPEX compared to 2024.
- NIBD/EBITDA before special items was 2.4x at the end of 2025, within our target range of 2-3x EBITDA in line with our Capital Structure and Capital Allocation Policy.



2026 Outlook

- Organic sales growth guidance of 5-8%, driven by strong volume growth in the core business with moderate price increases.
- EBITDA margin guidance of 20-22%, driven by scale and efficiency coupled with continued focus on cost control in SG&A.

Financial Guidance for 2026

USD MILLION	2025	2024	GUIDANCE 2026
Sales growth, organic	6%	6%	5-8%
EBITDA margin before special items	20%	20%	20-22%*

*Potential impact from US trade tariffs continues to be an uncertain element to quantify given the frequent changes in the global tariff environment. Consequently, we deem it too speculative to quantify and guide an exact impact from potential tariffs on Embla Medical’s financial results, but some absorption of tariffs is assumed in the guidance.



Financial Performance

Sales Performance

Sales in 2025 amounted to USD 929 million, compared to USD 855 million in 2024, corresponding to 6% organic growth, a 7% increase including acquisitions (local currency growth) and a 9% reported growth (USD growth).

Impact on sales from acquisitions amounts to about 1%-point positive effect on the reported growth rate. Currency movements amounted to impact on reported sales was positive by 2%-point.

Sales by Geographical Segment

USD MILLION	2025	ORGANIC GROWTH	Δ ACQ. / DIV.	Δ CURR. EFFECT	USD GROWTH
EMEA	457	8%	2%	5%	16%
Americas	399	2%	0%	0%	1%
APAC	73	11%	0%	(2%)	8%
Total	929	6%	1%	2%	9%

Sales by Business Segment

USD MILLION	2025	ORGANIC GROWTH	Δ ACQ. / DIV.	Δ CURR. EFFECT	USD GROWTH
Prosthetics & Neuro Orthotics	513	10%	2%	2%	14%
Bracing & Supports	148	(1%)	0%	1%	0%
Internal product sales	(39)	0%	0%	2%	1%
External sales	623	8%	2%	2%	11%
Patient Care	306	1%	0%	3%	4%
Total	929	6%	1%	2%	9%

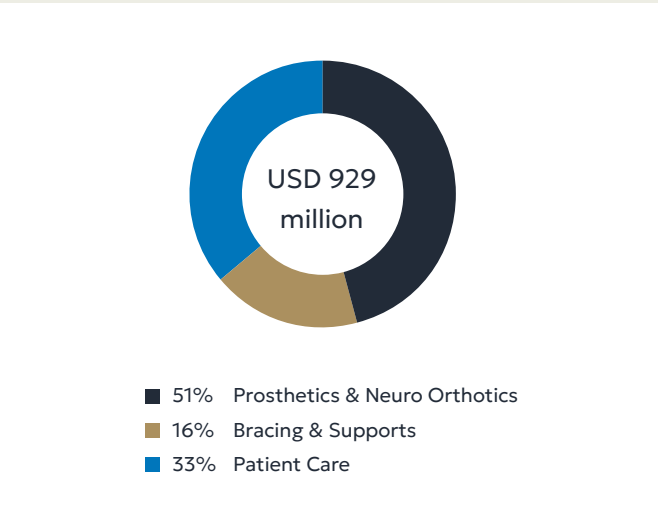
Business Segments

Prosthetics & Neuro Orthotics sales amounted to USD 513 million and grew by 10% organic in 2025. Bracing & Support sales amounted to USD 148 million and declined by 1% organic, and Patient Care sales amounted to USD 306 million and grew organically by 1%.

In 2025 we saw strong growth in Prosthetics & Neuro Orthotics driven by solid volume growth and positive product mix supported by our high-end solutions. Throughout the year EMEA and APAC contributed strongly across product categories, especially across Bionics and Feet solutions with strong contribution from recent innovations such as Navii and Pro-Flex Terra. n addition, Neuro Orthotics performed well following an ongoing expansion into multiple new markets.

Sales in Bracing and Supports came in soft in 2025 with growth in select markets and product categories, but offset by challenging market dynamics in other markets.

In Patient Care, we delivered 1% organic growth. Throughtout most of the year we delivered modest growth in Patient Care, mainly in Americas region. The performance can partly be ascribed to softness and timing in patient volumes but also internal change initiatives including the ForMotion rebranding, system integrations, and other initiatives temporarily impacting the business.



Operations

Gross profit in 2025 amounted to USD 579 million or 62% of sales, compared to 63% of sales in 2024. The gross profit margin was positively impacted by strong sales in P&NO and efficiency gains in manufacturing but offset by negative impact from FX, tariffs, and initiatives related to Patient Care.

Operating Expenses

Operating expenses, excluding other income, amounted to USD 454 million or 49% of sales in 2025, same as in 2024. Throughout 2025, we continued to see positive effects from effective cost control in SG&A but operating expenses were also negatively impacted by initiatives related to Patient Care.

EBITDA

EBITDA amounted to USD 186 million or 20% of sales, compared to EBITDA before special items of USD 173 million or 20% of sales in 2024. The EBITDA margin decreased due to FX, tariffs, slight temporary dilutive impact from the acquisition of Streifeneder, and costs related to initiatives to enhance the growth and profitability of Patient Care. These initiatives include restructuring costs in the form of severance, ForMotion rebranding, and system implementations impacting both COGS and OPEX. Total impact on EBITDA margin from these initiatives in Patient Care and other items amounts to ~1.5%-points in 2025.

Negative impact from currency movements on the EBITDA margin amounted to approximately 30 basis points in 2025 when compared to 2024.

Financial Items, Income Tax and Net Profit

Net financial expenses in 2025 amounted to USD 24 million, compared to USD 26 million in 2024. Lower net financial expenses can be attributed to lower financial expenses following a period with lower interest rates.

Income tax amounted to USD 24 million in 2025, corresponding to a 23% effective tax rate, compared to USD 22 million or 24% effective tax rate in 2024.

Net profit in 2025 increased by 21% and amounted to USD 84 million or 9% of sales, compared to USD 69 million or 8% of sales in 2024. Net profit was positively impacted by strong operating results and net financial expenses. Diluted earnings per share in 2025 amounted to 19.6 US cents, compared to 16.2 in 2024.

Cash Flow

Cash generated by operations amounted to USD 178 million or 19% of sales in 2025, compared to USD 160 million or 19% of sales in 2024.

Capital expenditures (CAPEX) amounted to USD 32 million or 3% of sales in 2025 compared to USD 39 million or 5% of sales in 2024. CAPEX in 2025 returned to a normalized level around 3% following closure of facility expansion programs carried out in 2024 to support growth.

Free cash flow in 2025 amounted to USD 100 million or 11% of sales, compared to USD 77 million or 9% of sales in 2024. Free cash flow was positively impacted by strong operating results and lower CAPEX compared o 2024.

Bank balances and cash equivalents amounted to USD 103 million at year-end 2025 and USD 114 million of existing facilities were undrawn. Bank balances and cash equivalents in addition to undrawn credit facilities at the end of 2025, therefore, amounted to USD 217 million.

Capital Structure

Net Interest-Bearing Debt
Net interest-bearing debt, including lease liabilities, amounted to USD 439 million at year-end 2025, compared to USD 414 million at year-end 2024. Net interest-bearing debt to EBITDA corresponded to 2.4x at year-end 2025, 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.

During 2025, Embla Medical carried out a Share Buyback program acquiring 1,987,027 at an average price of DKK 32.00. Following the completion of the program Embla Medical hold 2,673,596 treasury shares, corresponding to 0.62% of the Company’s total share capital.

A new Share Buyback program for 2026 was announced 23 December 2025.



PERFORMANCE

Guidance For 2026

GUIDANCE	GUIDANCE FY 2026	ACTUAL FY 2025
Sales growth, organic	5-8%	6%
EBITDA margin before special items	20-22%	20%
For Modeling Purposes		
CAPEX as % of sales	3-4%	3%
Effective tax rate	23-24%	23%

For 2026 organic sales growth is expected to be in the range of 5-8%. We anticipate continued strong momentum in our Prosthetics & Neuro Orthotics business across regions supported by solid contributions from our fast-growing bionic portfolio and recently launched innovations in addition to upcoming launches in 2026. Some positive impact from the US Medicare Coverage Expansion is also expected to contribute to sales supported by our existing portfolio of microprocessor knee (MPK) solutions, which in the future will be complemented by a dedicated K2 MPK solution to better serve the least mobile users in the low active K2 patient population.

In Neuro Orthotics we expect to see the increasing effects from the ongoing roll out of our Neuro Orthotics offerings (Fior & Gentz) into new markets leveraging our global commercial infrastructure and ForMotion footprint within O&P Clinics. Albeit growing from a low base we expect to see solid growth in the EMEA region with some contributions expected in Americas during the course of 2026 as we prepare ramp-up for a broader launch of our first bionic knee joint “NEURO HiTRONIC MPKAFO”, which received a reimbursement code last summer in the important US market.

In Patient Care, we expect growth to gradually improve during 2026 with the aim of eventually returning to consistent sales performance in line with market. Growth in 2026 is expected to be driven by volume growth, increased efficiency supported by effects from the initiatives implemented across our Patient Care business in the second half of 2025. Focus will be on strengthening growth and profitability and benefiting from the structural growth in the O&P industry our product business has observed in recent periods.

Lastly, Bracing & Supports is expected to grow approximately in line with market growth. We assume solid growth in selected key regions supported by expected launches of new product categories but also with continued competitive pressure in selected markets.

EBITDA margin is expected in the range of 20-22% for 2026 compared to 20% in 2025. The EBITDA margin is expected to be positively impacted by solid sales performance, a favorable product mix from increased sales of our high-end solutions, continued efficiency gains in manufacturing, increasing profitability in Patient Care, and cost control in SG&A.

At current foreign exchange rates, keeping all other factors constant, the EBITDA margin is expected to be negatively impacted by about 30 basis points in 2026 when compared to 2025.

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 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 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 4.0-5.0 million when unhedged. Embla Medical utilizes forward contracts to hedge approximately 50% of the estimated net currency exposure to ISK.





GOVERNANCE

Shareholder Information

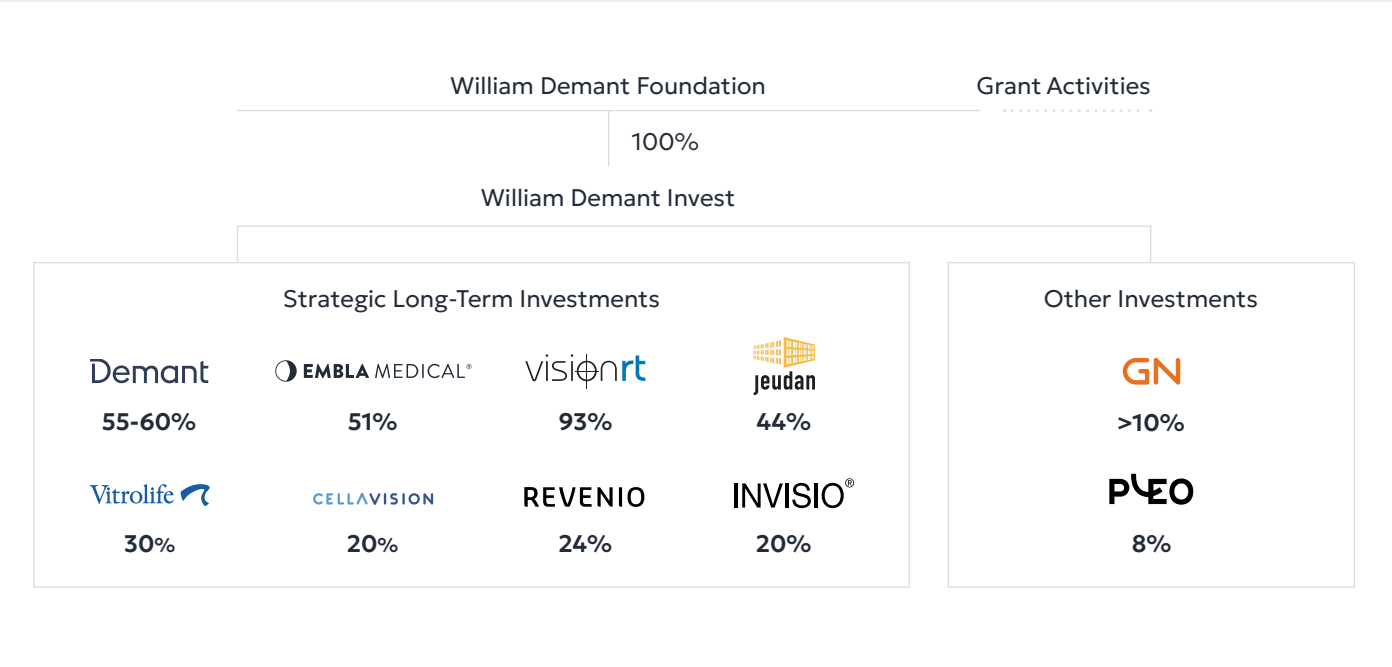
Embla Medical is a large cap company that has been listed on the Nasdaq Copenhagen since 2009 and prior to that on Nasdaq Iceland since 1999.

At year-end 2025, the share capital of Embla Medical was 430,441,257 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	IS00000000040	EMBLA	Healthcare	430,441,257

Ownership Structure



Embla Medical’s largest shareholder is William Demant Invest A/S (WDI) which held 50.95% of the total shares and 50.95% of the voting rights at year-end 2025.

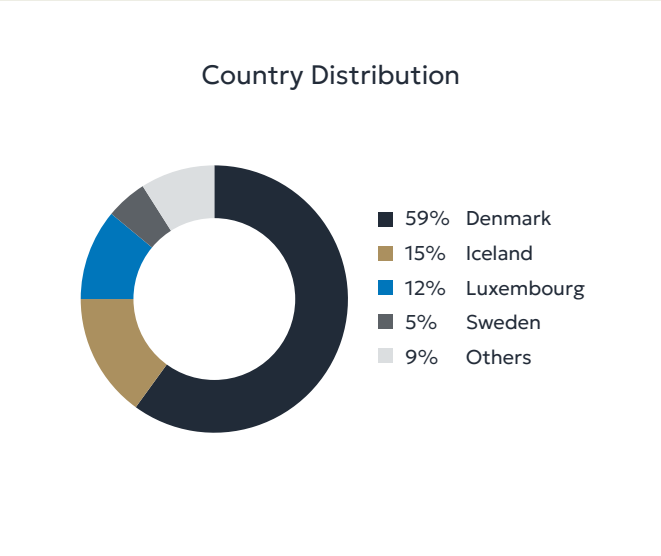
WDI has been a shareholder in Embla Medical (previously Össur) since 2004. In an announcement from WDI on 4 January 2018, when their ownership in Embla Medical crossed the 50% threshold, it was stated that the intention was to hold 50-60% of Embla Medical’s shares going forward. Apart from Embla Medical, 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 2025, the following shareholders had announced holdings above 5% to the company.

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%

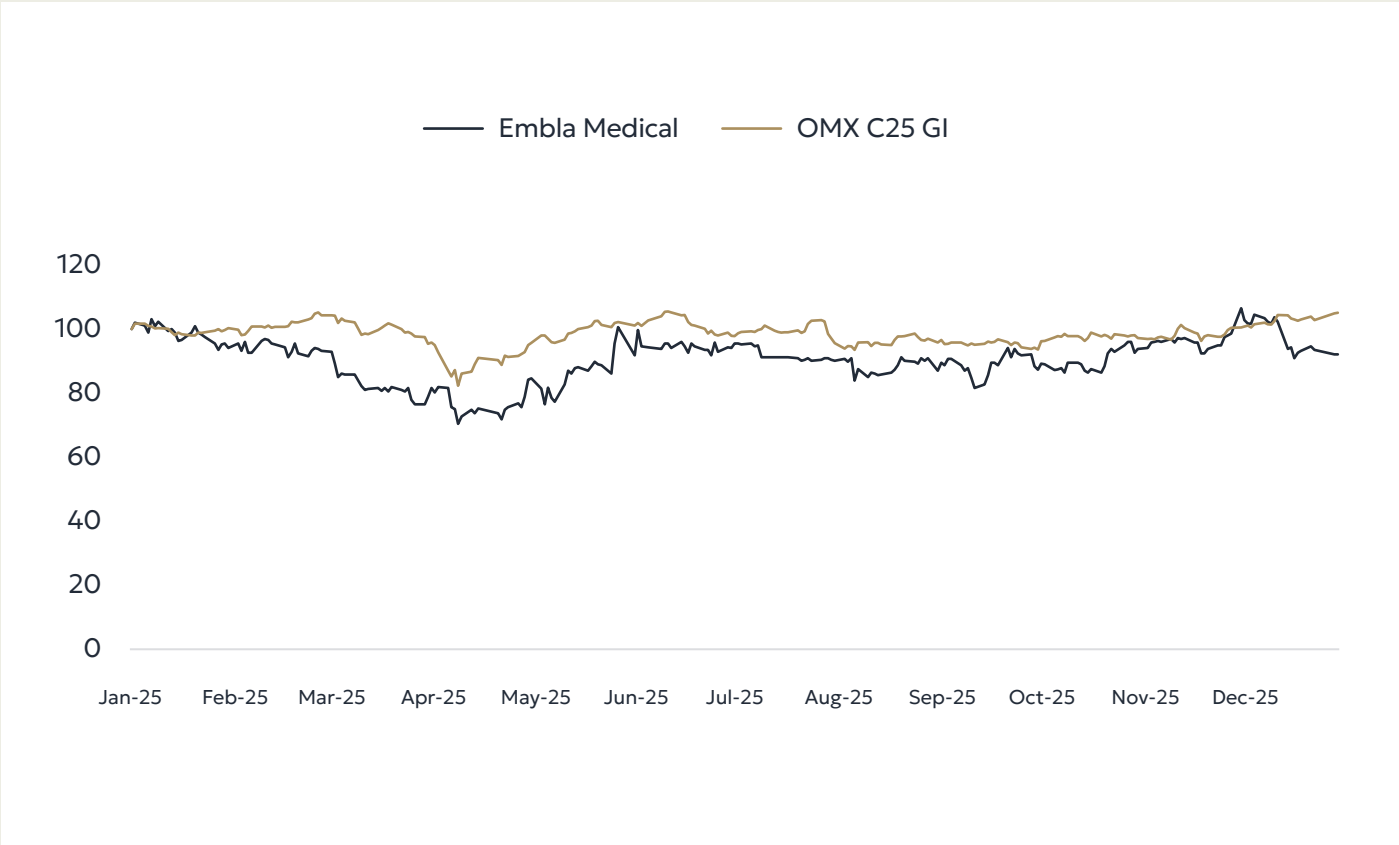
Shareholders - Geographical Distribution



Share Performance

Embla Medical’s share price decreased by 9% in 2025, from DKK 35.6 per share at year-end 2024 to DKK 32.50 per share at year-end 2025. Embla Medical’s market capitalization was DKK 14 billion (USD 2.2 billion) at year-end 2025 compared to DKK 15.3 billion (USD 2.1 billion) at year-end 2024.

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.

In February 2025, Embla Medical initiated a new share buyback program allowing the company to purchase up to 2 million shares under the assumption that the total consideration for the shares purchased would not exceed USD 10 million.

The program was completed December 23, 2025 with 1,987,027 shares being purchased at a total consideration of USD 9.96 million. A new program was started in January 2026.

At year-end 2025, Embla Medical’s treasury shares totaled 2,673,596.

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

Annual General Meeting

Embla Medical’s 2026 Annual General Meeting will be held on 10 March 2026. 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 available on the [company’s website](#).

Analyst coverage 2025/2026

Names and analyst details of the financial institutions that publish equity research reports on Embla Medical.

COMPANY	ANALYST	EMAIL	COUNTRY
ABG Sundal Collier	Morten Larsen	morten.larsen@abgsc.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 Carnegie	Jesper Ingildsen	jesper.ingildsen@dnbcarnegie.co.uk	UK / Denmark
Økonomisk Ugebrev	Steen Albrechtsen	sa@ugebrev.dk	Denmark
Intron Health Research	Naresh Chouhan	naresh@intronhealthresearch.com	UK
Berenberg	Beatrice Fairbairn	beatrice.fairbairn@berenberg.com	UK



Financial Calendar

Q1 2026	Q2 2026	Q3 2026	Q4 2026
Annual General Meeting 10 March 2026	Interim Report Q2 21 July 2026	Interim Report Q3 20 October 2026	Interim Report Q4 and Annual Report 2026 2 February 2027
Interim Report Q1 28 April 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 in this chapter.

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’ Meeting](#) 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, the Board consists of three men and three women. Several Board members have long-standing tenure, providing continuity and deep insight into Embla Medical’s business and markets. Three Board Members are considered independent in accordance with the Danish Recommendations on Corporate Governance.

