

Jon Sigurdsson, President & CEO, comments:

"Sales continued to normalize in our key markets, both in Prosthetics and Bracing and Supports. Sales growth in the second quarter was high as the comparison quarter was the most affected by COVID-19 last year. Restrictions have been lifted in many of our main markets while others are still impacted by measures to control the pandemic. We saw increased profitability, as sales grew, and we will continue to focus on managing cost in line with the sales recovery. As Össur remains deeply committed to progressing in its rich, 50-year history of innovation and technological leadership, we successfully launched the new Power Knee this quarter. I am truly thankful to our customers and proud of all Össur employees around the world for continuing to make a positive impact for the benefit of our customers and end-users."

Highlights Q2 2021

- Sales amounted to USD 190 million in Q2 2021. Sales growth was 33% in local currency and increased by 32% organic compared to a decline in local currency of 23% and a decline of 26% organic in Q2 2020.
- Prosthetics grew by 30% organic compared to a 21% decline in Q2 2020. Bracing & Supports (B&S) increased by 36% organic compared to a decline of 32% in Q2 2020. Both Prosthetics and B&S increased by 16% organic in 1H 2021.
- Gross profit margin was 63% in Q2 2021 compared to 58% in Q2 2020, mainly due to higher sales in Q2 2021. For the same reason, gross profit was 64% in 1H 2021 compared to 60% in 1H 2020.
- EBITDA amounted to USD 42m in Q2 2021 and the EBITDA margin was 22% compared to 9% in Q2 2020.
- Growth in sales and operating margins is high as the comparison quarter was the most affected by COVID-19 in 2020.
- Net profit in Q2 2021 amounted to USD 19 million or 10% of sales compared to a net loss of USD 18 million in Q2 2020 as the second quarter in 2020 was heavily impacted by COVID-19 and one-off items in relation to divestments. Net profit in 1H 2021 amounted to USD 31 million.
- Cash generated by operations amounted to USD 38 million or 20% of sales in Q2 2021 and amounted to USD 58 million or 16% of sales in 1H 2021.
- In Q2 2021, Össur completed acquisitions of entities with combined annual sales of USD 11 million.
- Össur's Capital Structure and Dividend Policy has been updated to a desired level of 2.0x-3.0x net interest-bearing debt to EBITDA from a prior level of 1.5-2.5x. NIBD/EBITDA was 3.0x at the end of Q2 2021.
- The financial guidance for the full year 2021 consists of 10-15% organic sales growth, 21-23% EBITDA margin before special items, 3-4% CAPEX of sales, and an effective tax rate of 23-24%. Currently, management estimates that organic sales growth will be around the middle of the guidance range.

Key financials and guidance	1H 2021	1H 2020	Q2 2021	Q2 2020	Guidance 2021
Net sales in USD million	351	288	190	135	
Sales growth/(decline), organic	16%	(16)%	32%	(26)%	10-15%
EBITDA margin	20%	12%	22%	9%	21-23%
CAPEX as % of sales	3%	5%	3%	4%	3-4%
Effective tax rate	24%	4%	23%	13%	23-24%

USD million	1H 2021	1H 2020	Q2 2021	Q2 2020	FY 2020	FY 2019	FY 2018	FY 2017	
Income statement									
Net sales	351	288	190	135	630	686	613	569	
Gross profit	223	174	120	78	391	439	387	355	
Operating expenses (excl. other income/expenses)	177	165	91	80	338	341	304	280	
EBITDA	71	34	42	12	93	141	107	97	
EBITDA before special items	71	34	42	12	93	150	115	103	
EBIT	47	(7)	30	(17)	28	98	79	75	
Net profit	31	(11)	19	(18)	8	69	80	58	
Sales growth									
Sales growth USD	%	22	(15)	41	(25)	(8)	12	8	9
Organic growth	%	16	(16)	32	(26)	(10)	5	5	5
Currency effect	%	7	(2)	8	(2)	(0)	(4)	1	0
Acquired/divested business	%	(1)	3	1	3	2	11	2	4
Balance sheet									
Total assets	1,263	1,180	1,263	1,180	1,214	1,091	914	793	
Equity	605	534	605	534	577	569	538	500	
Net interest-bearing debt (NIBD)	393	331	393	331	381	302	180	121	
Cash flow									
Cash generated by operations	58	60	38	29	119	120	92	90	
Free cash flow	30	35	21	20	68	63	39	55	
Key ratios									
Gross profit margin	%	64	60	63	58	62	64	63	62
EBIT margin	%	13	(2)	16	(13)	4	14	13	13
EBITDA margin	%	20	12	22	9	15	21	18	17
EBITDA margin before special items	%	20	12	22	9	15	22	19	18
Equity ratio	%	48	45	48	45	48	52	59	63
NIBD to EBITDA*		3.0	3.0	3.0	3.0	4.1	2.0	1.6	1.2
Effective tax rate	%	24	4	23	13	38	24	18	16
Return on equity *	%	8	5	8	5	1	12	15	12
CAPEX to net sales	%	3.1	4.9	3.2	4.0	3.8	4.6	5.0	3.4
Market									
Market value of equity	3,128	2,801	3,128	2,801	3,380	3,340	2,055	1,871	
Number of shares in millions	423	423	423	423	423	425	431	437	
Diluted EPS in US cents	7.3	(2.6)	4.6	(4.2)	1.9	16.2	18.7	13.3	

* Financial ratios are based on operations for the preceding 12 months.

