

**Össur hf.**

**Condensed Interim Consolidated  
Financial Statements**

**31.3.2021**

Össur hf

Grjóthálsi 5

110 Reykjavík

Id-no. 560271-0189

## Statement by the Board of Directors and President and CEO

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The Condensed Interim Consolidated Financial Statements of Össur hf. for the period from 1 January to 31 March 2021 consist of the Financial Statements of Össur hf. and its subsidiaries. The Condensed Interim Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards for Interim Financial Reporting, IAS 34, as adopted by the EU. The Condensed Interim Consolidated Financial Statements are neither audited nor reviewed by the Company's auditors.

The total sales of the Össur Consolidation amounted to USD 160.8 million and the net profit amounted to USD 11.4 million. Össur's Consolidated total assets amounted to USD 1,213.2 million at the end of period, liabilities were USD 629,5 million, and equity was USD 583.7 million.

It is our opinion that these Condensed Interim Consolidated Financial Statements present all the information necessary to give a true and fair view of the Company's financial position at 31 March 2021 and operating performance of the period ended 31 March 2021.

The Board of Directors and the President and CEO of Össur hf. have today discussed the Condensed Interim Consolidated Financial Statements for the period from 1 January to 31 March 2021 and confirm them by means of their signatures.

Reykjavík, 27 April 2021

### Board of Directors

Niels Jacobsen  
Chairman of the Board

Arne Boye Nielsen

Alberto Esquenazi

Guðbjörg Edda Eggertsdóttir

Svafa Grönfeldt

### President and CEO

Jón Sigurðsson

## Consolidated Income Statement

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

## Consolidated Statement of Comprehensive Income

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

## Consolidated Balance Sheet

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

## Consolidated Balance Sheet

### Equity and liabilities

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

## Consolidated Statement of Cash Flow

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

## Consolidated Statement of Changes in Equity

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



## Notes to the Consolidated Financial Statements

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### 1. Summary of Significant Accounting Policies

#### **Statement of compliance**

The Condensed Interim Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards for Interim Financial Reporting, IAS 34 as adopted by the EU. The Condensed Interim Consolidated Financial Statements are presented in accordance with the new and revised standards (IFRS / IAS) and new interpretations (IFRIC), applicable in the period. New and amended IFRS Standards that are effective for the current year did not have any impact on the Company's Financial Statements. The Company has not early applied new and revised IFRS standards that have been issued but are not yet effective. The Financial Statements are presented in USD, which is the Company's functional currency. They do not include all of the information required for full Annual Financial Statements and should be read in conjunction with the Company's Annual Financial Statements for the period ended 31 December 2020. The Company's Annual Financial Statements can be found on the Company's website [www.ossur.com](http://www.ossur.com).

#### **Basis of preparation**

The Consolidated Financial Statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The Consolidated Financial Statements are presented in US dollars and all values are rounded to the nearest thousand ('000), except when otherwise indicated. The accounting policies adopted are consistent with those followed in the preparation of the Company's Annual Financial Statements for the period ended 31 December 2020.

## Notes to the Consolidated Financial Statements

### 2. Quarterly statements

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

### 3. Net sales

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

## Notes to the Consolidated Financial Statements

### 4. Sales and expenses split by main currencies

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

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

## Notes to the Consolidated Financial Statements

### 5. Property, plant and equipment

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

## Notes to the Consolidated Financial Statements

### 6. Right of use assets

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

### 7. Goodwill

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

## Notes to the Consolidated Financial Statements

### 8. Other intangible assets

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

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

### 9. Other information

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