The Chair and Vice Chair of the Board of Directors are elected annually following the Annual General Meeting. The Chair’s primary 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 assumes these responsibilities. Niels Jacobsen has served as the Chair since 2006, and Svafa Grönfeldt has served as 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

February 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	20 years	●●●●●●●●
Svafa Grönfeldt, Vice Chair	No	Icelandic	Female	17 years	●●●●●●●●
Arne Boye Nielsen	No	Danish	Male	16 years	●●●●●●●●
Alberto Esquenazi	Yes	American	Male	5 years	●●●●●●●●
Tina Abild Olesen	Yes	Danish	Female	2 years	●●●●●●●●
Caroline Vagner Rosenstand	Yes	Danish	Female	2 years	●●●●●●●●

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 statutory audit of the financial statements and annual report, taking into consideration the results of the most recent quality control.
 - Report to the Board the results of the statutory audit and the sustainability reporting, including the financial and sustainability reporting process.
 - 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 make recommendations or proposals for securing integrity. This includes reporting 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	Quarter 2	Quarter 3	Quarter 4
February Meeting ■ Audit report (presented by the Auditors) ■ Review of Q4 and full year results ■ Related party transactions ■ Internal Control and Risk Management update ■ Report on external lending ■ ESG/CSRD reporting update	April Meeting ■ Election of the 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	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	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 ■ ESG/CSRD reporting update ■ Tax update December Meeting ■ Meeting with the Auditors (including private session) ■ Report on Internal Controls and Enterprise Risk Management ■ Double Materiality Assessment results ■ Security update ■ Speak-Up Line status ■ Assessment of the need for an internal audit ■ Financial forecast assumptions and risk ■ Proposal to the Board on nomination of auditors and auditors’ agreement

The Audit Committee Meetings

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



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 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 2025 was discussed by the Board in December 2025.

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 2025 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.

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.

Remuneration of the Board of Directors and the Executive Management

At Embla Medical’s Annual General Meeting on 12 March 2025, 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.





GOVERNANCE

Risk Management

Key Risks

An investment in Embla Medical shares involves various risks such as business, financial conditions, and operational results, 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 the markets where Embla Medical operates are not expected to change, Embla Medical highlights key risks which are currently considered the most relevant to the Company.

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 Embla Medical’s 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 the Company would fail to receive regulatory clearance and approval for the products and services it could adversely affect sales and potential for future growth, threaten Embla Medical’s license to operate in the respective market, and affect the 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, under which 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. Insufficient Innovation and Technology Obsolescence

Description

Embla Medical operates in markets where technological development is ongoing and driven by research. 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 identify and adopt technologies could cause technological gap, limiting our ability to compete in specific markets and impacting revenue 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, while 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.





V. IT Systems, Cybersecurity, and AI-driven Digital Disruption

Description
Embla Medical is exposed to risks related to critical IT systems, cybersecurity threats, and emerging technologies, including Artificial Intelligence, which are increasingly embedded in business processes.

Potential Impact
System outages, cyberattacks, or failures in digital tools or AI-driven processes could disrupt operations, compromise data, affect decision-making, and adversely impact financial performance and stakeholder trust.

Mitigative Actions
Embla Medical maintains an information security framework aligned with ISO 27001, enhances cybersecurity controls, follows a cloud-first approach to strengthen resilience, and continues to mature its business continuity planning and governance over emerging technologies, including AI.

VI. Geopolitical Tensions and Macroeconomic Conditions

Description
Embla Medical is exposed to geopolitical developments, trade restrictions, sanctions regimes, and macroeconomic volatility.

Potential Impact
Such developments may disrupt supply chains, affect cost structures, create compliance complexities, or influence strategic decisions and market conditions.

Mitigative Actions
Embla Medical monitors geopolitical and economic developments, assesses exposure within the supply chain, applies scenario planning, and incorporates macroeconomic considerations into strategic and operational planning.

VII. Supplier Dependency

Description
Embla Medical is exposed to risks related to dependency on selected suppliers of critical components, equipment and raw materials.

Potential Impact
Disruptions such as delayed deliveries, quality issues, or supplier insolvency could impede production, increase costs, or negatively affect the availability of products.

Mitigative Actions
Embla Medical conducts regular audits of key suppliers, maintains safety stock where appropriate, applies structured onboarding and performance monitoring, and evaluates alternative supply options to safeguard business continuity.



Our Responsibility Towards Taxation

Taxation is an integrated part of Embla Medical’s business. We apply the same core values and commitment to the UN Sustainable Development Goals when determining our global tax footprint, acknowledging that being a sustainable, responsible, and compliant taxpayer is part of our corporate social responsibility.

Embla Medical’s approach to taxation is guided by the following principles:

Compliance and Transparency

Embla Medical complies with local legislation and international regulations, both in letter and spirit, guided by prudence and transparency. We are committed to the payment and remittance of all

relevant domestic and foreign taxes and adhering to transactional and periodical filing obligations accurately, in good faith, and on time. We recognize the importance of technology in ensuring the 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 and reports under Country-by-Country Reporting requirements and the OECD Global Anti-Base Erosion Model Rules (referred to as Pillar Two). We respond to any enquiries from authorities and provide information to external stakeholders on our approach to taxation, annual tax payments, and tax position in a timely and transparent manner.

Business Driven Approach

In managing our tax affairs, Embla Medical acts responsibly, with commercial considerations driving our business structure in alignment with our business activities and ensuring genuine

GOVERNANCE

Taxation

operational substance. We do not engage in artificial or aggressive tax planning for transactions and investments. Embla Medical does not have operations in so-called tax havens. We operate in accordance with the OECD Transfer Pricing Guidelines (arm’s length principle) to ensure a fair allocation of revenue 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 both business and applicable legislative requirements, using such incentives in the manner intended by the granting authorities. We have been granted two tax incentives for research and development activities in Iceland (Össur) and the United Kingdom (Touch Bionics).

Governance

Embla Medical’s Tax Policy is the responsibility of the Board of Directors, and assigned to the Chief

Financial Officer, supported by an in-house Global Tax team and external experts. These functions advise and guide the business on the potential tax implications of commercial, organizational, business and investment or divestment decisions. The Tax Policy applies to all entities within Embla Medical.

Managing Tax Risks

Embla Medical manages its tax affairs responsibly to protect its assets and reputation and as an integral part of our Risk Management Framework. This includes continuous monitoring of legislative developments in the countries in which we operate to:

- Ensure compliance with tax law and regulations.
- Ensure transparency regarding tax planning and contributions to society.
- Minimize the unforeseen tax impacts arising from regulatory changes 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 Economic and Business Administration from the University of Aarhus in Denmark

Board positions

- Thomas B. Thrige Foundation, Chair
- Central Board of the Confederation of Danish Industry, Board member
- The Board of the Employers of Industry (IAD, under the Confederation of Danish Industry), Board 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 newest 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
- Natus Sensory, Board member

Experience

Arne 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 MossMagee 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

- K/S Habro-Plymouth, Board member

Experience

Caroline Rosenstand is the EVP of the Chronic Care Commercial business unit of Coloplast A/S. In this capacity, she serves as a member of the Executive Leadership Team of Coloplast A/S. Previous positions include Exective Vice President and President for Atos Medical AB, Vice President Central Eastern Europe & Israel, and Vice President Strategy, Mergers & Acquisition for Coloplast A/S. The positions were based in Denmark, Sweden and 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

Experience

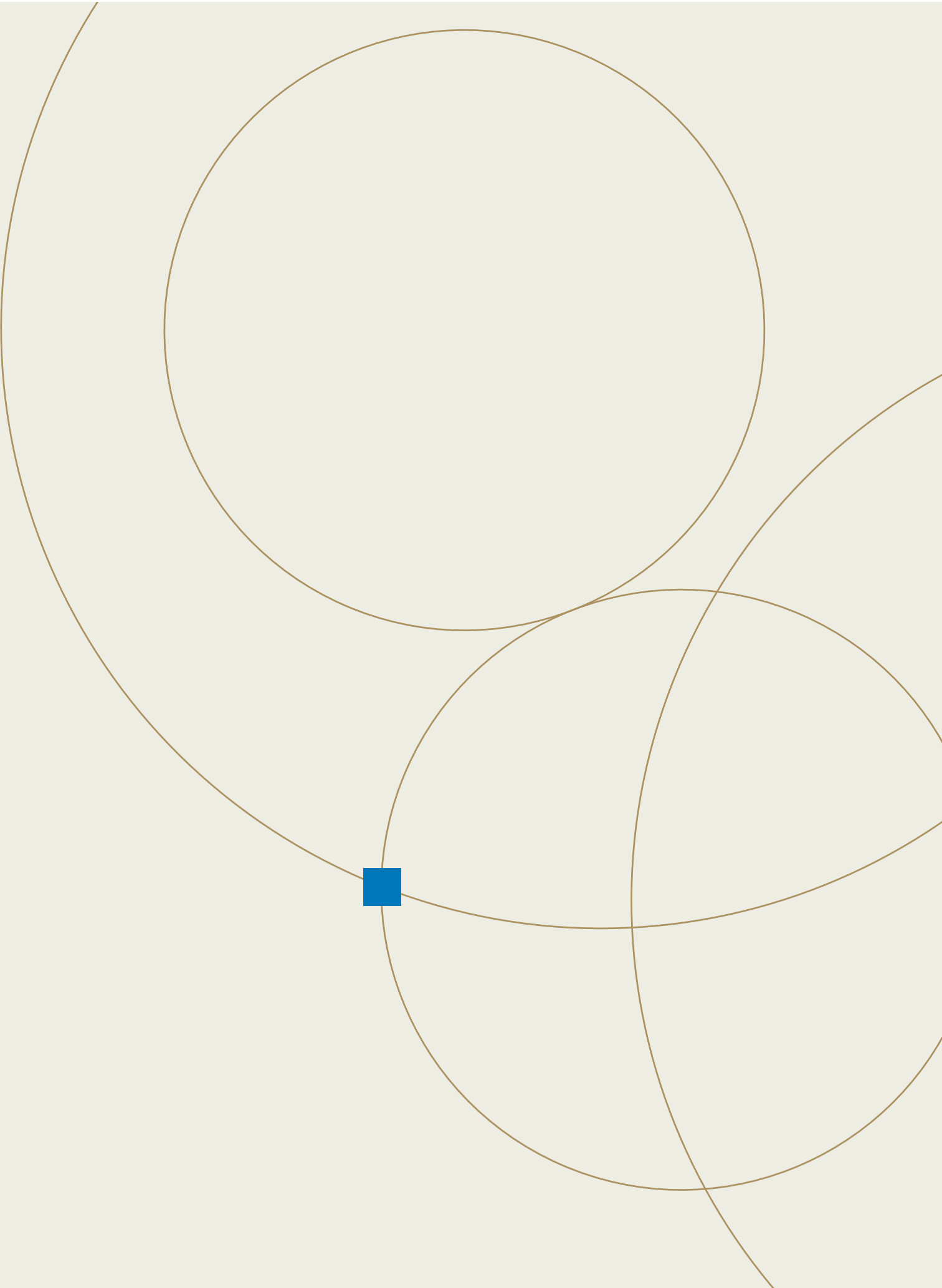
Tina Abild Olesen brings extensive experience from several senior leadership positions in the pharmaceutical industry latest as Senior Vice President (SVP) of the Global Diabetes Franchise at Novo Nordisk A/S. During her 16,5 years with Novo Nordisk, Tina in addition held various positions like SVP of Global Commercial Strategy, General Manager in Germany and head of Marketing in the Danish, Norwegian and German affiliates. Prior to joining Novo Nordisk A/S, Tina worked 11,5 years for GlaxoSmithKline Pharma primarily across Commercial functions (Prescription / OTC medicines and 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.



GOVERNANCE

Executive Management

The Executive Management team consists of the President and CEO, together with seven senior leaders who hold executive responsibility for our Business Areas and the functions of Corporate Finance, Operations, Research and Development, and People, Strategy and Sustainability.

Together, they oversee the implementation of Embla Medical's strategic plans, drawing on extensive industry and leadership experience. Collectively, the team brings decades of service within Embla Medical and the broader medtech sector, providing continuity, stability, and a strong foundation for long-term value creation.

See the biographies of the Executive Management members on the following page.



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, 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



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

GOVERNANCE

Executive Management



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

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.



Conal Harte
EVP of Patient Care

Born in 1980
With the company since 2016

- Education
- Bachelors Degree in International Business from National University of Ireland, Galway
 - Diploma in Financial Management from Dublin Business School

Experience

Conal has worked in the O&P industry since 2004 in a variety of commercial roles across international markets. He came to Embla Medical in 2016 through the acquisition of Touch Bionics where he served as General Manager (Europe) and subsequently assumed the role of Managing Director Emerging Markets for Össur. He started working in the Patient Care division in 2023 as Vice President in Europe.

Shares held in Embla Medical
2,015



André Rocha
EVP of Research and Development (R&D)

Born in 1978
With the company since 2025

- Education
- Master of Business Administration (MBA), European School of Management and Technology, Berlin, Germany
 - Master of Science in Economics, University of Porto, Portugal
 - Bachelor of Science in Electrical and Computer Engineering, University of Porto, Portugal

Experience

Before joining the company in 2025, André served as Partner at global management consulting firm, McKinsey & Company, for 13 years, where his work focused primarily on R&D, innovation and product development topics. His career also included R&D roles in several companies and research institutions, including Nokia (formerly Nokia Siemens Networks). Across his 25-year trajectory before Embla Medical, André led teams across a wide range of geographies and cultures, including the Nordics, Germany, the Netherlands, the U.S., India, Japan, and Iberia.

Shares held in Embla Medical
André Rocha holds no shares in Embla Medical.

Sustainability Statement

2025

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Responsible for Tomorrow®



INTERVIEW WITH
Bergthora Hlíðkvist Skuladóttir
Global Sustainability Director

Q1: How does sustainability fit into Embla Medical’s business strategy?

A: Sustainability is embedded in our core strategy and reflects who we are as a company. Our approach is built on a strong foundation that aligns with our values and business model. At the heart of it, we are here to help people live healthier, more mobile lives without limitations, and we want to do that in a way that is responsible for the planet and for people.

That means using production methods that minimize our environmental footprint, supporting global climate action, and ensuring that inclusivity and transparency are part of everything we do. We are committed to creating a safe, inclusive workplace and respecting human rights across our value chain. Strong governance ties this all together by keeping us transparent in our reporting, ensuring ethical business practices, and maintaining robust compliance systems.

All our sustainability efforts are managed within our Responsible for Tomorrow program, which brings together teams across departments, business areas, and countries. This collaborative approach ensures that sustainability is integrated into everyday operations and decision-making.

Our ambition is to grow responsibly and create long-term value, for society and for our business.

Q2: What is the biggest challenge on this journey, and how do you see it as an opportunity?

A: The biggest challenge today is delivering on our climate commitments while continuing to grow and reach more patients. Decoupling growth from environmental impact is difficult, but it is also a significant opportunity to innovate and lead.

This year, we are sharing our first climate transition plan to meet our science-based targets. This plan is an ambitious roadmap for sustainable growth and resilience, pushing us to rethink how we operate, explore new technologies, and strengthen partnerships. By doing this, we’re not only cutting emissions, we are making our business more efficient, resilient, and prepared for future challenges.

For us, sustainable growth is not just about hitting targets. It is about shaping a future where health, mobility, and environmental care go hand in hand. That vision inspires us every day and turns challenges into opportunities.



Q3: How do you stay committed amid regulatory uncertainty?

A: Regulations are constantly changing and uncertainty is part of the landscape. However, our commitment goes beyond compliance. Sustainability is a long-term responsibility and a strategic advantage. Rules may shift, but our purpose does not.

Sustainability also strengthens our business. By embedding risk management into our operations, whether related to supply chain vulnerabilities, climate-related impacts, or ethical compliance,

we reduce exposure to disruptions and remain prepared. This proactive approach helps us anticipate challenges and seize opportunities in a changing market.

We are investing in transparency, innovation, and partnerships because we believe businesses that lead on sustainability will be more resilient. Our focus on science-based targets and strong values ensures that our progress is meaningful and future-ready.

At the end of the day, sustainability is about trust and impact. Even in times of uncertainty, we remain committed to doing what is right, for our patients, our communities, and the environment.

SUSTAINABILITY STATEMENT

General Disclosures (ESRS 2)

Basis for Preparation

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

Embla Medical’s Sustainability Statement is prepared on a consolidated basis unless otherwise specified and incorporates data points from topical standards identified as material through our Double Materiality Assessment (DMA). This statement is inspired by the principles of the Directive (EU) 2022/2464 (the Corporate Sustainability Reporting Directive, CSRD) and the European Sustainability Reporting Standards (ESRS) issued by the European Commission. The term “inspired by CSRD” indicates that this Statement does not fully comply with all ESRS requirements. We disclose all material qualitative information available to us, including relevant policies and procedures. For quantitative information, where we report on a metric, we comply with all material data points as required per the ESRS and clearly indicate any deviations regarding methodology from the ESRS in the accompanying accounting policies. Only quantitative data points for 2025 marked with the icon “☑” have been subject to limited assurance by our auditor, PwC. The auditor’s limited assurance report is included at the end of this Statement.

Due to uncertainties regarding upcoming changes to the standards, we will continue to report in the same manner as in 2024. We believe this approach ensures consistency and comparability.

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)

The scope of reporting covers all Embla Medical subsidiaries, unless otherwise stated. It encompasses Embla Medical’s operations, as well as upstream and downstream value chain impacts, risks, and opportunities. When a new company is acquired, environmental impact data from that entity is included only after a full year of data has been collected. This approach ensures data accuracy and comparability and allows proper integration with our reporting systems and assurance processes. Further details are provided in the accompanying accounting policies.

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.



In the [Our Environment](#) chapter, the primary changes in the greenhouse gas (GHG) emissions calculation for current reporting year are:

- To improve transparency, the tables in chapter E1-6: Gross Scopes 1, 2, 3 and Total GHG Emissions have been revised so that all information now appears in two tables instead of three. As a result, the additional Scope 3 categories that were previously presented in a separate table are now included within the Total GHG emissions.
- The emissions calculations have been revised for 3.1 Purchased Goods and Services and 3.2 Capital Goods by adjusting spend data for inflation. Emission data for 2024 and the base year were also adjusted for inflation and historical figures restated. Furthermore, for 3.1 Purchased Goods and Services, we updated the emission data for both 2024 and the base year using more accurate information from patient care facilities. The changes are reflected in the restated historical figures.
- Emissions from upstream and downstream transportation are reported separately in their own lines under 3.4 and 3.9 Upstream and Downstream Transportation and Distribution. The changes also apply to the 2024 figures and are restated in the report.
- The 2024 figure for 3.7 Employee commuting has been restated using updated commuting distance data.
- The 2024 mobile combustion figures have been restated due to inclusion of acquired companies.

The changes mentioned above are also reflected in the total figures. For more information on the changes above, see accounting policies in chapters Energy Consumption and Mix (E1-5) and Gross Scopes 1, 2, 3 and Total GHG Emissions (E1-6).



In the [Our People](#) chapter, this year’s report covers S1-10: Adequate wages disclosure requirements for the first time. In S1-13: Training and Skills Development Metrics, the reported figures for the average number of training hours per employee in 2024 have been restated. This adjustment was necessary due to the identification of some double counting in the previously recorded training hours.

Our accounting policies are applied consistently throughout the financial year and correspond with the comparative figures, where applicable. 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](#).

Embla Medical is required to comply with a wide array of laws, regulations, and treaties pertaining to sustainability, at both international and local levels. However, a comprehensive list of data points derived from other EU legislation is not 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)

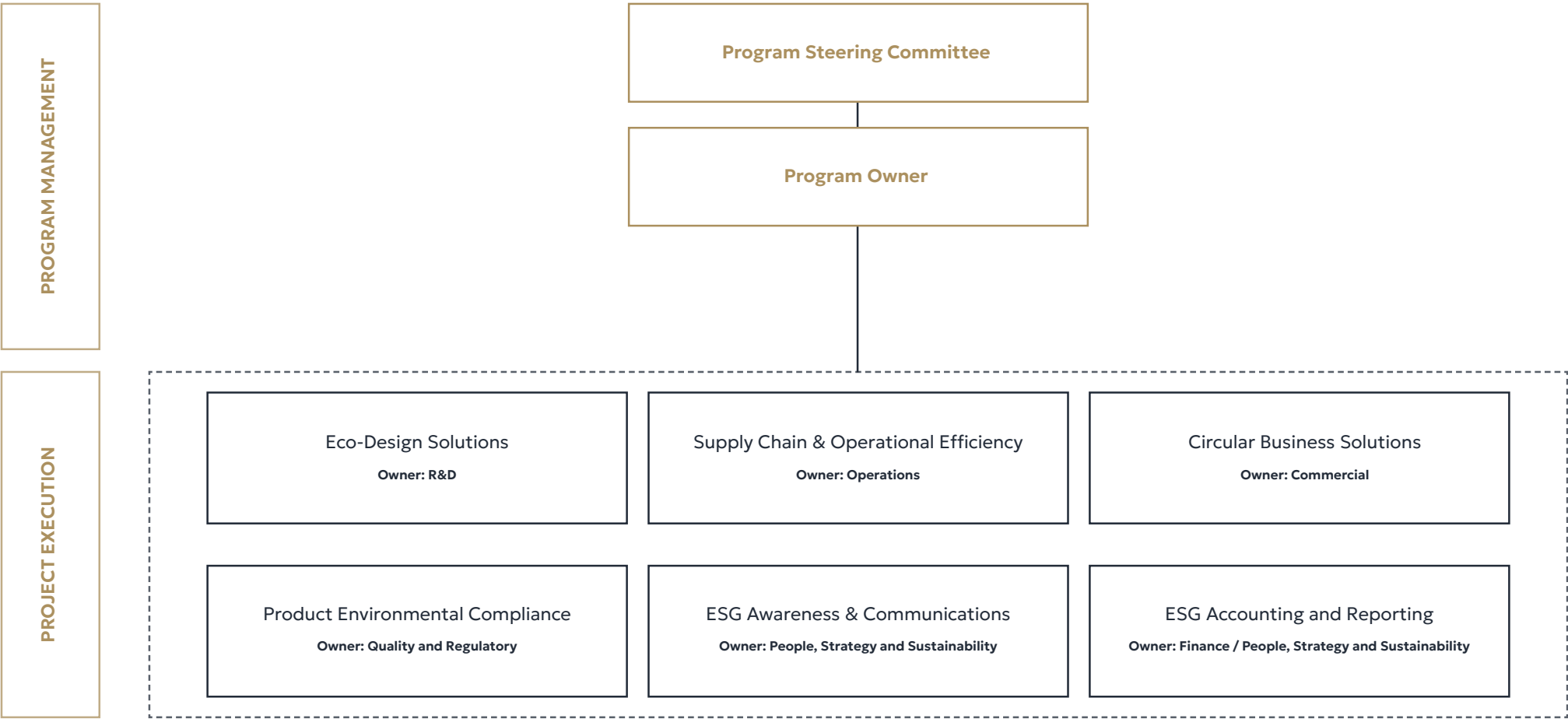
Our management plays a central role in ensuring the governance processes, controls, and procedures that are necessary to monitor, manage, and oversee sustainability-related impacts, risks, and opportunities.