Note: The Company applied IFRS 16 on 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated.

Management's report

Financial performance

Sales

Sales increased by 32% organic in Q2 Sales are normalizing as the effect from COVID-19 is diminishing in many of Össur's key markets. Sales in 1H 2021 amounted to USD 351 million compared to USD 288 million in 1H 2020, corresponding to a 16% increase organic, 15% increase including acquisitions (local currency growth) and a 22% increase reported (USD growth). Sales in Q2 2021 amounted to USD 190 million compared to USD 135 million in Q2 2020, corresponding to a 32% organic increase, 33% including acquisitions/divestments (local currency growth) and a 41% reported increase (USD growth). The sales growth is high as the comparison quarter was the most affected by COVID-19 in 2020.

Acquisitions completed in Q2 Össur made acquisitions in Q2 2021 with an effective date as of mid-May. Sales of the acquired entities on a full year basis amount to around USD 11 million.

Net acquired sales amounted to USD 1 million in Q2 Net impact on sales from acquisitions and divestments completed in 2020 amounted to USD 1 million in Q2 2021 corresponding to a 1%-point positive effect on the reported growth rate. Currency movements in Q2 2021 impacted sales growth positively by USD 10 million, which corresponds to about an 8%-point positive effect on the reported growth rate. Further information on impact from acquired and divested sales can be found in the Company Announcements from Q1 2021 and Q4 2020.

In the Q1 2021 reporting, sales amounting to USD 9.6 million were incorrectly included in the sales and growth figures for Americas instead of EMEA. Other figures, including total sales and total growth figures were correctly stated for Q1 2021. The table below reflects the correct split between the regions for Q2 and 1H 2021.

Sales by region (USD million)	1H 2021	Organic growth	Δ Acq. / div.	Δ Curr. effect	USD growth	Q2 2021	Organic growth	Δ Acq. / div.	Δ Curr. effect	USD growth
Americas	162	14%	+4%	+2%	20%	90	33%	+7%	+3%	43%
EMEA	156	19%	-7%	+10%	22%	83	35%	-7%	+13%	41%
APAC	32	17%	+1%	+16%	34%	17	18%	-	+15%	33%
Total	351	16%	-1%	+7%	22%	190	32%	+1%	+8%	41%

Sales by segment (USD million)	1H 2021	Organic growth	Δ Acq. / div.	Δ Curr. effect	USD growth	Q2 2021	Organic growth	Δ Acq. / div.	Δ Curr. effect	USD growth
Prosthetics	219	16%	+10%	+6%	33%	119	30%	+12%	+7%	49%
Bracing and Supports	132	16%	-16%	+7%	7%	71	36%	-16%	+10%	30%
Total	351	16%	-1%	+7%	22%	190	32%	+1%	+8%	41%

Sales growth in Prosthetics and B&S Prosthetics sales amounted to USD 219 million in 1H 2021 and increased by 16% organic. In Q2 2021, Prosthetics sales amounted to USD 119 million and increased by 30% organic. In the quarter, sales of bionic products accounted for 19% of Prosthetics component sales compared to 21% in Q2 2020. COVID-19 has impacted bionic products more than mechanical products due to the more intensive bionic sales and fitting procedure and more elaborate reimbursement process. However, the demand for bionic products has not changed and the product pipeline is strong. Bracing and Supports (B&S) sales amounted to USD 132 million in 1H 2021 and increased organically by 16%. B&S sales amounted to USD 71 million in Q2 2021 and increased by 36% organic.

Sales are normalizing

The impact of COVID-19 varied by geography. Sales continued to be strong within APAC and as restrictions in connection with COVID-19 were being lifted, sales continued to normalize in Americas and key European markets. Some volatility can though be expected due to the uncertain situation around COVID-19.

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

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

The inclusion of off-the-shelf (OTS) orthoses in competitive bidding took effect at the beginning of January 2021. The competitive bidding process requires that all products subject to the program be reimbursed at a lower price. Össur estimates the impact to be materializing largely in line with expectation, although with some regional variances.

Q2 2021 consisted of 63 trading days compared to 62 trading days in Q2 2020. Average monthly sales attainment in Q2 2021 ranged between 120-170% compared to Q2 2020 and 90-120% compared to Q2 2019.