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 2025, the program’s focus was on establishing a climate transition plan, conducting a climate scenario analysis and working on circular pilot projects.

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 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 essential to aligning executive actions with long-term corporate goals and stakeholder expectations, thereby driving accountability and progress. Embla Medical first incorporated social-related sustainability metrics into its Executive Committee Incentive Scheme. In 2025, the scope was expanded to include environmental and governance metrics, ensuring a comprehensive approach to sustainability performance.

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 approach ensures 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 into 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 models 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 have adopted 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 encompasses the 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 as well as independent providers, working closely with prescribers and payers. Notably, more than 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 while minimizing our environmental impact.

In the orthopaedic industry, purchasing decisions involve 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) doctors, and other clinical specialists; 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.

In 2025, the DMA results were that 8 out of 12 ESRS standards are material to Embla Medical, consistent with the DMA results in 2024 and 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 opportunity 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 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.	Across	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 enhance raw material yield and waste management. These efforts are driven by our R&D investments, which are key to innovation and long-term sustainability.		
S1 Employee Engagement, Retention and Attraction	Negative Impact	Low job satisfaction harms well-being, reducing engagement, and affecting workplace inclusion.	We foster an inclusive workplace through open engagement, work-life balance, and address issues like discrimination and inequality.	Own workforce	Medium term (1-5 years)
	Financial Risk	Potential talent loss due to low job satisfaction or morale.	We invest in development, monitor engagement, and promote retention through internal career opportunities.		
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 manufacturing and distribution sites, as well as some patient care facilities. Safety is our top 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 such as the Code of Conduct, Human Rights Policy, and Speak-Up Policy, and encourage reporting of unethical behavior. High-risk suppliers are subject to enhanced ESG screening and annual external compliance and social audits.	Across	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 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)
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)
G1 Business Ethics	Financial Risk	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 Regulatory & Trade Environment	Financial Risks	Higher compliance cost, legal penalties and reputational damage. Exposure to changing trade regulations.	Processes in place to monitor upcoming regulatory changes and to explore alternative routes and adjust contracts to mitigate financial impacts and to adapt as needed.	Across	Short to long term (current reporting year to more than 5 years)



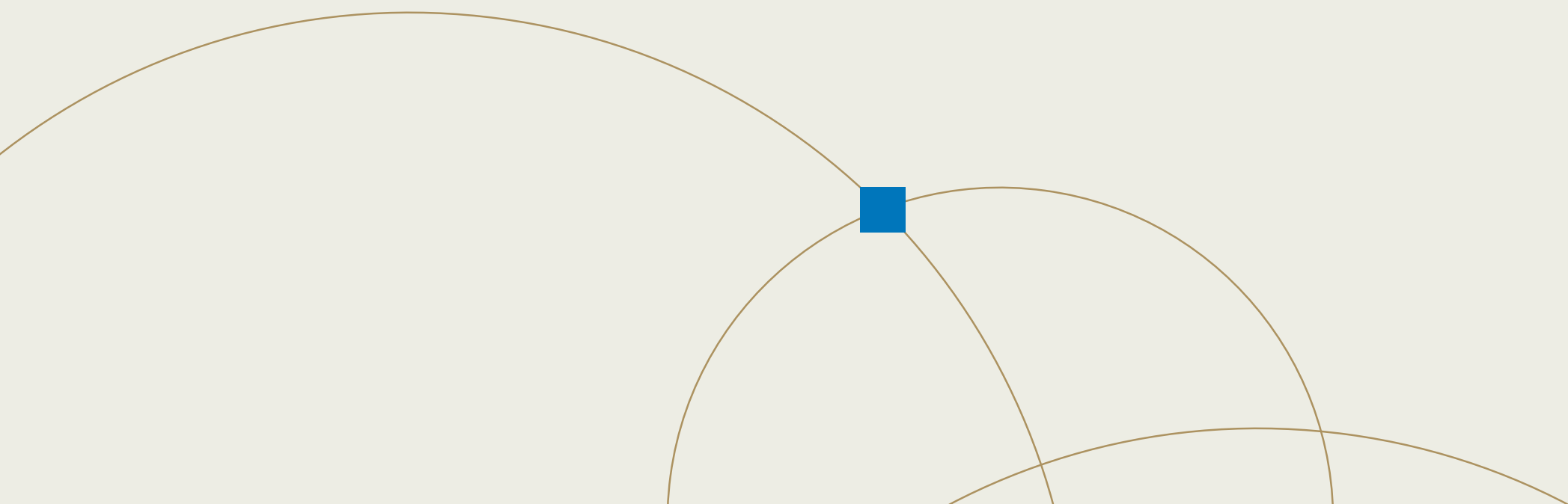
Double Materiality Assessment Outcome



	MATERIAL TOPIC	IMPACT / RISK / OPPORTUNITY
1	Climate Change (E1)	↓ Negative Impact
2	Circular Economy (E5)	↓ Negative Impact & Financial Risk
3	Workers in the Value Chain (S2)	↓ Negative Impact
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 & Financial Risk
10	Data Privacy (S4)	↑ Financial Risk
11	Supplier Relations (G1)	↓ Financial Risk
12	Regulatory & Trade Environment (G1)	↑ Financial Risk
13	Climate Change (E1)	○ Financial Opportunity
14	Circular Economy (E5)	○ Financial Opportunity
NON-MATERIAL TOPICS		
15	Water and Marine Resources (E3)	
16	Biodiversity and Ecosystems (E4)	
17	Affected Communities (S3)	

As part of the 2025 update of the Double Materiality Assessment, the company reviewed assessment of all material impacts, risks and opportunities (IROs). This reassessment resulted in a few changes to the materiality status of topics compared to the 2024 reporting period. The changes reflect updated knowledge, regulatory developments, and process improvements. The changes did not result in an increase or decrease in the number of mandatory ESRS disclosures, as the underlying topical standards remain material for other impact or opportunity dimensions. The key changes are outlined below:

TOPIC	CHANGE IN MATERIALITY	REASON FOR CHANGE	IMPACT ON ESRS REPORTING
E1 Climate Change	Financial Risk → Not Material	Reduced likelihood of cost increases due to regulatory changes (EU Omnibus) and no observed physical climate-related financial impacts.	No change; E1-9 becomes non-mandatory but is already subject to phase-in. E1 remains material for Negative Impact and Financial Opportunity.
S2 Workers in the Value Chain	Financial Risk → Not Material	No financial impacts observed; suppliers operate under stable ethical standards.	No change; S2 remains material for Negative Impact.
S4 Product Quality	Negative Impact → Not Material	Low incidence of product quality issues; likelihood below threshold.	No change; topic remains material for Positive Impact.
S1 Employee Engagement, Retention and Attraction	New -> Material as Financial Risk	Separation of impact and risk dimensions; clarified assessment shows potential financial effects of talent loss.	No change; disclosures already required due to Negative Impact materiality.



Impact, Risk and Opportunity Management

Double Materiality Assessment Process (IRO-1)

The purpose of a Double Materiality Assessment (DMA) 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. While the previous assessment was based on input from internal stakeholders only, in 2025 the process was further strengthened by involving external stakeholders, including selected customers and suppliers. Their perspectives provided valuable insights into the company’s sustainability-related impacts and risks across the value chain. The process begins with establishing a mutual understanding through business model mapping, value chain documentation, and stakeholder mapping. Identified stakeholders are then engaged to validate the list of potential sustainability topics and provide feedback on their relevance and significance. Subsequently, Impacts, Risks, and Opportunities (IROs) are identified and listed, and their materiality is assessed according to a defined methodology inspired by the ESRS requirements.

When identifying IROs related to climate change (E1), Embla Medical has consistently reported greenhouse gas emissions in accordance with the Greenhouse Gas Protocol and set Science-Based Targets validated by the SBTi. Climate change is therefore considered material for Embla Medical. Since 2023, we have 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 2025 climate change risk assessment shows shift in risk significance compared to 2024, with financial and regulatory risks decreasing, technology risks increasing, and physical risks remaining at a medium level, while more granular site-level risks were identified as part of improvements to the assessment process. Overall, the results highlight the need for ongoing monitoring and mitigation to maintain resilience against evolving climate-related challenges.

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 1-4 years. We have not conducted consultations with affected communities.

IROs related Water and marine resources (E3) was not deemed material for Embla Medical. We have a certified environmental management system in place at our largest manufacturing and distribution sites and comply with applicable local regulations. These locations have been screened to identify actual and potential water and marine resource-related IROs within our operations. We plan to assess water and marine resources in our upstream value chain as part of our supplier management processes over the next 1-4 years. We have not conducted consultations with affected communities in relation to this topic.

Embla Medical has not assessed the impact on Biodiversity and Ecosystems (E4). While we acknowledge the growing importance of this topic, it has not been deemed material due to limited information at this stage. As we gain greater insight into impacts within our upstream value chain and strengthen collaboration with our suppliers, the outcome of the DMA for this topic may change.

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 2025, we conducted an impact analysis of major product portfolios, identifying opportunities for eco-design and service-based business models.

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.

In 2025, the company conducted a physical climate scenario analysis for its key locations. The assessment applied IPCC-aligned scenarios (SSP1–2.6, SSP2–4.5, SSP3–7.0 and SSP5–8.5) and evaluated both acute and chronic physical climate hazards across current conditions and future horizons (2030–2100). The results for the most likely scenario, SSP2–4.5 by 2050, were used for further analysis and mitigation actions. The results were used in our Annual Enterprise Risk Assessment and integrated into our Property Risk Assessment. The findings highlight differentiated risk profiles across the company’s locations and inform prioritization within the climate risk management and adaptation strategy.

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 regard to how many sites and/or suppliers, products, and immediate surroundings are relevant. For social and governance categories the scope is assessed regarding 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 flow, 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						

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)

The table below lists the Disclosure Requirements that 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)	58
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model (also covering E1, S1, S2, S4)	59
	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			
N/A	N/A	Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) 	79
ESRS E1	E1-1	Transition plan for climate change mitigation	69
	E1-2	Policies related to climate change mitigation and adaptation	71
	E1-3	Actions and resources in relation to climate change policies	71
	E1-4	Targets related to climate change mitigation and adaptation	72
	E1-5	Energy consumption and mix 	73
	E1-6	Gross Scopes 1,2,3 and Total GHG emissions 	74
	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	75

Note: Table continues on the next page

ESRS	DR	NAME OF DISCLOSURE REQUIREMENT (DR)	PAGE
ESRS E2	E2-1	Policies related to pollution	76
	E2-2	Actions and resources related to pollution	76
	E2-3	Targets related to pollution	76
	E2-5	Substances of concern and substances of very high concern	76
ESRS E5	E5-1	Policies related to resource use and circular economy	77
	E5-3	Targets related to resource use and circular economy	77
	E5-4	Resource inflows	78
	E5-5	Resource outflows 	78
Social Information			
ESRS S1	S1-1	Policies related to own workforce	84
	S1-2	Processes for engaging with own workers and workers’ representatives about impacts	85
	S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	85
	S1-4	Taking action on material impacts on own workforce	86
	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	88
	S1-6	Characteristics of the undertaking’s employees 	89
	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
	S1-10	Adequate wages 	92
	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

Note: Table continues on the next page

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
	S4-2	Processes for engaging with consumers and end-users about impacts	95
	S4-4	Taking action on material impacts on consumers and end-users	96
	S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	96
Governance Information			
ESRS G1	G1-1	Business conduct policies and corporate culture	97
	G1-2	Management of relationships with suppliers	98
	G1-3	Prevention and detection of corruption or bribery	98
	G1-4	Incidents of corruption or bribery 	99
	G1-5	Political influence and lobbying activities 	99
	G1-6	Payment practices 	99





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. However, 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. As a signatory of the United Nations Global Compact, we are committed to upholding its environmental principles, integrating sustainability into our operations, and supporting global efforts to protect our planet.

12

RESPONSIBLE
CONSUMPTION
AND PRODUCTION

13

CLIMATE
ACTION

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)

In 2025, Embla Medical established a Climate Transition Plan inspired by the requirements of the European Sustainability Reporting Standards (ESRS) and the Science Based Targets initiative (SBTi). Our science-based targets are consistent with the Paris Agreement objective of limiting global warming to 1.5°C.

Past and Current Actions

Since 2023, we have initiated supplier sustainability assessments, implemented eco-design in our packaging, investigated and piloted circular solutions, optimized our transportation and distribution, improved energy

efficiency, and transitioned over 95% of our electricity consumption to renewable energy sources. We have also implemented ISO 14001:2015 environmental management systems at selected sites for several years. Together, these actions form the foundation for our transition plan.

Emissions Profile and Risks

As disclosed in 2024, approximately 90% of Embla Medical’s base year GHG emissions occur in Scope 3 (Purchased Goods and Services, and Transportation and Distribution), while Scope 1 and 2 together account for approximately 10%. This indicates a significant dependency on raw materials and logistics, creating potential locked-in emissions and transition risks.

Strategic Actions (2026–2030)

Our Climate Transition Plan focuses on five workstreams: Sustainable Procurement, Eco-Design Integration, Circular Solutions, Transportation Optimization, and Energy Transition. Each workstream includes tailored training and awareness programs to support effective implementation.

Integration with Business Strategy

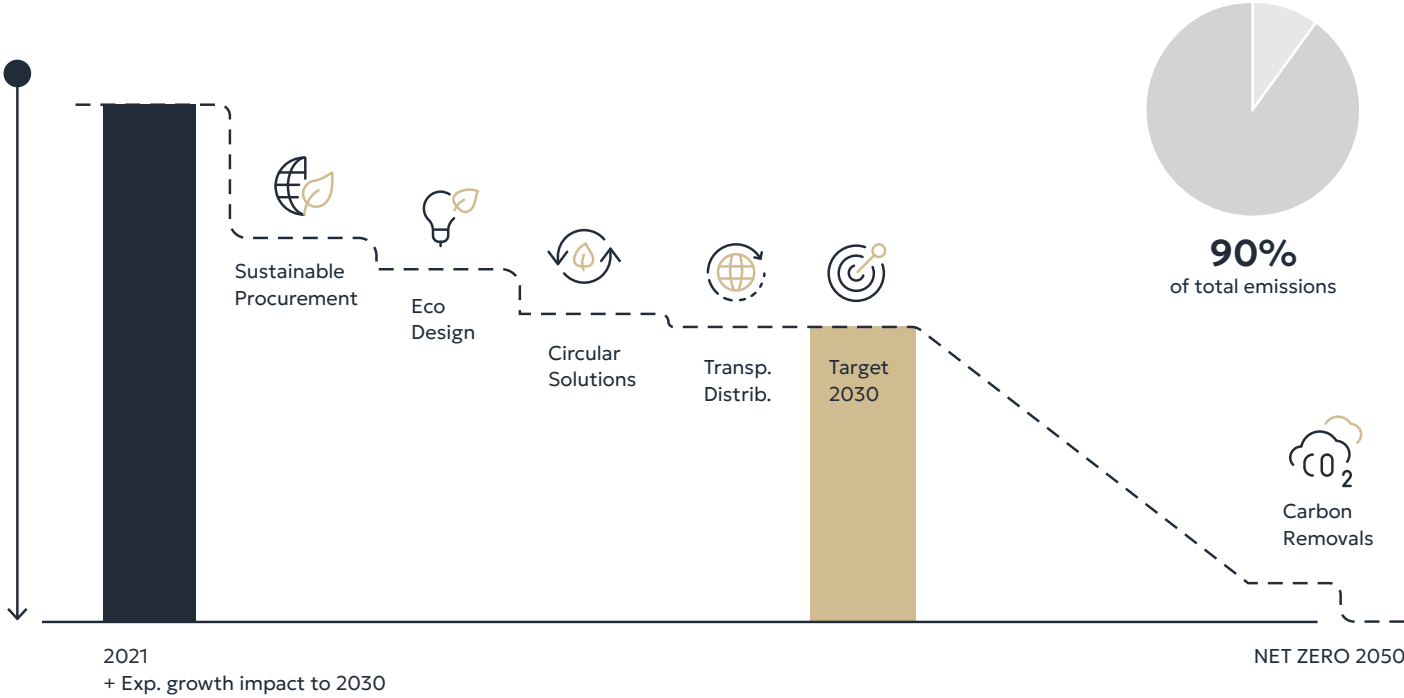
The Climate Transition Plan is embedded within our Responsible for Tomorrow program, and integrated into product development, supply chain management, and operational efficiency initiatives.

Governance and Monitoring

Governance of the Climate Transition Plan is anchored in our Responsible for Tomorrow program, ensuring cross-functional accountability and oversight. Progress is monitored through defined KPIs and reported annually to ensure transparency and accountability.

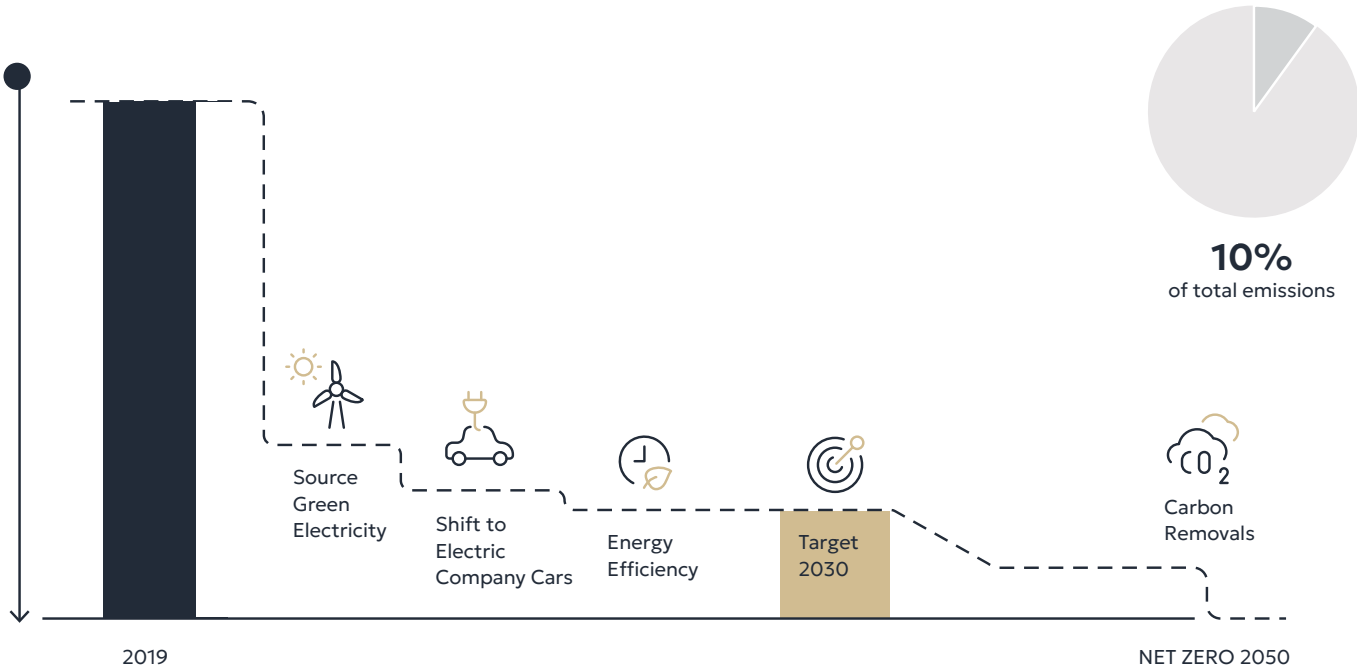
Transition Plan
Road Map to Net Zero

Value Chain Emissions,
Purchased Goods and
Transportation and Distribution
(Selected Scope 3 Emissions)



Transition Plan
Road Map to Net Zero

Energy Transition
(Scope 1 and 2 Emissions)



Policies (E1-2)

The Embla Medical Environmental Policy states that we aim to minimize our negative environmental impact by reducing greenhouse gas emissions to mitigate climate change, adapt to climate change impacts, while promoting energy efficiency and transitioning to renewable energy sources.

Actions (E1-3)

Embla Medical’s actions and resources in relation to climate change policies are managed under our Responsible for Tomorrow program, explained in [chapter GOV-1](#). In 2025, we focused our efforts on the preparation of our Climate Transition Plan, conducting a Climate Scenario Analysis, and executing pilot projects on circular solutions.

Life Cycle Assessment (LCA)

Embla Medical has 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 advancing circular solutions that optimize material use and support sustainable growth, strengthening resilience in the healthcare sector.

Our recent stakeholder engagement and market analysis confirmed that permanent product ownership is not always required to meet customer needs. In some cases, temporary or metered access to mobility-enhancing solutions offers greater value and sustainability benefits.

Based on these insights, we conducted an impact analysis of major product portfolios in 2025, identifying opportunities for eco-design and service-based business models. We completed a circular pilot in full compliance with medical device regulations, validating the feasibility of circular product use. Additional pilots are under evaluation to deepen understanding and quantify customer benefits.

To accelerate progress, we launched the Circular Solutions Initiative under our Responsible for Tomorrow program to capture, prioritize, and implement scale-up projects. These actions will enable systematic integration of circularity into our business practices and set the foundation for broader adoption in the coming years.

Suppliers and Environmental Performance

Approximately 90% of our base year emissions originate from our value chain, primarily from purchased goods, reflecting the importance of supplier collaboration and management in achieving our science-based targets. Össur, Embla Medical’s largest commercial entity, has assessed the environmental sustainability performance of key suppliers through annual surveys since 2023, encouraging them to join our sustainability journey.

In 2025, Össur invited 59 suppliers, representing over 80% of direct goods spend, to participate, achieving a 93% response rate. As in previous years, suppliers were scored on a 100-point scale and grouped into four categories: Unaware (0-20%), Aware (20-50%), Engaged (50-80%), and Advanced (80-100%).

The 2025 results show significant progress: 34% of suppliers are now in the Engaged or Advanced categories, up from 25% in 2024. We welcome this improvement and will use the results for further supplier engagement.

The survey will continue annually, with the goal of increasing the proportion of Engaged and Advanced suppliers year-over-year.

	UNAWARE		AWARE		ENGAGED		ADVANCED	
	2025	2024	2025	2024	2025	2024	2025	2024
Suppliers (%)	25.4	28.1	33.9	39.1	23.7	17.2	10.2	7.8

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 2025, 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)

Embla Medical has received validation from the Science Based Target initiative (SBTi) for our science-based targets for reduced Greenhouse Gas emissions. We have identified and implemented several decarbonization levers, outlined in our climate transition plan, see [section E1-1](#).

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 2025, our Scope 1 and market-based Scope 2 emissions were reduced by 68% compared to our 2019 base year. This significant reduction is primarily due to our commitment to purchasing Energy Attribute Certificates (EACs) to confirm renewable electricity claims under the market-based approach. As reflected in our Climate Transition Plan we aim to meet our 2030 target by continuing to focus on energy efficiency in our largest facilities, the transition to electric leased vehicles and to purchase Energy Attribute Certificates (EACs) for renewable electricity.

	2019 BASE YEAR	2025	2024	2030 TARGET	2050 TARGET
Scope 1 & 2 emissions (tCO ₂ e)* **	7,760	2,460	2,700	1,600	800
Scope 1 (tCO ₂ e)**	2,870	2,290	2,390		
Scope 2 market based (tCO ₂ e)	4,890	170	310		
Scope 1 & 2 emissions % change (-/+) from base year	0%	-68%	-65%	-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.
**Base year and 2024 year figure restated. See accounting policies for details.

Progress on Scope 3 Science-based Targets

The categories included in our Scope 3 science-based targets are Purchased Goods (cat. 3.1), Fuel- and Energy Related Activities (cat. 3.4), Upstream Transportation and Distribution (cat. 3.4) and Downstream Transportation and Distribution (cat. 3.9). In 2025, the emissions from these categories increased by 1% compared to our 2021 base year.

As reflected in our Climate Transition Plan we aim to meet our 2030 target by decoupling our growth from our emissions by sustainable procurement, applying eco-design principles, implementing circular solutions, and optimizing the transportation and distribution of goods.

	2021 BASE YEAR	2025	2024	2030 TARGET	2050 TARGET
Scope 3 emissions (tCO ₂ e)*	77,930	78,440	82,450	58,400	7,800
Scope 3 emissions % change (-/+) from base year	0%	1%	6%	-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. Base year and 2024 year figure restated. See accounting policies for details.

§ Accounting 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 current year’s 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 current year’s 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.

The figures restated for 2024 and the base year result from adjustments in Scope 1 GHG emissions related to mobile combustion and Scope 3 emissions in Category 1 – Purchased goods. For further details on this restatement, see the accounting policies for Gross Scope 1, 2 and 3 Emissions (E1-6).

Energy Consumption and Mix (E1-5)

At Embla Medical, we are committed to reducing our environmental impact through responsible energy management. In 2025, our total energy consumption was 30,610 MWh, up from 29,540 MWh in 2024. Despite this increase, our energy intensity per net revenue decreased to 33.0 in 2025 from 34.5 in 2024. The share of energy from renewable sources rose to 31%, compared to 29% in 2024. Our total purchased electricity was 18,540 MWh, up from 17,170 MWh in 2024*.

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

Energy consumption covers stationary and mobile combustion, purchased electricity and district heating.

Stationary Combustion

Gas consumption from stationary combustion is monitored at eight manufacturing and distribution sites located in Mexico, the US, the UK, and the Netherlands. To ensure data completeness, gas consumption at patient care locations is estimated using a ratio of consumption per full-time equivalent (FTE), combined with country-level statistics on natural gas use for heating.

Mobile Combustion

Mobile combustion is monitored through fuel consumption data from owned and leased vehicles, as well as distances driven under the Embla Medical car allowance system. This covers over 300 vehicles across Europe, the U.S., Mexico, and emerging markets. The mobile combustion figures for 2024 have been restated to include companies acquired in the previous reporting year.

Purchased Electricity and District Heating

Electricity consumption is monitored at manufacturing and distribution sites in Iceland, Mexico, the US, the UK, Germany, and the Netherlands. District heating is monitored in Iceland.

For purchased electricity at our global network of patient care facilities, consumption is estimated using an emission factor per FTE, derived from available data in Europe, Australia, and US. This factor is then extrapolated to ensure comprehensive coverage across all O&P clinic locations. To achieve comprehensive coverage for electricity, additional extrapolation is performed for Embla Medical entities not included above. This represents approximately 3% (2024: 5%) of the total electricity cost within the consolidation. Electricity consumption data is connected to grid datasets, providing detailed energy mix information for each grid.

Net revenue in 2025 for Embla Medical is USD 929 million (2024: USD 855 million) as shown in Net sales line in the Consolidated Income Statement.

ENERGY CONSUMPTION AND MIX (MWh)	2025	2024
Fuel consumption from coal and coal products	0	0
Fuel consumption from crude oil and petroleum products*	5,490	6,300
Fuel consumption from natural gas	4,410	4,090
Fuel consumption from other fossil sources	0	0
Consumption of purchased or acquired electricity, heat steam and cooling from fossil sources*	8,910	8,660
Total fossil energy consumption*	18,810	19,050
Share of fossil sources in total energy consumption (%)	61%	64%
Consumption from nuclear sources	2,170	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.)	0	0
Consumption of purchased or acquired electricity, heat steam and cooling from renewable sources*	9,630	8,510
The consumption of self-generated non-fuel renewable energy	0	0
Total renewable energy consumption*	9,630	8,510
Share of renewable sources in total energy consumption (%)	31%	29%
Total energy consumption*	30,610	29,540
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)*	33.0	34.5

*2024 year figure restated. See accounting policies for details.

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

Embla Medical conducted an assessment of all fifteen Scope 3 emissions categories defined by the Greenhouse Gas Protocol. Based on this assessment, seven categories were identified as significant and are therefore included in our disclosures.

In 2025, our total market-based greenhouse gas (GHG) emissions across Scope 1, Scope 2, and significant Scope 3 categories amounted to 100,840 tCO₂e, compared with 107,090 tCO₂e in 2024, representing a year on year decrease. The reduction was primarily driven by lower emissions from purchased goods and business travel, reflecting updated industry average emission factors for both key raw materials and traveling activities. In addition, emissions from fuel and energy related activities declined, because purchased energy attribute certificates were mainly sourced from hydropower. Conversely, we observed an increase in emissions from upstream transportation and distribution, reflecting business expansion and outreach to new markets.

Our GHG emissions intensity relative to net revenue provides insight into how effectively we are decoupling emissions from business growth. In 2025, our total market-based GHG emissions intensity was 108.6 tCO₂e per USD million of net revenue, improving from 125.3 tCO₂e per USD million in 2024. This represents an 13% reduction in emissions intensity, driven by both lower total emissions and increased net revenue.



GROSS SCOPES 1, 2, 3 GHG EMISSIONS	2025	2024	2025 / 2024 %
Total Scope 1, 2, and 3 emissions (tCO ₂ e)			
Total GHG emissions, locations-based*	104,810	111,110	-6%
Total GHG emissions, market-based*	100,840	107,090	-6%
GHG emissions intensity per net revenue (tCO ₂ e/USD million)			
Total GHG emissions (location-based) per net revenue*	112.9	130.0	-13%
Total GHG emissions (market-based) per net revenue*	108.6	125.3	-13%

GROSS SCOPES 1, 2, 3 GHG EMISSIONS	2025	2024	2025 / 2024 %
Scope 1 GHG emissions (tCO ₂ e)			
Gross Scope 1 GHG emissions*	2,290	2,390	-4%
Stationary combustion	950	850	12%
Mobile combustion*	1,320	1,540	-14%
Fugitive emissions	20	0	n/a
Scope 1 GHG emissions from regulated emission trading schemes (%)	0	0	0%
Scope 2 GHG emissions (tCO ₂ e)			
Gross location-based Scope 2 GHG emission	4,140	4,330	-4%
Gross market-based Scope 2 GHG emissions	170	310	-45%
Scope 1 and 2 emissions (tCO ₂ e)			
Gross Scope 1 and 2 GHG emissions, market-based*	2,460	2,700	-9%
Significant Scope 3 GHG emissions (tCO ₂ e)			
Gross Scope 3 emissions (tCO ₂ e)*	98,380	104,390	-6%
Category 1 - Purchased goods and services*	67,860	73,670	-8%
– Purchased goods*	64,200	69,980	-8%
– Purchased services	3,660	3,690	-1%
Category 2 - Capital goods*	5,470	5,700	-4%
Category 3 - Fuel- and energy-related activities	1,060	1,230	-14%
Category 4 - Upstream transportation and distribution*	11,850	9,890	20%
Category 6 - Business traveling	4,210	6,100	-31%
Category 7 - Employee Commuting*	6,600	6,450	2%
Category 9 - Downstream transportation and distribution*	1,330	1,350	-1%

*2024 year figure restated. See accounting policies for details.

§ Accounting Policies – Gross Scope 1, 2 and 3 Emissions (E1-6)

Scope 1 emissions cover emissions from stationary combustion, mobile combustion, and fugitive emissions.

Emissions are calculated by connecting energy consumption data to relevant emissions factors for the calculation of tCO₂e. Energy consumption for Stationary and Mobile Combustion is calculated in accordance with the accounting policies for Energy Consumption and Mix (E1-5). The mobile combustion figures for the previous year have been restated to account for acquired companies not included in last year’s report.

Fugitive emissions arise from the use of refrigerants in our cooling systems in Iceland and Eindhoven. In 2024, there were no refrigerant refills in our systems.

Scope 2 emissions cover emissions from purchased electricity and district heating.

Emissions are calculated by connecting consumption data to relevant emissions factors for the calculation of tCO₂e.

For electricity, we report using both the location-based method (average grid emission factors) and the market-based method supported by Energy Attribute Certificates (EACs). This approach ensures compliance with CSRD and ESRS requirements for dual reporting and transparent disclosure of renewable energy sourcing.

EACs are purchased to confirm renewable electricity claims under the market-based approach and are obtained both bundled with electricity from our utility provider and unbundled through accredited traders. Certificates are retired in proportion to consumption.

In line with GHG Protocol Scope 2 Guidance, electricity matched with confirmed EACs is assigned an emission factor of zero.

For more information on the calculations on purchased electricity and district heating, see the accounting policy for Energy Consumption and Mix (E1-5).

Net revenue in 2025 for Embla Medical is USD 929 million (2024: USD 855 million) as shown in Net sales line in the Consolidated Income Statement. Net revenue is used to calculate emissions intensity of significant emissions categories.

Scope 3 emissions
Embla Medical evaluates all 15 Scope 3 categories outlined by the Greenhouse Gas Protocol using the operational control approach. Of these, 10 categories are relevant to our operations and emissions calculated. Categories contributing more than 5% of total Scope 3 emissions are classified as significant. This results in disclosure of 5 significant categories which are Purchased Goods and Services, Capital Goods, Upstream Transportation and Distribution, Business Travel, and Employee Commuting. In addition, emissions from Fuel- and

Energy-related Activities and Downstream Transportation and Distribution are deemed significant and disclosed as they are included in our science-based targets. The seven significant emissions categories cover 97% of all relevant emissions categories. Internal reassessment is conducted every third year to evaluate whether the significance of individual categories has changed.

For each category, emissions are calculated by connecting category specific activity data or spend data to relevant emissions factors for the calculation of tCO₂e.

To enhance transparency, the tables in this chapter have been reorganized so that all information is now presented in two tables instead of three. As part of this change, the additional Scope 3 categories that were previously shown separately are now included within the Total GHG Emissions table. This revision increases the previously reported 2024 figures. The total location-based GHG emissions are now 25% higher, and total market-based GHG emissions are 26% higher. The same percentage increase also applies to the 2024 GHG Intensity Per Net Revenue figures.

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 industry-average emission factors. For outsourced finished components and goods, emissions are estimated using spend data combined with country-specific emission factors. The data is calculated based on 80% of total spend on purchased goods, with the remaining 20% extrapolated to ensure completeness. Emissions from purchased services are calculated based on Embla Medical’s total spend.

This reporting year, for purchased goods, we achieved improved accuracy in our data collection process for patient care facilities. This resulted in more accurate data for purchased goods in patient care facilities both for the current reporting year and prior years. We updated the figures for prior year to reflect those data changes. For purchased goods, we have also adjusted spend data for inflation, both for current reporting year as well as prior years. Additionally, the figures for 2024 and the base year have been restated to include companies acquired in the previous reporting year. Therefore, historical figures for 2024 and the base year have been restated.

3.2 Capital Goods
Emissions from capital goods are calculated based on Embla Medical’s spend, using country-specific emission factors. The emissions calculations have been revised for Capital Goods current reporting year by adjusting spend data for inflation, where applicable. To ensure methodological consistency, emission data for 2024 was adjusted for inflation and restated in the report.

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

3.4 Upstream transportation and distribution
This category includes logistics services paid for by Embla Medical. Emissions are based on activity data, calculated using the distance-based method on a well-to-wheel (WTW) basis. From 2025, we report on upstream and downstream transportation as separate lines. The division is determined by calculating proportions from financial data. For consistency, the same methodology has been applied to 2024 figures.

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 estimated through an annual desk study based on the number of employees across five regions: EMEA, Iceland, North America, South America, and APAC. The study uses region-specific assumptions and emission factors, which are reviewed and updated regularly to reflect changes in commuting patterns and data availability. The comparative figure for 2024 has been updated based on new data regarding commuting distances. Consequently, the restated number for emissions from employee commuting in 2024 is 11% lower than previously reported.

3.9 Downstream transportation and distribution
This category includes logistics services paid for by the customers of Embla Medical. Emissions are based on activity data, calculated using the distance-based method on a well-to-wheel (WTW) basis. From 2025, we report on upstream and downstream transportation as separate lines. The division is determined by calculating proportions from financial data. For consistency, the same methodology has been applied to 2024 figures.

GHG Removals and Carbon Credits (E1-7)

As a part of our science-based targets, Embla Medical is committed to achieving Net Zero by 2050 by reducing emissions by 90% from base years. The remaining emissions will be neutralized through the purchase of carbon removal credits. Embla Medical did not purchase carbon removal credits in 2025.

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 Net Zero 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. In our Environmental Policy 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) in 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 the use of chemicals, recognizing that this strengthens our business resilience against potential restrictions on their use, distribution, and commercialization. Staying informed about changes to existing regulations, as well as new regulations that may affect our operations, is a priority. Our internal Regulatory Committee is dedicated to monitoring developments 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 facilities, 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 formal targets for managing substances of concern and substances of very high concern. While we have built a strong foundation for understanding ESRS E2 requirements, ongoing regulatory uncertainty has led us to take a cautious approach to new initiatives. We remain committed to responsible chemical management.

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

Embla Medical strives to replace substances of concern with safer alternatives whenever possible. While developing a comprehensive overview remains important, ongoing regulatory uncertainty makes us cautious about investing in projects that may be subject to change. Clear definitions and an authoritative list are still lacking, which limits our ability to report quantities used or leaving our facilities. Despite these challenges, we remain committed to transparency and responsible chemical management.



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.

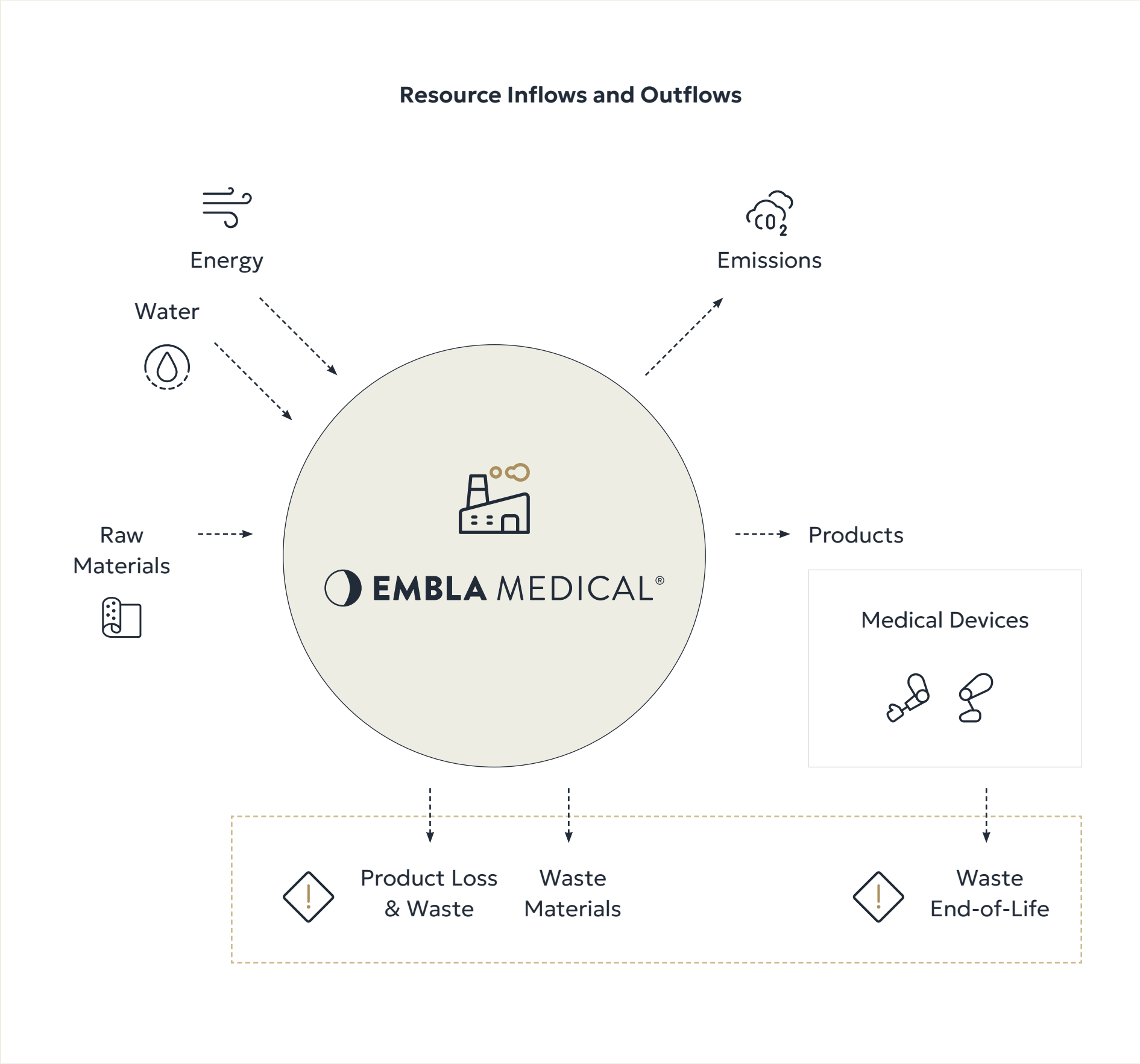
Policies (E5-1)

In our Environmental Policy we aim to minimize our negative environmental impact by preventing and reducing pollution, while striving 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 are a part of our Climate Transition Plan as detailed in [chapter E1](#).



Resource Inflows (E5-4)

At Embla Medical, our resource inflows include a variety of essential materials and utilities used. These include raw materials such as plastics, silicone, composites, textiles and metals, which are integral to our manufacturing processes. We also purchase 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 the total weight of materials and products used in 2025, as in 2024. These challenges are mainly due to the complexity of tracking and verifying data across our entities and global supply chains. Additionally, ensuring the accuracy of data related to sustainably sourced materials and the use of secondary materials requires consistent monitoring, which has not yet been standardized across our global operations. As a result, Embla Medical is unable to report this information for 2025.

However, we have taken important steps towards the sustainable sourcing of packaging materials. Within Össur’s bracing & supports product portfolio, we have focused on FSC certified packaging materials. In 2025, 24% of these products were sold in packaging with FSC certification, representing 35% 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 products.

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. Össur, the largest commercial entity of Embla Medical, has defined 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 2025, 48% of final products sold under the Össur brand had been updated to meet these criteria compared to 45% in 2024. This represents 59% of sales.

Waste Management

Good waste management is an important part of responsible operations where material yield is maximized to reduce pollution and 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 ISO certification is not covered by PwC assurance). The main waste types reflect the raw materials used in manufacturing, e.g. metals, composites, silicone, plastics and textiles.

In 2025, Embla Medical operations generated a total of 3,250 metric tons of waste. Of this, 2,110 metric tons were diverted from disposal, primarily through recycling, resulting in a recycling rate of 65%, compared to 64% in 2024.

§ Accounting Policies (E5-5)

Embla Medical only reports on waste generated under Resource Outflow (E5-5). We are currently unable to report on the recyclable content rates for all products and packaging across all entities and brands.

The waste data covers waste generated at our largest manufacturing and distribution sites in Iceland, Mexico, Germany, the US, the UK, and the Netherlands as well as all patient care facilities. The activity data collected represent around 98% of total Waste disposal costs in Embla Medical. Data collected includes waste type, disposal method, and weight. Where direct data is unavailable, waste volumes are estimated using FTE ratios and site type to ensure completeness.

No radioactive waste is generated in Embla Medical’s operations and is therefore excluded from the accompanying table on Waste from Operations.

WASTE FROM OPERATIONS	2025 (METRIC TONS)	2024 (METRIC TONS)
Waste Diverted from Disposal	2,110	2,180
Hazardous Waste	80	50
Non-Hazardous Waste	2,030	2,130
– Preparation for Reuse	0	0
– Preparation for Recycling	2,010	2,110
– Preparation for Other Recovery	20	20
Waste Diverted to Disposal	1,140	1,240
Hazardous Waste	80	90
Non-Hazardous Waste	1,060	1,150
– Incineration	600	500
– Landfill	460	650
– Other Disposal Options	0	0
% of Non-Recycled Waste	35%	36%
Total Hazardous Waste	160	140
Total Waste	3,250	3,420



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) and
- 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 2025, Embla Medical is reporting on the following Taxonomy-eligible activities:

- CE 1.2. Manufacture of electrical and electronic equipment (manufacturing of bionics),
- CCM 4.16. Installation and operation of electric heat pumps,
- 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 9.1. Close to market research, development and innovation (costs of projects related to sustainable solutions).

In 2025, the EU Taxonomy Regulation was implemented in Iceland in its primary form under Act No. 25/2023. The Icelandic adoption did not incorporate the Commission Delegated Regulation of 4 July 2025, being part of the “Omnibus I package” intended to simplify reporting requirements. As the Icelandic legislative approach remained unchanged at the time of publishing this Annual Report, we have decided to report on the EU Taxonomy without applying any simplifications outlined in Commission Delegated Regulation of 4 July 2025.

§ 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 activities undertaken. In 2025, 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 sales of products 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.

The aligned turnover has been calculated as the proportion of net turnover derived from sale of products and services of Taxonomy-aligned activities (the turnover numerator) divided by net sales presented in Consolidated Income Statement (the turnover denominator). In 2025, we did not recognize any Taxonomy-aligned activities related to turnover.

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.

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 2025, 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 include those coming from business combinations and are 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. Following a revised interpretation of eligibility regarding the climate change adaptation environmental objective, we have chosen not to report any capital expenditure under activity CCA 8.2. “Computer programming, consultancy and related activities” and to restate the comparative period’s eligible amount to 0%.

According to Commission Delegated Regulation (EU) 2021/2178, Embla Medical is required to provide the quantitative breakdown of amounts presented in numerator of eligible CapEx KPI. The numerator in 2025 consists of additions to property, plant and equipment (45%), additions to right of use assets (39%), and business combinations (16%). The most significant change in capital expenditures during the reporting period was related to facility renovations and refurbishments, which decreased from prior year.

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 2025.

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

2025				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH (DO NO SIGNIFICANT HARM)											
Economic activities	Codes	Absolute	Proportion	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				
		turnover in	of turnover														(A1) or -eligible	Category	Category		
		USD ‘000	(%)														(A.2.) proportion of	(enabling activity) (E)	(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	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	110,834	11.93%	N/EL	N/EL	N/EL	EL	N/EL	N/EL									10.79%		
Sales of spare parts		5.2. CE	837	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	17	0.00%	N/EL	N/EL	N/EL	EL	N/EL	N/EL									0.01%		
Turnover of Taxonomy-eligble but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)			111,688	12.03%	0%	0%	0%	12.03%	0%	0%									10.88%		
Total (A.1 + A.2)			111,688	12.03%	0%	0%	0%	12.03%	0%	0%									10.88%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																					
Turnover of Taxonomy non-eligible activities (B)			817,001	87.97%																	
Total (A + B)			928,689	100%																	

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

CapEx KPI

2025				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH (DO NO SIGNIFICANT HARM)										
Economic activities	Codes	CapEx in USD '000	Proportion of CapEx (%)	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.) 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	Y,N	Y,N		
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											
Installation and operation of electric heat pumps	4.16. CCM	53	0.05%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									0.00%		
Transport by motorbikes, passenger cars and commercial vehicles	6.5. CCM	4,027	4.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									3.11%		
Renovation of existing buildings	7.2. CCM	4,898	4.87%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									5.47%		
Installation, maintenance and repair of energy efficiency equipment	7.3. CCM	475	0.47%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									0.07%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4. CCM	15	0.01%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									0.00%		
Installation, maintenance and repair of renewable energy technologies	7.6. CCM	0	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									0.05%		
Computer programming, consultancy and related activities	8.2. CCA	0	0.00%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL									0.00%**		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		9,468	9.41%	9.41%	0%	0%	0%	0%	0%									8.70%		
Total (A.1 + A.2)		9,468	9.41%	9.41%	0%	0%	0%	0%	0%									8.70%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy non-eligible activities (B)		91,185	90.59%																	
Total (A + B)		100,653	100%																	

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

OpEx KPI



2025			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, 2024 (%)	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														
Close to market research, development and innovation	9.1. CCM	347	0.61%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0.30%			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		347	0.61%	0.61%	0%	0%	0%	0%	0%											0.30%			
Total (A.1 + A.2)		347	0.61%	0.61%	0%	0%	0%	0%	0%											0.30%			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																							
OpEx of Taxonomy non-eligible activities (B)		56,885	99.39%																				
Total (A + B)		57,232	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%	12.03%
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%	9.41%
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%

Proportion of OpEx/ Total OpEx		
Objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.00%	0.61%
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%



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. As a signatory of the United Nations Global Compact, we actively support its social principles, promoting human rights, fair labor practices, and inclusive workplaces across all our operations.

3

GOOD HEALTH AND WELL-BEING

5

GENDER EQUALITY

8

DECENT WORK AND ECONOMIC GROWTH

Own Workforce (ESRS S1)

Embla Medical and its subsidiaries operate in over 40 countries. With around 4,500 employees, our diverse team collaborates seamlessly to improve people’s mobility. 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, Opportunity & 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 Equal Opportunity Policy outlines our commitment to providing equal employment opportunities. This commitment applies to all individuals involved in the operations of Embla Medical and prohibits discrimination by any employee of Embla Medical.

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 the 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.

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.

In 2025, our employee survey was conducted globally on a quarterly basis. This confidential and anonymous process allows us to capture employee feedback on a variety of topics, such as engagement 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 Opportunity and Inclusion 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](#).

We recognize that despite our best efforts, safety incidents can occur. Our Safety Management System includes robust mechanisms for reporting, investigating and remediating such incidents. Employees are encouraged to report near misses, accidents and unsafe conditions through accessible channels. Each report initiates a structured response process, where our response team 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 2025, a total of 893 employee suggestions were implemented, compared to 755 in 2024. This continuous feedback loop not only amplifies employee voices but also transforms their insights into meaningful safety improvements across our workplaces.





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 strong emphasis on fostering and maintaining a diverse workforce, recognizing that promoting opportunities and inclusion fuels better decision-making and innovation.

Opportunity & Inclusion

In 2025, we provided 665 courses, books, videos, and audiobooks for our employees in our comprehensive Opportunity & Inclusion training programs, to build Opportunity & Inclusion awareness among our employees and managers. These resources are accessible through our eLearning platform. We have global and regional Opportunity & Inclusion councils that set targets, implement actions, and monitor our progress. The global Opportunity & Inclusion council works on the overall strategy and implementation company-wide,

deciding on initiatives such as employee survey questions, training, system data improvement, awareness campaigns, and more.

We continue to use our employee survey to monitor and measure employees’ perceptions of our Opportunity & Inclusion efforts. When employees outside of the US were asked if they were satisfied with Embla Medical’s efforts to support opportunities and inclusion (for example, in terms of gender, ethnicity, disability, and socio-economic status), we scored 8.3 on a 10 point scale. Managers and members of the People team prioritize addressing any deviations promptly, ensuring a supportive and equitable workplace for all. In 2025, we continued conducting our employee survey on a quarterly basis, including open comment sections, to 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 covering for e.g. review of the Equal Pay Policy, Equality Opportunity Policy, objectives and plans.

We are committed to inclusive recruitment practices. Our training of hiring managers includes an introduction 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. In 2025, we continued 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.

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 investing in the skills and competencies of our workforce to ensure long-term, sustainable success. We recognize that continuous, intentional development is essential to maintaining a workforce equipped to meet the needs of a dynamic and evolving global market. All employees have access to Talent Development modules through our internal portal, which includes over 23,000 eLearning courses. We also encourage our customers to engage with some of our internally produced eLearning modules, as we believe that enabling our customers to grow their skillsets alongside us is an important aspect of our sustainable offerings. We support professional development through a range of learning methods, recognizing that employees learn in diverse ways. These include formal training

programs focused on soft skills, leadership, and functional expertise, tailored to career stages from entry-level to senior professionals. In addition, we offer mentoring, facilitated coaching, job shadowing, and 360° assessments, while encouraging cross-functional collaboration to promote learning through experience and peer exchange. In 2025, we launched our AI-powered ‘Career Hub’, a dynamic platform that enables employees to explore career paths, discover relevant learning programs, and connect with networking opportunities across the company. 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. We actively encourage employee-driven initiatives, enabling individuals to propose new learning opportunities aligned with their professional goals and the organization’s strategic direction.

To ensure the effectiveness of our programs, we evaluate their success through immediate feedback surveys and targeted questions in our employee engagement surveys. These insights are used by our global Learning and Development team to continuously refine and enhance our learning offerings. 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 Management Training

Ensuring the health and safety of our workforce is a core priority embedded in our operational strategy. Through our Safety Management System, we take a proactive approach through training and awareness on identifying and mitigating risks before they result in harm. This system enables us to continuously monitor workplace conditions, assess potential hazards and implement preventive measures that support a safe and resilient working environment. Our approach includes conducting Job Safety Analyses to evaluate task-specific risks, performing quarterly fire safety audits to maintain emergency readiness and delivering targeted health and safety training to ensure that all employees understand and follow established procedures. These efforts are complemented by awareness campaigns that promote safe behaviors and reinforce a culture of shared responsibility. We view safety as an opportunity to empower our workforce and actively encourage employee participation in shaping safer workplaces through feedback, innovation and collaboration.



Targets (S1-5)

Embla Medical has established clear targets to enhance positive impacts and manage any material negative impacts on our own workforce. Our targets are set through a structured process, embedding principles of gender equality, employee engagement, and workplace safety. They reflect our manufacturing context, where workplace safety is critical, and are informed by stakeholder expectations, regulatory requirements, and internal performance benchmarks.

OUR PEOPLE	TARGET 2025	2025	2024
Employee Engagement, Retention and Attraction			
Gender balance, total workforce *	50:50 (+/- 10%) Female:Male	49:51 Female:Male	49:51 Female:Male
Gender balance, managers **	YoY improved balance	42:58 Female:Male	40:60 Female:Male
Gender balance, top management level ***	YoY improved balance	24:76 Female:Male	26:74 Female:Male
Engagement Index	>8.0 (10-point scale)	7.9 (10-point scale)	7.9 (10-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	893	755
Total Recordable Incident Rate (TRIR) per 100 FTEs	<1.0	0.8	0.6
TRIR per 500 FTEs	<5.0	4.0	3.0
Number of recordable incidents	n/a	20	13

*Flexibility in gender split allows for non-binary gender, recognizing that some employees may not wish to be categorized
**Includes all employees with people management role
***Includes all employees with Vice President role and higher management levels

Gender Balance
We aim to achieve an equal gender split across our workforce, ensuring that gender balance is actively considered in all key employment decisions, including recruitment, promotions and redundancies. In line with these objectives, we remain focused on year-on-year improvement to achieve balanced gender representation among managers and at the top management level. In 2025, women represented 49% of the total workforce, 42% of managers, and 24% of top management positions.

Employee Engagement
Our target is to maintain an engagement index above 8 on a 10-point scale, reflecting our commitment to fostering a highly motivated and connected workforce. In 2025, the engagement score reached 7.9, the same as in 2024.

Leadership Development
At Embla Medical, all new managers are expected to complete our LEAD leadership program within their first six months. In 2025, with a target of 100% participation, all new leaders successfully completed the program.

Health and Safety
We proactively strive to minimize work-related incidents and monitor performance using the Total Recordable Incident Rate (TRIR). TRIR is continuously tracked globally and at individual sites to ensure transparency and drive continuous improvement. For 2025, the TRIR target was set at below 5.0 per 500 FTEs, and the actual TRIR was 4.0.

Our Employees (S1-6)

In 2025, Embla Medical had a total headcount of 4,328 employees, compared to 4,203 in 2024, with characteristics defined by location and gender identity. The distribution remained consistent, with 13 countries having more than 50 employees, accounting for 94% of the total headcount, unchanged from the previous year. Over the course of the year, 741 employees left Embla Medical, resulting in a turnover rate of 17.4%, compared to 846 employees and turnover rate of 20.3% in 2024. 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

2025					2024			
Country	Female	Male	Other	Headcount	Female	Male	Other	Headcount
United States of America	498	490	3	991	512	505	4	1,021
Iceland	292	381	2	675	294	389	2	685
Sweden	244	182	0	426	236	185	0	421
Mexico	159	226	0	385	169	223	0	392
Germany	118	198	0	316	75	130	0	205
France	139	172	0	311	137	171	0	308
The Netherlands	137	126	0	263	133	124	0	257
Poland	144	43	0	187	138	41	0	179
Norway	120	51	0	171	110	51	0	161
Australia	63	57	0	120	62	53	0	115
United Kingdom	41	47	0	88	44	48	0	92
Denmark	46	34	0	80	43	32	0	75
Canada	21	30	0	51	N/A	N/A	N/A	N/A
China	N/A	N/A	N/A	N/A	34	20	0	54

Note: N/A reflects that headcount is below 50

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

Employees

Employee headcount includes all active full-time and part-time contracts across all entities within Embla Medical. Each individual employed by the organization is counted as one, regardless of employment type or working hours.

Full-Time Equivalent (FTE) includes all active full-time and part-time contracts across all entities within Embla Medical. FTE is calculated by dividing each employee’s actual working hours for the reporting period by the organization’s standard full-time working hours.

Both Headcount and FTE are calculated at the end of the reporting period.

Non-employee workers at Embla Medical are either those directly contracted by the company to provide labour or workers supplied by entities primarily engaged in employment activities. These individuals are excluded in the Embla Medicals employee headcount. 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.

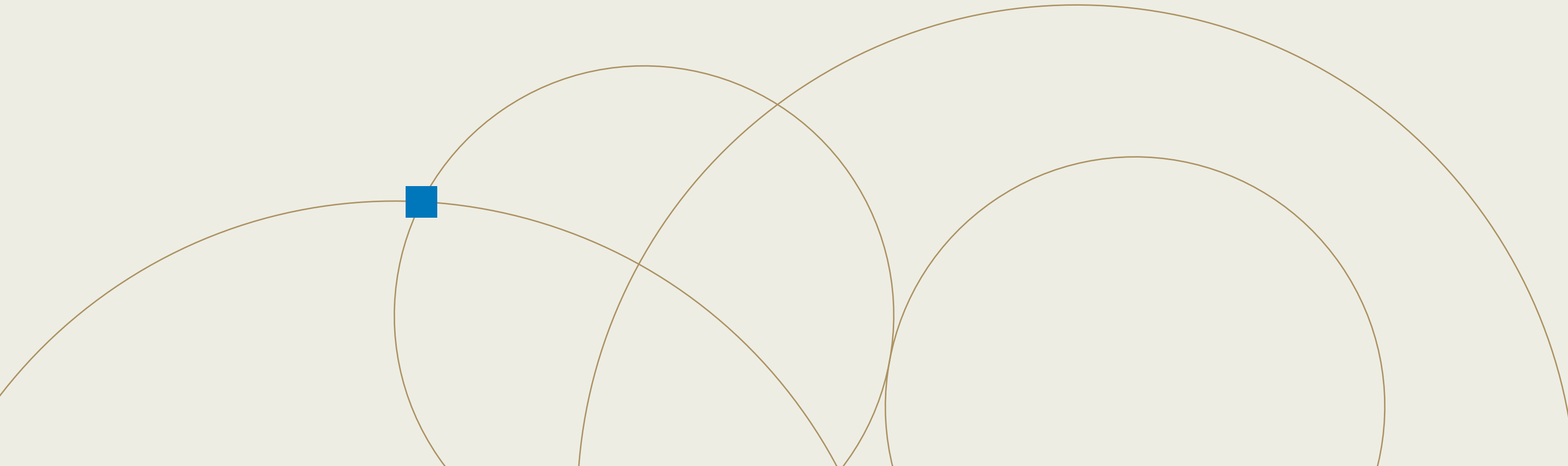
Performance reviews are limited to employees with at least three months of service. Non-employees are excluded from these figures. As a result, the total headcount reported for performance reviews is lower than the headcount disclosed in note 6 of the Consolidated Financial Statements.

Training hours are calculated as the total duration of all courses completed within the reporting period, divided by total employee headcount. Non-employees are excluded from this calculation. The 2024 figures were revised to correct double counting of training hours.

Gender Identity of Employees at Period End*

2025									2024							
Employees Contract Type	Female		Male		Other		Total		Female		Male		Other		Total	
	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE
Total employees**	2,127	2,046	2,196	2,141	5	5	4,328	4,192	2,070	1,993	2,127	2,079	6	6	4,203	4,078
Permanent employees	2,058	1,990	2,129	2,094	5	5	4,192	4,089	1,995	1,927	2,060	2,030	6	6	4,061	3,963
Temporary employees	69	56	67	47	0	0	136	103	75	66	67	49	0	0	142	115
Non-guaranteed hours employees	1	0.1	2	0.6	0	0	3	0.7	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 2025, Embla Medical’s non-employees’ workforce primarily consisted of contractors and workers supplied by entities primarily engaged in employment activities, with a headcount of 301, compared to 290 in 2024.

Collective Bargaining (S1-8)

Embla Medical upholds employees’ right to unionize, freely establish or join organizations of their choice, and participate in collective bargaining, in line with international human rights standards. In 2025, 31% of the total Embla Medical workforce were covered by collective bargaining agreements, compared to 30% in 2024.

Collective Bargaining Coverage

COVERAGE RATE		EMPLOYEES – EEA (FOR COUNTRIES WITH >50 EMPLOYEES, REPRESENTING >10% TOTAL EMPLOYEES)	
0-19%			
20-39%			
40-59%			
60-79%			
80-100%		Iceland / Sweden	



Diversity Metrics (S1-9)

Gender Distribution in Number and Percentage at Top Management Level

2025			2024	
Gender	Headcount	%	Headcount	%
Male	44	75.9%	37	74.0%
Female	14	24.1%	13	26.0%
Total	58	100%	50	100.0%

Distribution of Employees by Age Group

2025			2024	
Age Distribution	Headcount	%	Headcount	%
Between 30-50	2,479	57.3%	2,410	57.3%
Over 50	1,031	23.8%	977	23.3%
Under 30	818	18.9%	816	19.4%
Total	4,328	100.0%	4,203	100.0%

Adequate Wages (S1-10) ✓

Embla Medical is committed to ensuring that all employees receive wages that meet or exceed the definition of an adequate wage, supporting a decent standard of living. For 2025, our assessment shows that all our employees are paid an adequate wage, in line with applicable benchmarks.

§ Adequate Wages (S1-10)

Adequate wages are defined as pay that meets or surpasses the country-specific benchmark for Embla Medical employees. The percentage of employees earning below the applicable adequate wage benchmark is reported for any country where some employees do not receive adequate wages, based on the total number of employees at the end of the reporting period, excluding non-employees. Wage calculations for comparison with the benchmark are based on hourly rates and include only guaranteed fixed payments.

Adequate wages are defined as wages that meet or exceed established reference standards. For countries in the EEA the benchmark is minimum National Hourly Wages where available. When a country does not have a set national minimum wage, the benchmark is determined to be at least

60% of the country’s median wage and 50% of the gross average wage, following common international practice. Outside the EEA, adequate wage benchmarks are set by relevant laws or agreements ensuring a decent standard of living. If these don’t exist, national or sub-national minimum wages established by legislation or collective bargaining are used; or, if needed, a living wage benchmark from WageIndicator.org is used.

Embla Medical was able to confirm that 95% of employees received adequate wages. For the remaining 5%, representing workers from recently acquired companies in Europe, wage verification was not conducted during this period. However, no indications of non-compliance with wage standards have been identified and the large majority of these employees are located in European countries with strong regulation around minimum wages.

Training and Skills Development Metrics (S1-13) ✓

Average Number of Training Hours per Employee

GENDER	2025	2024
Male*	4.5	3.7
Female*	4.3	3.9
Other*	1.7	1.3
Overall average*	4.4	3.8

*2024 year figure restated. See accounting policies for details.



Performance Reviews

PARTICIPATED IN PERFORMANCE REVIEWS	2025								2024							
	Female		Male		Other		Total		Female		Male		Other		Total	
	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%
Yes	1,873	46.5%	1,913	47.5%	5	0.1%	3,791	94.2%	1,940	48.0%	2,010	49.8%	6	0,1%	3,956	97.9%
No	102	2.5%	131	3.3%	0	0.0%	233	5.8%	45	1.1%	38	0.9%	0	0,0%	83	2.1%
Total	1,975	49.1%	2,044	50.8%	5	0.1%	4,024	100.0%	1,985	49.1%	2,048	50.7%	6	0,1%	4,039	100.0%

Health and Safety Metrics (S1-14)

In 2025, 59% of our workforce was covered by our Safety Management System, compared to 57% in 2024. During the current reporting period, a total of 20 work-related recordable incidents occurred compared to 13 in 2024. This resulted in a Total Recordable Incidents Rate (TRIR) of 4.0 per 500 employees, compared to 3.0 in 2024. No work-related fatalities occurred in either the current reporting year or the previous one.

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 17.7 in 2025, compared to 13.4 in 2024.

Incidents and Complaints (S1-17)

INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS	2025		2024
	Unit	Value	
Incidents of discrimination, including harassment*	Number	3	3
Complaints filed through channels for people in own workforce to raise concerns*	Number	0	0
Fines, penalties and compensation for damages as a result of incidents of discrimination, including harassment and complaints	USD	0	0
Severe human rights incidents connected to own workforce	Number	0	0
Fines, penalties and compensation for damages related to severe human rights incidents	USD	0	0

*Only cases reported via the Speak-Up Line during the period are included

§ 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 include all on-site workers at Embla Medical’s largest manufacturing and distribution sites, as well as some patient care facilities. For the current reporting period, the scope has expanded compared to the prior year to include Fior&Gentz and ForMotion France. This change increases the total headcount and exposure hours included in the calculation of health and safety metrics, which may affect year-on-year comparability of TRIR and other rates. Any observed changes in these metrics should be interpreted considering this expanded scope. Data from recently acquired companies and patient care facilities in Netherlands and US is excluded from the incident count.

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 and are included in TRIR. 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.

§ 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 numbers reported in note 6 in the Consolidated Financial Statements.

The total remuneration ratio reported under S1-16 does not fully align with ESRS requirements. The ESRS disclosure stipulates the use of median remuneration as the basis for calculation, whereas the statement uses average remuneration.

In the current reporting year, Embla Medical is not reporting on pay gap.

Incidents of discrimination and harassment include cases reported through the Speak-Up Line during the reporting period (for details, see [chapter G1-1](#)).

Total number of complaints filed includes cases reported through the Speak-Up Line during the reporting period that relate to working conditions, equal treatment and opportunities for all and other work-related rights, excluding discrimination and harassment cases.

The data concerning incidents of discrimination and complaints is currently based solely on reports made through the Speak-Up Line, as global data collection from the People function has not yet been implemented.

Fines, penalties, and compensation for damages includes any financial payments made in connection with confirmed cases during the fiscal year.

Workers in the Value Chain (ESRS S2)

Embla Medical partners with suppliers across our global value chain who share our commitment to quality, ethical standards, and sustainable practices. Össur, our largest commercial entity, oversees most of our outsourced manufacturing and supplier relationships. Accordingly, the initiatives outlined here primarily reflect Össur’s practices. We are committed to continuously improving how we manage and reduce negative impacts on workers throughout our supply chain.

Policies (S2-1)

To safeguard workers in our value chain, we rely on three core policies: the Human Rights Policy, the Speak-Up Line Policy, and our Code of Conduct. These documents clearly define our expectations for ethical and sustainable behavior from all suppliers.

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

Össur has established comprehensive supplier management systems designed to build long-term partnerships and promote continuous improvement. Suppliers are evaluated based on Environmental, Social, and Governance (ESG) criteria. Those identified as high-risk, based on spending thresholds and Social Progress Index ratings, undergo additional third-party social audits.

These audits follow recognized industry standards and include confidential interviews with randomly selected workers to assess working conditions and legal compliance. Findings are reviewed collaboratively with suppliers, and Össur provides support to help them implement improvements.

Remediation of Negative Impacts (S2-3)

When audits reveal critical issues, suppliers are required to develop and execute a remediation plan. Össur supports this process through targeted training, risk and safety seminars, and awareness initiatives. We maintain a zero-tolerance policy on human rights violations, corruption, and bribery, and ensure that workers are informed about the Speak-Up Line. Suppliers who fail to meet our standards or refuse to engage in corrective actions may face relationship reviews and potential disengagement.

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

High-risk suppliers must sign the Embla Medical Code of Conduct, which includes strict provisions on human rights, labor rights, and the prohibition of forced or child labor. It also sets expectations for third-party relationships, reinforcing our alignment with the UN Global Compact principles.

Targets on Managing Material Impacts (S2-5)

In 2025, third-party social audits were conducted at 10 supplier sites. Each audit used a 100-point scale to assess performance and categorize issues as critical, major, or minor. Our goal is for all suppliers to score at least 95%, with no critical issues.

We are pleased to report that 8 out of 10 suppliers met this target. For the remaining two, corrective action plans are underway to close identified gaps and drive ongoing improvements across our value chain.



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 delivering safe and reliable 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 people 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.

As a medical device manufacturer, we operate under the EU Medical Device Regulation and maintain a robust ISO 13485-certified quality management system, which is subject to regular independent third-party audits. This framework includes strict regulatory requirements and comprehensive monitoring metrics to ensure product safety and compliance. These controls and performance indicators are mandated by law and externally verified, therefore, we do not define additional CSRD-specific targets under ESRS S4, as our existing system already meets and exceeds the necessary standards.





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. As a signatory of the United Nations Global Compact, we uphold its governance principles by fostering transparency, accountability, and ethical business practices across all levels of our organization.



Business Conduct (ESRS G1)

Corporate Culture (G1-1)

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 internal communication platforms 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 quarterly to measure engagement, supplemented by regular employee surveys. The results of these surveys are shared and discussed with employees, and each department identifies areas for improvement based on these discussions.

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.

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 in the Code of Conduct, which is also an integral part of the onboarding process for new employees.

In addition to our Code of Conduct, Embla Medical has implemented various policies that provide practical guidance on compliance and integrity for all employees. These policies are incorporated into the Code of Conduct training, ensuring that employees receive training and awareness on topics including, but not limited to: Anti-Corruption and Bribery, Competition, Conflict of Interest, Fraud, Human Rights, Speak-Up Line, Interaction with Healthcare Professionals, Third-Party Relationships and Environmental Responsibility. 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.

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 receive 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 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	2025	2024
Employees trained in the Code of Conduct*	>95%	93%	99%
Cases submitted to the Speak-Up Line	n/a	11	4
Harassment and discrimination	n/a	3	3

*Training of new employees /onboarding

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. 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. A process with further guidelines, including outlining actions to address breaches in anti-corruption and anti-bribery procedures and standards will supplement the policy. Selected groups will receive more in-depth ABAC training.

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 regular awareness training through the Code of Conduct, 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.



Incidents of Corruption and Bribery (G1-4) ✓

In both 2024 and 2025, there were no convictions or fines paid for violations of anti-corruption and anti-bribery laws. Additionally, no actions were needed to address breaches in procedures and standards related to anti-corruption and anti-bribery.

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 2025.

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 interest 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 2025, the average time it took to pay or close an invoice was 39.3 days, compared to 35.5 days in 2024.

§ 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 97% of our purchases (2024: 91%).

The KPI reported under G1-6 Payment Practices does not fully align with ESRS requirements. The ESRS disclosure requires data on the average invoice payment time. Embla Medical’s dataset also includes some invoices closed by means other than payment.



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 53 - 99 for the period 1 January - 31 December 2025 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 2025 for Embla Medical are prepared, in all material respects, in accordance with the Sustainability Accounting Policies developed by Embla Medical as stated on pages 53 - 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 79 - 83 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.

Our firm 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 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 2025 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.

Copenhagen, 3 February 2026

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 3377 1231

Rasmus Friis Jørgensen

State Authorized Public Accountant

Torben Jensen

State Authorized Public Accountant



FINANCIAL STATEMENTS

2025

FINANCIAL STATEMENTS

Consolidated Financial Statements

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Statement by the Board of Director and President and CEO

Embla Medical is a global leader in non-invasive orthopedics, 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 Embla Medical hf. as at and for the year ended 31 December 2025 comprise Embla Medical hf. and its subsidiaries (together referred to as "the Company" or "Embla Medical”).

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 2025

The total net sales of the Company amounted to USD 928.7 million (2024: USD 854.9 million). Organic sales increase was 6%. Net profit amounted to USD 83.6 million (2024: USD 69.0 million). Basic and diluted earnings per share amounted to US cents 19.6 (2024: US cents 16.2). Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to USD 185.9 million and 20% of sales (2024: USD 169.1 million, 20%).

The total assets of the Company amounted to USD 1,730.5 million at year end (2024: USD 1,539.0 million), total liabilities were USD 834.7 million (2024: USD 758.3 million) and total equity was USD 895.8 million (2024: USD 780.7 million). The equity ratio at year end was 52% (2024: 51%).

The Company employed an average of 4,138 employees in 2025 (2024: 4,091) and 4,192 at year end (2024: 4,078). Information regarding salaries and salary related expenses can be found in note 6.

In 2025 Embla Medical managed to grow the business across all regions and business segments. Sales grew 6% organically and 7% including acquisitions. Growth in 2025 was driven by Prosthetics & Neuro Orthotics and Patients Care mainly with a strong performance in EMEA and supported by recently launched innovation. Gross profit margin was 62%, compared to 63% in 2024. The gross profit margin was positively impacted by strong sales in P&NO and efficiency gains in manufacturing but was offset by negative impact from FX, tariffs and turnaround initiatives in Patient Care

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 2,202 million (2024: USD 2,125 million). The share price in DKK amounted to 32.5 at year end (2024: 35.6) and decreased by 8.7% during the year. At year end, registered shareholders in Embla Medical were 6,718 compared to 6,095 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 – 50.95%, Interogo Holding AG – 11.54%, Live Pension Fund – 6.05%, Arbejdsmarkedets Tillægspension – 5.03%, SEB Investment Management – 4.05%, Gildi Pension Fund – 3.48%, LSR Pension Fund – 2.68%, Handelsbanken Fonder – 1.49%, Birta Pension Fund – 1.19%, ODIN Fonder – 1.16%. 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 Director and President and CEO

Embla Medical shares and share contracts

Embla Medical’s total share capital is 430.4 million shares with a nominal value ISK 1 each. In 2025 in connection with the acquisition of Streifeneder ortho.production, new shares were issued raising the total share capital in nominal value by 0.7%, from ISK 427.6 million to ISK 430.4 million resulting in USD 15 million increase in share capital. At year end 2025 Embla Medical held 2.7 million treasury shares that equals to 0.6% 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 2026. 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 2025 were 2.4 million shares (2024: 3.9 million shares), of which 1.2 million are exercisable before year end 2026 and the remaining in 2027-2028. 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 2026 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 serve on the Nomination Committee together with the President & 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 Director 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 2025, 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 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 2025, its assets, liabilities and consolidated financial position as at 31 December 2025 and its consolidated cash flows for the year 2025. 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”).

Statement by the Board of Director and President and CEO

In our opinion, the Consolidated Financial Statements of Embla Medical hf. for the financial year 2025 identified as “EmblaMedical-2025-12-31.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 2025 with their signatures.

Reykjavík, 3 February 2026

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

Tina Abild Olesen
Member of the Board of Directors

Alberto Esquenazi
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 Compar for the year 2025, 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 t Company as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year th ended in accordance with IFRS accounting standards as adopted by the European Union (EU), and applicable articles in Icelanc 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 informatio 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 a 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 app to auditors in Iceland and relate to our audit of the Company's Consolidated Financial Statements. We have fulfilled our oth 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 accordance with the applicable law and regulations in Iceland and that we have not provided non-audit services that are prohibit 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 2025 to 31 December 2025, a 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

Impairment of goodwill

The book value of goodwill at year end 2025 amounted to USD 836 million.

The change in goodwill consists of additions due to current year business combinations amounting to USD 19 million together with exchange rate profits amounting to USD 41 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.

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.

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.

Audit procedures

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.

Independent Auditor’s Report

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.

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.

Independent Auditor’s Report

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 2025 with the file name EmblaMedical-2025-12-31.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.

Independent Auditor’s Report

In our opinion, the Consolidated Financial Statements of Embla Medical hf. for the year 2025 with the file name EmblaMedical-2025-12-31.zip is prepared, in all material respects, in accordance with the European single electronic format regulation EU no. 2019/815.

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 four years.

Reykjavík, 3 February 2026

PricewaterhouseCoopers ehf.

Vignir Rafn Gíslason
State Authorized Public Accountant

Ljósbrá Baldursdóttir
State Authorized Public Accountant



Consolidated Income Statement

All amounts in USD '000	Notes	2025	2024
Net sales	3	928,689	854,889
Cost of goods sold		(350,134)	(320,189)
Gross profit		578,555	534,700
Other income / (expenses)		608	399
Sales and marketing expenses		(334,180)	(311,151)
Research and development expenses		(45,856)	(40,832)
General and administrative expenses		(73,824)	(69,964)
Earnings before interest and tax (EBIT)		125,303	113,153
Financial income		2,061	3,251
Financial expenses		(21,115)	(24,746)
Net exchange rate difference		(4,974)	(4,435)
Net financial expenses	8	(24,028)	(25,930)
Share in net profit of associates	15	6,661	3,340
Earnings before tax (EBT)		107,936	90,563
Income tax	9	(24,291)	(21,603)
Net profit		83,645	68,960
Attributable to:			
Owners of the Company		83,336	68,278
Non-controlling interests		309	682
Net profit		83,645	68,960
Earnings per share	10		
Basic earnings per share (US cent)		19.6	16.2
Diluted earnings per share (US cent)		19.6	16.2

Consolidated Statement of Comprehensive Income

All amounts in USD '000	Notes	2025	2024
Net profit		83,645	68,960
Items that may be reclassified subsequently to income statement:			
Change in cash flow hedges	25	(1,826)	1,832
Fair value changes of financial liabilities		0	88
Exchange differences on translating foreign operations		22,721	(11,175)
Income tax	22	4,997	(2,073)
Other comprehensive income, net of income tax		25,892	(11,328)
Total comprehensive income		109,537	57,632
Attributable to:			
Owners of the Company		109,228	56,950
Non-controlling interests		309	682
Total comprehensive income		109,537	57,632

Consolidated Balance Sheet

Assets

All amounts in USD '000	Notes	31.12.2025	31.12.2024
Property, plant and equipment	11	80,215	71,824
Right of use assets	12	162,514	127,802
Goodwill	13	835,560	776,306
Other intangible assets	14	106,908	96,645
Investment in associates	15	27,950	20,364
Other financial assets	16	3,966	2,704
Deferred tax assets	27	55,380	46,365
Non-current assets		1,272,493	1,142,010
Inventories	17	165,617	143,102
Accounts receivable	18	144,782	121,915
Other financial assets	16	0	1,475
Other assets	19	45,092	44,300
Cash and cash equivalents	20	102,507	86,163
Current assets		457,998	396,955
Total assets		1,730,491	1,538,965

Consolidated Balance Sheet

Equity and liabilities

All amounts in USD '000	Notes	31.12.2025	31.12.2024
Issued capital and share premium	21	98,470	93,464
Other reserves	22	(50,494)	(75,390)
Retained earnings	23	842,572	759,112
Shareholders equity		890,549	777,186
Non-controlling interest		5,254	3,513
Total equity		895,803	780,699
Borrowings	26	292,174	328,754
Lease liabilities	12	153,499	118,279
Deferred tax liabilities	27	39,788	37,478
Provisions	28	8,723	7,937
Deferred income	29	11,346	8,589
Other financial liabilities	30	19,588	47,946
Non-current liabilities		525,117	548,982
Borrowings	26	67,678	28,620
Lease liabilities	12	28,218	24,136
Accounts payable		32,825	27,275
Income tax payable		21,322	18,305
Provisions	28	16,315	12,615
Accrued salaries and related expenses		59,550	48,715
Other financial liabilities	30	35,673	10,258
Other liabilities	32	47,989	39,361
Current liabilities		309,571	209,284
Total liabilities		834,688	758,266
Total equity and liabilities		1,730,491	1,538,965

Consolidated Statement of Cash Flow

All amounts in USD '000	Notes	2025	2024
Earnings before interests and tax (EBIT)		125,303	113,153
Depreciation, impairment and amortization	11, 12, 14	60,619	55,973
Change in inventories		(8,594)	(5,928)
Change in receivables		(12,321)	(5,524)
Change in payables		11,326	(2,279)
Change in provisions		3,858	3,174
Other operating activities		(2,403)	1,828
Cash generated from operations		177,788	160,397
Interest received		1,984	3,238
Interest paid		(20,551)	(24,082)
Income tax paid		(26,603)	(23,487)
Net cash generated from operating activities		132,618	116,066
Purchase of fixed and intangible assets	11, 14	(32,332)	(39,227)
Acquisition of subsidiaries, net of cash in acquired entities	33	(4,087)	(65,020)
Payment of contingent consideration and deferred payments		(10,603)	(5,052)
Dividend received	15	4,083	2,585
Other investing activities		(3,186)	1,944
Cash flows used in investing activities		(46,126)	(104,770)
Proceeds from long-term borrowings	26	57,463	0
Repayments of long-term borrowings	26	(59,011)	0
Changes in revolving credit facility	26	(30,823)	39,787
Payments of lease liabilities	12	(27,500)	(24,379)
Increase in subsidiaries not affecting control	23	(5,123)	(9,648)
Dividends from subsidiaries paid to non-controlling interests		(35)	0
Purchased treasury shares	21	(9,752)	0
Cash flows (used in) / generated from financing activities		(74,782)	5,761
Net change in cash		11,710	17,056
Exchange rate effects on cash held in foreign currencies		4,634	(3,545)
Cash and cash equivalents at beginning of period		86,163	72,653
Cash and cash equivalents at end of period		102,507	86,163

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 2024	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			602		602		602
Share contracts vested/expired			(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
Net profit				83,336	83,336	309	83,645
Change in cash flow hedges			(1,461)		(1,461)		(1,461)
Transl. diff. of shares in subsidiaries			27,353		27,353		27,353
Total comprehensive income	0	0	25,892	83,336	109,228	309	109,537
Payment of dividends					0	(35)	(35)
Share contracts charge			1,970		1,970		1,970
Share contracts vested/expired		185	(2,967)	2,706	(76)		(76)
Purchase of treasury shares	(16)	(9,736)			(9,752)		(9,752)
Issued new shares	23	14,550			14,573		14,573
Minority interest arising on acquisition					0	4,611	4,611
Change in non-controlling interests				(2,581)	(2,581)	(3,143)	(5,724)
Balance at 31 December 2025	4,836	93,634	(50,494)	842,572	890,549	5,254	895,803

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 Grjótháls 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 2025 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 3 February 2026. The Consolidated Financial Statements as presented in this report are subject to approval by the Annual General Meeting of Shareholders, to be held on 10 March 2026.

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

Notes to the Consolidated Financial Statements

2. Quarterly statements

	Full year 2025	Unaudited			
		Q4 2025	Q3 2025	Q2 2025	Q1 2025
Net sales	928,689	256,691	236,795	232,418	202,786
Cost of goods sold	(350,134)	(98,625)	(88,559)	(87,931)	(75,020)
Gross profit	578,555	158,066	148,236	144,487	127,766
Gross profit margin	62%	62%	63%	62%	63%
Other income / (expenses)	608	175	(382)	447	367
Sales and marketing expenses	(334,180)	(92,194)	(81,400)	(82,529)	(78,057)
Research and development expenses	(45,856)	(11,948)	(11,489)	(11,851)	(10,569)
General and administrative expenses	(73,824)	(21,662)	(18,065)	(16,817)	(17,280)
EBIT	125,303	32,438	36,900	33,737	22,227
Net financial expenses	(24,028)	(2,947)	(4,135)	(9,764)	(7,181)
Share in net profit of associates	6,661	1,127	1,220	3,701	613
EBT	107,936	30,618	33,984	27,674	15,659
Income tax	(24,291)	(5,896)	(8,203)	(6,561)	(3,631)
Net profit	83,645	24,722	25,782	21,113	12,027
EBITDA	185,922	47,939	52,850	48,666	36,467
EBITDA margin	20%	19%	22%	21%	18%

There were no special items in the year 2025.

3. Net sales

	2025	2024
Sales by geographical segment:		
EMEA	457,445	394,869
Americas	398,516	392,898
APAC	72,728	67,122
Total	928,689	854,889
Sales by business segment:		
Prosthetics & Neuro Orthotics	513,408	451,306
Bracing & Supports	148,383	148,386
Internal product sales	(39,036)	(38,516)
External product sales	622,756	561,176
Patient Care	305,933	293,713
Total	928,689	854,889

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 2025 or 2024.

2025	EMEA	Americas	APAC	Eliminations	Consolidated
Sales					
External sales	457,445	398,516	72,728	0	928,689
Inter-segment sales	610,991	236,570	5,329	(852,890)	0
Total sales	1,068,436	635,086	78,057	(852,890)	928,689
Results					
Segment results (EBIT)	72,142	42,599	10,562	0	125,303
Net financial expenses					(24,028)
Share in net profit of associates					6,661
Earnings before tax (EBT)					107,936
Income tax					(24,291)
Net profit					83,645
Balance sheet 31.12.2025					
Segment assets	875,192	789,873	65,426	0	1,730,491
Segment liabilities	654,546	159,007	21,135	0	834,688

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	2025	2024			
USA	527,240	520,992			
Germany	206,730	158,507			
France	146,470	127,620			
Iceland	114,486	104,081			
Netherlands	36,724	21,934			
Sweden	46,436	40,439			
UK	43,968	42,619			
Australia	19,244	18,742			
Other	71,849	58,007			
	1,213,147	1,092,941			
Other information	EMEA	Americas	APAC	Eliminations	Consolidated
Capital additions	20,424	10,548	1,360	0	32,332
Depreciation, impairment and amortization	42,368	14,736	3,515	0	60,619

The majority of inter-segment sale prices are determined using the Transactional Net Margin Method (TNMM).

Notes to the Consolidated Financial Statements

2024	EMEA	Americas	APAC	Eliminations	Consolidated
Sales					
External sales	394,869	392,898	67,122	0	854,889
Inter-segment sales	509,552	160,128	4,955	(674,635)	0
Total sales	904,421	553,026	72,077	(674,635)	854,889
Results					
Segment results (EBIT)	61,253	44,033	7,866	0	113,153
Net financial income/(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	719,241	759,915	59,809	0	1,538,965
Segment liabilities	581,549	158,382	18,335	0	758,266
Other information	EMEA	Americas	APAC	Eliminations	Consolidated
Capital additions	31,791	6,620	816	0	39,227
Depreciation, impairment and amortization	37,891	15,394	2,688	0	55,973

5. Sales and expenses split by main currencies

		2025			2024		
	LCY	USD		%	LCY	USD	%
Sales							
USD	358,545	358,545		39%	350,524	350,524	41%
EUR	251,970	285,142		31%	220,419	238,475	28%
ISK	562,783	4,391		1%	508,430	3,684	0%
SEK, NOK, DKK		107,189		12%		99,604	12%
GBP, AUD, CAD & Other		173,422		19%		162,603	19%
Total		928,689		100%		854,889	100%
COGS and OPEX							
USD	306,591	306,591		38%	302,848	302,848	41%
EUR	183,268	207,795		26%	164,563	178,000	24%
ISK	11,522,513	89,679		11%	11,112,364	80,541	11%
SEK, NOK, DKK		99,945		12%		91,609	12%
GBP, MXN, CAD & Other		99,376		12%		88,738	12%
Total		803,386		100%		741,736	100%

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

Notes to the Consolidated Financial Statements

6. Salaries

	2025	2024
Salaries	299,437	280,540
Salary-related expenses	70,250	63,776
	369,687	344,316
Full time equivalent (FTE) on average	4,138	4,091
Full time equivalent at period end	4,192	4,078

Included in salary-related expense are pension related expenses amounting to USD 23 million (2024: USD 21.4 million). Information on share-based payments recognised in employee remuneration, are outlined in note 24 Share contracts.

Salaries and salary-related expenses, classified by functional category:

	2025	2024
Cost of goods sold	101,149	87,761
Sales and marketing expenses	197,593	192,302
Research and development expenses	28,390	24,873
General and administrative expenses	42,555	39,380
	369,687	344,316

Expenses related to information technology and human resource departments are allocated to the functions they support.

Management salaries and benefits

	Salaries		Shares owned ⁽ⁱⁱ⁾	
	2025	2024	2025	2024
Board of Directors:				
Niels Jacobsen - Chairman of the Board(i)	114	111	219,493,992	219,493,992
Svafa Grönfeldt - Vice Chairman	76	74	0	0
Alberto Esquenazi	46	44	0	0
Arne Boye Nielsen	53	52	0	0
Caroline Vagner Rosenstand	46	44	0	0
Tina Abild Olesen	38	37	0	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 (2024: 203,330 shares).
(ii) Shares owned are displayed in total number of owned shares, not rounded to the nearest thousand.

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.

Notes to the Consolidated Financial Statements

2025	Fixed base salary	Cash based incentive	Pension	Other benefits	Share based incentive	Total remuneration
Executive Management:						
Sveinn Sölvason, President and CEO ⁽ⁱ⁾	745	223	133	24	276	1,400
Executive management (6.8 FTEs) ⁽ⁱⁱ⁾	2,842	780	368	85	567	4,642
	3,587	1,003	500	109	843	6,043
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 FTEs) ⁽ⁱⁱ⁾	2,558	814	368	41	418	4,199
	3,134	1,040	496	66	477	5,213

In February 2025 Conal Harte was appointed to the position of EVP of Patient Care and in April 2025, André Rocha joined the company as EVP of Research & Development, succeeding Hildur Einarsdóttir, who departed the company at the end of January 2025. Executive management is the same as key management.

(i) Shares owned at year end by Sveinn Sölvason 68,342 (2024: 68,342).
(ii) Shares owned at year end by executive management 83,406 (2024: 81,991).

7. Fees to auditors

	2025	2024
Audit of Financial Statements	1,681	1,664
Other services	122	90
	1,803	1,754

The table shows the fees to PricewaterhouseCoopers (PwC). In 2025, fees for other services amounting to USD 17 thousand were paid to PricewaterhouseCoopers ehf., the auditor of the Consolidated Financial Statements; no such fees were incurred in 2024.

8. Financial income / expenses

	2025	2024
Interests on bank deposits	1,523	1,966
Other financial income	539	1,285
Financial income	2,061	3,251
Interests on loans	(12,263)	(17,883)
Interest on leases	(7,261)	(5,365)
Other financial expenses	(1,591)	(1,499)
Financial expenses	(21,115)	(24,746)
Net exchange rate differences	(4,974)	(4,435)
Net financial expenses	(24,028)	(25,930)

Notes to the Consolidated Financial Statements

9. Income tax

	2025		2024	
Current tax expenses	(29,926)		(29,456)	
Deferred tax expenses	5,635		7,853	
	(24,291)		(21,603)	
	2025		2024	
	Amount	%	Amount	%
Earnings before tax	107,936		90,563	
Tax using Icelandic corporate tax rate	(21,587)	20%	(19,018)	21%
Difference between tax rates of non - Icelandic enterprises and Icelandic corporate tax rate	(2,588)	2%	(2,905)	3%
Impact of non-deductible expenses / non-taxable income	850	1%	92	(0%)
Impact of unrecognized tax assets, net	(473)	0%	(10)	0%
Other impacts	(492)	(1%)	238	(0%)
	(24,291)	23%	(21,603)	24%
Deferred tax expenses:	2025		2024	
Origination and reversal of temporary differences	5,677		7,802	
Effect of changes in tax rate	(42)		51	
	5,635		7,853	

For compliance and reporting on both Country-by-Country Reporting and Pillar Two, Embla Medical is part of WDI group. Embla Medical is not materially impacted by OECD’s/EUs Pillar Two Model Rules and local implementation thereof.

10. Earnings per share

	2025	2024
Net profit	83,645	68,960
Weighted average number of ordinary shares (in '000)	426,959	426,644
Adjustments for calculation of diluted earnings per share:		
Options and PSU/RSU	40	15
Weighted average number of shares including potential shares (in '000)	427,000	426,659
Basic earnings per share (US cent)	19.6	16.2
Diluted earnings per share (US cent)	19.6	16.2

Notes to the Consolidated Financial Statements

11. Property, plant and equipment

2025	Leasehold improvements	Machinery & equipment	Office equipment	Computer equipment	Total
Cost					
At 1 January	51,273	80,116	14,939	13,941	160,269
Additions	6,921	10,675	1,197	3,279	22,073
Business combinations	2,294	599	403	63	3,359
Eliminated on disposal	(46)	(178)	(21)	(130)	(375)
Fully depreciated assets	(94)	(522)	(189)	(2,224)	(3,029)
Exchange rate differences	2,399	1,539	1,534	833	6,304
At 31 December 2025	62,745	92,228	17,862	15,764	188,600
Depreciation					
At 1 January	19,654	50,499	9,850	8,442	88,445
Charge for the period	5,897	8,128	1,684	3,658	19,367
Eliminated on disposal	(23)	(183)	(19)	(106)	(331)
Fully depreciated assets	(94)	(522)	(189)	(2,224)	(3,029)
Exchange rate differences	1,652	888	849	545	3,935
At 31 December 2025	27,086	58,810	12,175	10,315	108,385
At 31 December 2025	35,660	33,418	5,688	5,449	80,215
Depreciation classified by functional category:				2025	2024
Cost of goods sold				9,739	9,850
Sales and marketing expenses				4,532	3,922
Research and development expenses				1,303	773
General and administrative expenses				3,793	4,030
Total				19,367	18,575
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

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			
	Buildings & sites	Machinery & equipment	Total
2025			
At 1 January	123,789	4,012	127,802
Additions and renewals	53,766	2,817	56,583
Depreciation charge and impairment for the period	(26,573)	(2,696)	(29,269)
Eliminated on disposal and termination	(2,790)	0	(2,790)
Exchange rate differences	9,664	524	10,188
At 31 December 2025	157,857	4,658	162,514
Depreciation and impairment classified by functional category:			
	2025	2024	
Cost of goods sold	11,731	10,093	
Sales and marketing expenses	9,161	5,047	
Research and development expenses	3,149	3,028	
General and administrative expenses	5,227	7,065	
Total	29,269	25,233	
	Buildings & sites	Machinery & equipment	Total
2024			
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
Lease liabilities			
Contractual maturities analysis as follows:			
	31.12.2025	31.12.2024	
In 2026 / 2025	35,227	29,307	
In 2027 / 2026	31,089	24,831	
In 2028 / 2027	26,456	20,438	
In 2029 / 2028	21,763	16,985	
Later	106,631	77,069	
Total	221,166	168,629	
Less: Present value discount	(39,450)	(26,214)	
Lease liability	181,716	142,415	
Lease liabilities are presented in the Consolidated Balance Sheet as follows:			
Non-Current	153,499	118,279	
Current	28,218	24,136	
Total	181,716	142,415	
Lease related expenses recognized in the Consolidated Income Statement:			
	2025	2024	
Depreciation expense from right of use assets	29,269	25,233	
Interest expense on lease liabilities	7,261	5,365	
Exchange difference on lease liabilities	1,562	2,209	
Short-term and low value lease expenses not included in lease liabilities	563	677	
Termination of right of use asset	112	76	
Total	38,766	33,560	
Total cash outflow for leases			
	34,761	29,743	

Notes to the Consolidated Financial Statements

13. Goodwill

	2025	2024
At 1 January	776,306	690,855
Business combinations	18,698	104,489
Exchange rate differences	40,556	(19,038)
At 31 December	835,560	776,306
The carrying amount of goodwill was allocated to the following cash-generating units:		
	31.12.2025	31.12.2024
Americas	453,848	451,947
EMEA	365,582	309,266
APAC	16,130	15,093
Total	835,560	776,306

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 2026 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 2030 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.

2025	Americas	EMEA	APAC
Sales growth (%)	7%	7%	12%
EBITDA margin (%)	20%	26%	16%
Capex ratio	3%	3%	4%
Perpetual growth rate (%)	2.5%	2.5%	2.5%
Pre-tax discount rate (%)	10.6%	10.2%	10.6%
Post-tax discount rate (%)	10.1%	9.7%	10.1%
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%



Notes to the Consolidated Financial Statements

Management has determined the values assigned to each of the above key assumptions as follows:

Sales growth

Average annual growth rate over the five-year forecast period is in line with current outlook, which is slightly reduced compared with the Growth’27 strategy approved by the Board of Directors.

EBITDA margin

Average annual EBITDA margin over the five-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.

Notes to the Consolidated Financial Statements

14. Other intangible assets

	Customer & distribution relationships	Patents & development costs	Trademarks	Software & other	Total
2025					
Cost					
At 1 January	36,701	32,214	8,156	63,175	140,246
Additions	0	960	39	1,409	2,408
Additions - internally generated	0	0	0	7,852	7,852
Business combinations	7,823	478	0	79	8,380
Fully amortized assets	0	0	(279)	(3,197)	(3,476)
Exchange rate differences	3,035	511	712	131	4,389
At 31 December 2025	47,559	34,163	8,627	69,448	159,798
Amortization					
At 1 January	9,393	9,789	523	23,896	43,601
Charge for the period	3,668	2,311	104	5,901	11,984
Fully amortized assets	0	0	(279)	(3,197)	(3,476)
Exchange rate differences	478	279	0	23	781
At 31 December 2025	13,540	12,379	348	26,623	52,889
At 31 December 2025	34,019	21,784	8,280	42,825	106,908
Amortization classified by functional category:				2025	2024
Cost of goods sold				883	1,577
Sales and marketing expenses				6,819	6,377
Research and development expenses				1,882	1,691
General and administrative expenses				2,400	2,520
Total				11,984	12,165

	Customer & distribution relationships	Patents & development costs	Trademarks	Software & other	Total
2024					
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

None of the Company's intangible assets are with restricted title or pledged as security.

Notes to the Consolidated Financial Statements

15. Investment in associates

	2025	2024
At 1 January	20,364	20,532
Additions	4,117	0
Share in net profit	6,661	3,340
Dividend received	(4,083)	(2,585)
Exchange rate differences	891	(923)
At 31 December	27,950	20,364

None of the individual associate’s financial information are material.

16. Other financial assets

	31.12.2025	31.12.2024
Financial asset at amortized cost:		
Unlisted securities	1,651	856
Restricted cash	609	534
Financial asset at fair value through Income Statement:		
Call option for shares in associates	1,706	1,315
Hedging derivatives:		
Cash flow hedge - foreign currency forwards	0	1,475
	3,966	4,179
Non-Current	3,966	2,704
Current	0	1,475
	3,966	4,179

Hedging derivatives are classified as other financial assets when the book value is positive and as other financial liabilities when book value is negative.

17. Inventories

	31.12.2025	31.12.2024
Raw material	52,460	44,268
Work in progress	30,618	23,167
Finished goods	82,539	75,667
	165,617	143,102

Inventories of USD 12.0 million (2024: USD 11.5 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 286.7 million (2024: USD 260.6 million). Thereof USD 5.3 million (2024: USD 4.4 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 6.8 million compared to USD 5.6 million in 2024.

None of the Company's inventories are pledged as security.

Notes to the Consolidated Financial Statements

18. Accounts receivable

	31.12.2025	31.12.2024
Nominal value	149,302	125,949
Allowance for doubtful accounts	(4,521)	(4,034)
	144,782	121,915

The average credit period on sale of goods are 47 days (2024: 43 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	2025	2024
At 1 January	(4,034)	(5,076)
Impairment (losses)/gains recognized on receivables	(2,024)	372
Amounts written off as uncollectable	1,731	494
Exchange rate differences	(194)	176
At 31 December	(4,521)	(4,034)

31.12.2025					
	Gross carrying amount at default	Expected credit loss rate	Collective allowance (lifetime ECL)	Individual allowance	Net carrying amount
Accounts receivable					
Not past due	95,498	0.1%	69	9	95,419
Less than six months past due	43,314	2.8%	1,195	310	41,809
Six to twelve months past due	4,000	12.5%	500	17	3,483
More than twelve months past due	6,490	19.5%	1,266	1,153	4,072
	149,302		3,030	1,490	144,782

31.12.2024					
	Gross carrying amount at default	Expected credit loss rate	Collective allowance (lifetime ECL)	Individual allowance	Net carrying amount
Accounts receivable					
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

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.

Notes to the Consolidated Financial Statements

19. Other assets

	31.12.2025	31.12.2024
Prepaid expenses	19,275	22,630
VAT refundable	8,758	7,361
Other	17,059	14,309
	45,092	44,300

The other line primarily includes accrued income, security deposits, various tax refunds and other short-term receivables.

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 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

Notes to the Consolidated Financial Statements

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 2024	421,000	(701)	420,299
Issued shares	6,636		6,636
Balance at 31 December 2024	427,636	(701)	426,935
Issued shares	2,805		2,805
Sold treasury shares		15	15
Purchased treasury shares		(1,987)	(1,987)
Balance at 31 December 2025	430,441	(2,673)	427,768

Movement in issued capital is as follows in USD thousands:

	Share capital	Share premium	Total
Balance at 1 January 2024	4,781	61,479	66,260
Issued shares	48	27,156	27,204
Balance at 31 December 2024	4,829	88,635	93,464
Issued shares	23	14,550	14,573
Sold treasury shares	0	185	185
Purchased treasury shares	(16)	(9,736)	(9,752)
Balance at 31 December 2025	4,836	93,634	98,470

In 2025 the share buyback program was reinitiated. 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. Share option contracts amounting to 15,078 Embla Medical hf shares were exercised during the year.

In 2025 in connection with the investment in a majority shares of Streifeneder ortho.production GmbH, new shares were issued raising the total share capital in nominal value by 0.7%, from ISK 427.6 million to ISK 430.4 million, resulting in USD 14.6 million share capital increase. At year end 2025 Embla Medical held 2.7 million treasury shares that equals to 0.6% of issued shares.

Notes to the Consolidated Financial Statements

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 2024	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		602				602
Share contracts vested/expired		(1,308)				(1,308)
Balance at 31 December 2024	1,267	4,985	1,208	0	(82,850)	(75,390)
Change in cash flow hedges			(1,826)			(1,826)
Income tax			365			365
Transl. diff. of shares in subsidiaries					22,721	22,721
Income tax					4,632	4,632
Total comprehensive income	0	0	(1,461)	0	27,353	25,892
Share contracts charge		1,970				1,970
Share contracts vested/expired		(2,967)				(2,967)
Balance at 31 December 2025	1,267	3,989	(253)	0	(55,497)	(50,494)

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 one of its subsidiary (2024 two). The effect on the equity attributable to the owners of the Company is as follows:

	2025	2024
Carrying amount of non-controlling interest acquired	3,143	292
Consideration paid to non-controlling interest	(5,123)	(9,648)
Contingent consideration	(600)	(786)
Excess of consideration paid recognized in retained earnings	(2,581)	(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 395,000 RSUs will be granted each year.

PSUs value at granting depends on performance and Embla’s share price. 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. Performance metrics and targets are set at the beginning of the performance period. Performance metrics shall be closely aligned with Embla’s long-term strategy and sustainability and shall include a combination of financial, business and non-financial targets. At granting, the PSUs value is set within a defined range of the President and CEO’s fixed annual salary for the President and CEO, and within a separate defined range of fixed annual salary for other executives, with the specific amount determined according to their respective roles and responsibilities. RSU value is determined as a portion of the key employee’s fixed annual salary, set by the President and CEO based on the employee’s role and responsibilities. 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.

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

Notes to the Consolidated Financial Statements

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. Neither in 2025 nor in 2024, the expected volatility was not assumed nor the annual discount rate as new stock options were not granted. 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						
Sveinn Sölvason President and CEO	162,764	2024-2025	2027-2028		30.7-33.3	20
Executive management (6 persons)	406,936	2024-2025	2027-2028		30.7-33.3	20
Total	569,700					
Share options						
Sveinn Sölvason President and CEO	140,000	2022 - 2023	2025 - 2026	29.9-34.2	29.2-34.6	1
Executive management (4 persons)	400,000	2022	2025	28.5-41.7	29.5-44.0	0
Executive management (3 persons)	180,000	2023	2026	27.9-34.2	27.5-34.6	8
Total	720,000					
Issued to management team:						
RSU						
Managers (47 Persons)	667,334	2024-2025	2027-2028		30.7-32.2	21
Total	667,334					
Share options						
Managers (11 Persons)	410,000	2022	2025	28.5-41.7	29.5-44.0	0
Managers (1 person)	50,000	2023	2026	34.2	34.6	2
Total	460,000					
Total issued RSU/ PSU	1,237,034					20
Total issued share options	1,180,000					1
Total	2,417,034			Total weighted average remain. contr. life in months		11

Notes to the Consolidated Financial Statements

Movements in share options and RSU / PSU during the period:	2025		2024	
	Number of shares	Weighted average exercise price (in DKK)	Number of shares	Weighted average exercise price (in DKK)
PSU / RSU				
Outstanding at 1 January	654,447		0	
Granted during period	592,693		699,700	
Forfeited during period	(10,106)		(45,253)	
Total outstanding at 31 December	1,237,034		654,447	
Share options				
Outstanding at 1 January	3,294,000	40.0	4,872,800	41.3
Expired during period	(1,824,000)	44.8	(741,200)	44.7
Forfeited during period	(75,000)	33.1	(837,600)	43.3
Exercised during period	(215,000)	31.0	0	0
Total outstanding at 31 December	1,180,000	34.8	3,294,000	40.0

In current year a total number of 215,000 share options were exercised on various dates. The weighted average share price at the dates of exercise amounted to DKK 35.2 per share.

The estimated remaining cost due to the share contracts and PSU/RSU is USD 4.5 million (2024: USD 2.5 million). An expense of USD 2.0 million (2024: USD 0.6 million) is recognized in the Consolidated Income Statement for the period. The exercise period of the share option contracts falls in 2026 and for RSU and PSU ranges from 2027 and 2028.

The range of the share price of exercised and expired options in the current year is DKK 28.5 to DKK 46.8 (2024: DKK 30.3 to DKK 46.3).

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.

Notes to the Consolidated Financial Statements

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:

	2025	2024
At 1 January	1,208	(258)
Change in fair value of hedging instrument recognized in Other Comprehensive Income	(5,234)	308
Reclassified to Income Statement	3,408	1,524
Deferred tax	365	(366)
At 31 December	(253)	1,208

At balance sheet date ten forward contracts were open. The fair value of the contracts results in an liability of USD 0.4 million at year end 2025 (2024: 1.5 million asset). The effects of the foreign currency-related hedging instruments on the Company’s financial position and performance are as follows:

	31.12.2025	31.12.2024
Carrying amount	352	(1,475)
Notional amount	55,136	36,545
Maturity date	Mar-Dec 26	Mar-Dec 25
Hedge ratio	1:1	1:1
Weighted average hedged rate for outstanding hedging instruments	149.2	153.8

Notes to the Consolidated Financial Statements

26. Borrowings

	31.12.2025	31.12.2024
Loans in USD	74,925	103,375
Loans in EUR	284,928	253,999
Total	359,853	357,374
Non-Current	292,174	328,754
Current	67,678	28,620
Total	359,853	357,374

Aggregated maturities of borrowings are as follows:

	31.12.2025	31.12.2024
In 2026 / 2025	67,678	28,620
In 2027 / 2026	238,626	51,224
In 2028 / 2027	10,651	277,530
In 2029 / 2028	10,641	0
Later	32,257	0
	359,853	357,374

The table below shows how cash and non-cash changes affect borrowings within the Company:

	2025	2024
At 1 January	357,374	333,335
Cash flows	(32,371)	39,787
Non-cash changes:		
Acquisition related	2,506	0
Exchange rate differences	31,790	(16,198)
Amortization of borrowing costs	555	450
At 31 December 2025	359,853	357,374

The weighted average interest on outstanding loans at 31.12.2025 was 2.5% (2024: 3.3%). The following table highlights key information of the Company’s borrowings:

Lender	Type	Currency	Interest type	Outstanding	Available
Nordic Investment Bank	Term, Bullet	EUR	Fixed	59,175	0
Nordic Investment Bank	Term, Amortizing	EUR	Floating	58,433	0
Nordea, Danske Bank	Revolver	EUR	Floating	157,857	35,272
European Investment Bank	Term, Bullet	USD	Fixed	74,925	0
Danske Bank	Overdraft	Multicurrency	Floating	9,463	78,716
Total				359,853	113,988

Notes to the Consolidated Financial Statements

27. Deferred tax assets / liabilities

	2025	2024
At 1 January	8,887	13,111
Income tax payable for the period	29,926	29,456
Calculated tax for the period	(24,291)	(21,603)
Business combinations	(2,435)	(9,995)
Recognized in other comprehensive income	3,674	(1,697)
Exchange rate differences	(169)	(385)
At 31 December	15,592	8,887

Deferred tax in the Balance Sheet:		
Deferred tax asset	55,380	46,365
Deferred tax liabilities	(39,788)	(37,478)
	15,592	8,887

Movement in deferred tax balances:

	1/1/2025	Recognized in Income Statement	Recognized directly in OCI	Other ⁽ⁱ⁾	12/31/2025	Deferred tax assets	Deferred tax liabilities
Goodwill	(18,902)	(3,423)		(8)	(22,333)	4,228	(26,561)
Intangible assets	(16,657)	401		(3,471)	(19,727)	2,964	(22,691)
Property, plant and equipment	(1,870)	(327)		214	(1,983)	2,082	(4,065)
Tax loss carry forward	1,193	143		(43)	1,293	1,293	0
Inventories	19,227	6,382		3	25,612	26,424	(812)
Provisions	4,774	545		46	5,365	5,364	1
Current liabilities	16,745	969		225	17,939	19,363	(1,424)
Receivables	1,969	214		126	2,309	2,337	(28)
Other	2,408	731	3,674	305	7,118	7,197	(79)
Total	8,887	5,635	3,674	(2,603)	15,592	71,252	(55,660)
Deferred tax assets and liabilities offsetting						(15,872)	15,872
Net deferred tax assets (liabilities)						55,380	(39,788)

	1/1/2024	Recognized in Income Statement	Recognized directly in OCI	Other ⁽ⁱ⁾	12/31/2024	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)

(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 2025 these unused tax losses amounted to USD 28.4 million (2024: USD 22.8 million). USD 12.9 million of this amount will expire in 5-10 years (2024: USD 8.4 million). The remaining tax losses carry an indefinite term.

Notes to the Consolidated Financial Statements

In relation to the elimination of intercompany gain in inventories, the Company has recognized a deferred tax benefit of USD 6.2 million (2024: USD 0.9 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

	Warranty provisions	Restructuring provisions	Other provisions	Total
2025				
At 1 January	12,423	962	7,166	20,551
Additional provision recognized	11,722	700	3,645	16,067
Utilization of provision	(10,787)	(224)	(1,171)	(12,182)
Exchange rate differences	225	3	374	602
At 31 December 2025	13,583	1,441	10,014	25,038
Non-current	6,737	0	1,986	8,723
Current	6,846	1,441	8,028	16,315
At 31 December 2025	13,583	1,441	10,014	25,038
2024				
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	12,423	962	7,166	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

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 8.0 million are expected to be utilized within the next 12 months, the remaining amount in other provisions relate to employee long term services.

Notes to the Consolidated Financial Statements

29. Deferred income

	2025	2024
At 1 January	11,311	10,119
Deferred income	5,303	4,602
Released from deferred income	(3,110)	(2,962)
Exchange rate differences	851	(449)
At 31 December	14,355	11,311
Non-current	11,346	8,589
Current	3,009	2,722
At 31 December	14,355	11,311

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

	31.12.2025	31.12.2024
Financial liabilities at amortized cost:		
Deferred payments relating to business combinations	27,612	27,351
Other financial liabilities at amortized cost	212	381
Financial liabilities at fair value through Income Statement:		
Contingent considerations relating to business combinations	25,380	29,157
Put options for shares in associates	1,706	1,315
Hedging derivatives:		
Cash flow hedge - foreign currency forwards	352	0
	55,261	58,204
Non-current	19,588	47,946
Current	35,673	10,258
	55,261	58,204

Hedging derivatives are classified as other financial assets when the book value is positive and as other financial liabilities when book value is negative.

Contingent consideration relating to business combination is mainly resulting from acquisition of Streifeneder and Fior & Gentz. The contingent consideration payments for Streifeneder are dependent on savings and fair value is determined based on best information available at the date of acquisition. The full value of the contingent consideration relating to Streifeneder acquisition was accounted for at acquisition date and is payable in 2026. The payments related to Fior & Gentz acquisition can range up to 17 million USD based on management best estimate. The first payment was made this year. The remaining amount is payable in the years 2026 and 2027. The estimated payments are based on forecasted sales growth within the Company’s sales channels. The earnout related to Naked Prosthetics acquisition was fully paid this year. 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 shares in an associates are calculated as a multiple of EBITDA of the associates in the previous financial year in the proportion which the put option shares bear to the total shares of the entities. The options are exercisable in 2027 to 2033.

Notes to the Consolidated Financial Statements

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	2025	2024
Sales of products	5,929	2,825
Purchases	5,313	4,695
Receivables from associates at 31 December	1,347	647
Payables to associates at 31 December	378	469
Other related parties	2025	2024
Sales of products	1,143	890
Purchases	7,135	6,850
Receivables from other related at 31 December	533	440
Payables to other related at 31 December	111	612

For disclosures relating to key management positions, refer to note 6.

32. Other liabilities

	31.12.2025	31.12.2024
Accrued expenses	25,105	23,033
Sales tax and VAT	6,861	4,979
Prepayments on orders	4,575	2,194
Sales return accrual	4,208	3,930
Deferred income	3,009	2,722
Other	4,231	2,503
	47,989	39,361

Notes to the Consolidated Financial Statements

33. Business combinations

On 17 July 2025 Embla Medical announced the acquisition of the majority share (51% of the shares) in the privately owned Streifeneder ortho.production GmbH (“Streifeneder”). The investment was completed on 29 August 2025 following regulatory approvals, hence four months of sales is included in the Consolidated Financial Statements for the year 2025 .

Streifeneder is an international developer and supplier of orthopaedic mobility solutions, employing around 100 people. In addition to its offerings of prosthetic and orthotic components, Streifeneder also supplies orthopaedic materials and equipment to the O&P industry. In 2024, Streifeneder realized sales of EUR 25 million (approximately USD 29m) with ~70% of sales related to prosthetics and orthopaedic materials. The majority of sales are generated in Germany, while also selling into other key European markets and distributing into the Americas and APAC regions.

As part of the consideration paid for Streifeneder, Embla Medical issued 2,805,135 new shares. The share price of each share was DKK 33.26, and the total value of the share price capital increase is thus DKK 93 million (EUR 12.5 million / USD 14.6 million).

A few other small acquisitions were made during the year.

Current year acquisitions were made to strengthen the Company’s product and service portfolios and our patient care business segment. The accounting for the acquisition was provisionally determined at the end of the reporting period. The goodwill is not deductible for income tax purpose.

In the Consolidated Income Statements for the year 2025, sales amounting to USD 11.8 million and net loss of USD 0.2 million were related to current year acquisitions.

The current year acquisitions took place in the middle of the year. If the acquisitions had occurred on 1 January 2025, consolidated pro-forma results for the year ended 31 December 2025 would have been revenue of USD 29.4 million and net loss of USD 1.2 million.

Assets acquired and liabilities consumed at the date of acquisition:	Total
Property, plant and equipment	3,359
Other intangible assets	8,380
Other non-current assets	71
Inventories	6,029
Accounts and other receivables	392
Bank balances and cash equivalents	144
Borrowings	(2,506)
Deferred tax liabilities	(2,435)
Other liabilities	(3,978)
Non controlling interest	(4,611)
Net identifiable assets acquired	4,847
Goodwill	18,698
Net assets acquired	23,545
Consideration:	
Net assets acquired	23,545
Contingent consideration and deferred payments on current year’s acquisition	(4,740)
Issued new shares	(14,573)
Cash paid	4,232
Cash from acquired company	(144)
Consideration shown in Cash Flow	4,087

The split of property, plant and equipment and other intangible assets can be found in notes 11 and 14.

Notes to the Consolidated Financial Statements

34. Financial instruments

Financial assets and liabilities

The Company holds the following financial instruments:

Financial assets	Notes	31.12.2025	31.12.2024
Financial assets at amortized cost:			
Accounts receivable	18	144,782	121,915
Cash and cash equivalents	20	102,507	86,163
Financial assets at amortized cost	16	2,260	1,390
Financial assets at fair value through Income Statement	16	1,706	1,315
Hedging derivatives - foreign currency forwards	16	0	1,475
Total		251,255	212,257

Financial liabilities	Notes	31.12.2025	31.12.2024
Financial liabilities at amortized cost:			
Borrowings	26	359,853	357,374
Lease liabilities	12	181,716	142,415
Accounts payable		32,825	27,275
Other financial liabilities at amortized cost	30	27,824	27,732
Financial liabilities at fair value through Income Statement	30	27,086	30,472
Hedging derivatives - foreign currency forwards	30	352	0
Total		629,656	585,267

Fair value of financial instruments

In the above overview of financial instruments, financial assets and financial liabilities that are measured at fair value in the Consolidated Financial Statements 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.

	31.12.2025		31.12.2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities:				
Borrowings	359,853	358,553	357,374	358,808

The difference between the fair value and the carrying amount relates to distribution of borrowing cost and the difference between current market floating rates and the Company’s rate on fixed rate loans. The fair value is determined as a level 3 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 Consolidated 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.

Notes to the Consolidated Financial Statements

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			1,706	1,706
Total financial assets		0	0	1,706	1,706

Financial liabilities					
Financial liabilities at fair value through income statement:					
Contingent consideration related to acquisition	30			25,380	25,380
Put option for shares in associates	30			1,706	1,706
Hedging derivatives - foreign currency forwards	30		352		352
Total financial liabilities		0	352	27,086	27,437

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 2024.

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 interest bearing debt (NIBD) 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 NIBD to EBITDA before special items at period end was as follows:

	31.12.2025	31.12.2024
Net interest bearing debt	439,062	413,626
EBITDA before special items	185,922	173,264
Net interest bearing debt/EBITDA before special items	2.4	2.4

Notes to the Consolidated Financial Statements

Loan covenants

Under the terms of the Company borrowings, which has a carrying amount of USD 359.9 million (2024: USD 357.4 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 will have difficulties complying with the covenants in 2026.

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 a liability of USD 0.4 million at year end 2025 (2024: USD 1.5 million asset). 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	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
EUR	374,280	308,727	72,532	41,818
USD	177,931	198,980	110,533	110,606
ISK	62,588	56,210	18,783	15,723
SEK	28,218	24,562	14,522	9,317
GBP	7,672	6,486	6,832	4,888
Other	52,567	38,478	73,145	72,730
	703,255	633,444	296,346	255,082

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 Income Statment 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⁾	
	2025	2024	2025	2024
Net profit / Equity	7,176	5,656	(6,374)	(5,726)

(i) 26% (2024: 24%) of the Company's COGS and OPEX is in EUR against 31% (2024: 28%) of its sales causing an increase in profit if the USD decreases against the EUR.

(ii) 11% (2024: 11%) of the Company's COGS and OPEX is in ISK against 0.5% (2024: 0.4%) 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 2025, 63% 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 2025 would have decreased/increased by USD 2.3 million (2024: USD 2.3 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 216.5 million, consisting of undrawn revolving credit facilities of USD 114.0 million (2024: USD 49.6 million) and cash and cash equivalents of USD 102.5 million (2024: USD 86.2 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
31.12.2025					
Borrowings	3.2%	79,794	296,726	11,012	387,532
Lease liabilities	4.5%	35,227	114,325	71,615	221,166
Non-interest bearing liabilities	-	175,615	17,001	0	192,616
		290,636	428,051	82,627	801,314
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
		197,372	491,292	52,975	741,639

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.

Notes to the Consolidated Financial Statements

35. The Consolidation

Information about the main composition of Embla Medical hf. and its subsidiaries at the end of the reporting period is as follows:

Name of company	Place of registration and operation	Ownership %	Principal activity
Össur Americas Inc	USA	100%	Sales, R&D, distribution and manufacturer
Össur Australia PTY Ltd	Australia	100%	Sales, distribution and services
Össur Canada Inc	Canada	100%	Sales, distribution and services
Össur Deutschland GmbH	Germany	100%	Sales, distribution and services
Össur Europe BV	Netherlands	100%	Sales, distribution and services
Össur France Sarl	France	100%	Sales, distribution and services
Össur Iceland ehf	Iceland	100%	R&D and manufacturer
Össur UK Ltd	UK	100%	Sales, distribution and services
ForMotion Australia PTY Ltd	Australia	100%	Patient Care
College Park Industries, Inc	USA	100%	Sales, R&D, distribution and manufacturer
Fior & Gentz GmbH	Germany	100%	Sales, distribution and manufacturer
ForMotion Sweden AB	Sweden	100%	Patient Care
ForMotion Norway AS	Norway	100%	Patient Care
Touch Bionics Ltd	UK	100%	Manufacturer and R&D

Notes to the Consolidated Financial Statements

36. Other information

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-2025-12-31.zip”.

37. Insurance

	31.12.2025		31.12.2024	
	Insurance value	Book value	Insurance value	Book value
Fixed assets and inventories	261,754	252,613	239,336	220,478

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.

38. Contingent liabilities

Embla Medical has committed to a three-year program designed to deliver high-quality prosthetic care and rehabilitation to up to 1,000 Ukrainian amputees. With a total estimated value of USD 11 million over three years, the new initiative will be co-financed by the Government of Iceland (USD 3.9 million) and Embla Medical (USD 7.7 million). As of year-end, Embla Medical’s remaining financial commitment totals USD 7.0 million, which will be recognized as expense in proportion to the number of amputees served over the coming three-year period.

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.

Notes to the Consolidated Financial Statements

39. Adoption of new and revised standards

New and amended IFRS that are effective for the current year

The following amendment to IFRS became mandatorily effective in the current year. The application of the below amendment has no effect on the Consolidated Financial Statements:

Amendments to IAS 21: Lack of Exchangeability.

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.

Management has performed an initial assessment of the impact of IFRS 18 on the Consolidated Financial Statements. Since IFRS 18 does not change recognition or measurement requirements, but focuses on presentation and disclosure, the implementation is not expected to have a significant impact on the Company’s overall reported financial position or performance. Rather, the impact will primarily be related to the classification and presentation changes within the statement of profit or loss, enhanced disaggregation in the statement of financial position and notes, as well as the introduction of management-defined performance measures. Based on the analysis performed, the Company does not anticipate any material adjustments to the amounts presented in the Consolidated Financial Statements that would be required by IFRS 18. Work is ongoing to update internal reporting structures to comply with the new presentation and disclosure requirements by the effective date. IFRS 18 becomes effective for annual reporting periods beginning on or after 1 January 2027.

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 2026 for the Company depending on when approved by Icelandic authorities.

Notes to the Consolidated Financial Statements

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 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

Notes to the Consolidated Financial Statements

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 units (CGU) expected to benefit from the synergies of the combination. CGU’s 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 CGU. If the recoverable amount of the CGU 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 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.

Notes to the Consolidated Financial Statements

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. General payment terms in the Company’s main markets is 30 days.

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

Notes to the Consolidated Financial Statements

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 2025 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 2025.

Share capital

The share capital of Embla Medical at balance sheet date is ISK 430,441,257 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

Notes to the Consolidated Financial Statements

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 William Demant Invest A/S 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-infinite
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

Notes to the Consolidated Financial Statements

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 (CGU) to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU’s 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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

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

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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 (ECL) 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 ECL’s which uses a lifetime expected loss allowance for accounts receivables. The ECL 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

Notes to the Consolidated Financial Statements

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.

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 % 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.

Notes to the Consolidated Financial Statements

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.

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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.

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 (CGU) 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 CGU 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 combinations 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 incentive 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.



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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

EBT

Earnings before interest

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.

Aggregate EBITDA of Guarantors

Aggregate EBITDA of Guarantors is the combined EBITDA of the Company’s Guarantors as defined in loan agreements.

Aggregate gross assets of Guarantors

Aggregate gross assets of the Guarantors is the combined gross assets of the Company’s Guarantors as defined in loan agreements.

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 generated from operating activities 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

Notes to the Consolidated Financial Statements

Sales growth

The change in revenue compared to prior period

Basic Earnings per share

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

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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