Operations

Gross profit margin 63% in Q2

Gross profit for 1H 2021 amounted to USD 223 million or 64% of sales compared to USD 174 million or 60% of sales for 1H 2020. In Q2 2021, gross profit amounted to USD 120 million or 63% of sales compared to USD 78 million or 58% of sales in Q2 2020. Manufacturing capacity was reduced in March 2020 due to lower sales in relation to COVID-19, which resulted in temporary lower productivity. Össur's manufacturing sites and warehouses are back to operating at normal capacity but cost of goods sold was adversely affected by freight cost and inflation on raw material prices in the quarter. It is expected that higher freight cost and inflation on raw material prices will affect cost of goods sold negatively by USD 2-4 million in the second half of the year, and USD 4-6 million on a full year basis.

OPEX 48% of sales in Q2

Operating expenses amounted to USD 91 million or 48% of sales in Q2 2021 compared to USD 95 million or 71% of sales in Q2 2020 due to lower sales last year. Total operating expenses decreased by 5% in Q2 2021, mainly due to one-off costs in Q2 2020 associated with the divestment of Gibaud, categorized as other expenses. Aside from that, opex is growing in line with increased activities and investments in emerging markets.

- Sales & marketing (S&M) expenses increased by 20% in Q2 2021 and amounted to 34% of sales compared to 40% of sales in Q2 2020.
- Research & development (R&D) expenses increased by 8% in Q2 2021 and amounted to 4% of sales, compared to 6% of sales in Q2 2020.
- General & administrative (G&A) expenses were constant in Q2 2021 and amounted to 10% of sales compared to 14% of sales in Q2 2020.

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

Operating profit

EBITDA margin of 22% in Q2

Profitability has normalized as sales continued to recover. EBITDA in 1H 2021 amounted to USD 71 million or 20% of sales compared to USD 34 million or 12% of sales in 1H 2020. In Q2 2021, EBITDA amounted to USD 42 million or 22% of sales compared to USD 12 million or 9% of sales in Q2 2020. Currency impact on the EBITDA margin including hedge was positive by about 70 basis points in the quarter.

Financial items, income tax and net profit

Net financial expenses in Q2 2021 amounted to USD 5 million, compared to USD 4 million in Q2 2020. Net financial expenses for 1H 2021 amounted to USD 6 million, compared to USD 5 million in 1H 2020.

Effective tax rate of 23% in Q2

Income tax amounted to USD 6 million in Q2 2021, corresponding to a 23% effective tax rate. Income tax amounted to USD 10 million in 1H 2021, corresponding to a 24% effective tax rate.

Net profit in Q2 2021 amounted to USD 19 million or 10% of sales compared to a net loss of USD 18 million in Q2 2020 as the second quarter last year was heavily impacted by COVID-19 and one-off items in relation to divestments. Diluted earnings per share in Q2 2021 amounted to 4.6 US cents compared to -4.2 US cents in Q2 2020. In 1H 2021, net profit amounted to USD 31 million compared to a net loss of USD 11 million in 1H 2020. Diluted earnings per share in 1H 2021 amounted to 7.3 US cents compared to -2.6 US cents in 1H 2020.

Cash flow

Cash generated by operations and capital expenditures

Cash generation 20% of sales in Q2

Cash generated by operations amounted to USD 38 million or 20% of sales in Q2 2021 compared to USD 29 million or 22% of sales in Q2 2020. Cash generated by operations amounted to USD 58 million or 16% of sales in 1H 2021 compared to USD 60 million or 21% of sales in 1H 2020.

CAPEX was 3% of sales in Q2

Capital expenditures for Q2 2021 amounted to USD 6 million or 3% of sales, compared to USD 5 million or 4% of sales for Q2 2020. With sales recovering from the COVID-19 impact, CAPEX is expected to continue to be in the historical range of 3-4% of sales.

Bank balances and cash equivalents

Cash and undrawn facilities amounted to USD 244 million

Bank balances and cash equivalents amounted to USD 90 million at the end of Q2 2021 and USD 154 million of existing credit facilities are undrawn. Therefore, bank balances and cash equivalents, in addition to undrawn credit facilities, amounted to USD 244 million at the end of Q2 2021.

Capital structure

Net-interest bearing debt

NIBD/EBITDA at 3.0x

Net interest-bearing debt, including lease liabilities, amounted to USD 393 million at the end of Q2 2021 compared to USD 381 million at year-end 2020. Net interest-bearing debt to EBITDA corresponded to 3.0x at the end of Q2 2021.

Share buybacks

The Capital Structure and Dividend Policy has been updated to a new target range of 2.0x-3.0x

The share buyback program was temporarily put on hold on 17 March 2020 due to the impact of the COVID-19 pandemic, as the net interest-bearing debt to EBITDA ratio was temporarily above the level in the Capital Structure and Dividend policy. To reflect the current capital structure and support further growth opportunities, Össur's Capital Structure and Dividend Policy has been updated to a desired level of 2.0x-3.0x net interest-bearing debt to EBITDA from a prior level of 1.5x-2.5x. The purpose of the share buyback

programs is to adjust the capital structure in line with the desired capital level. At the end of Q2 2021, treasury shares totaled 817,956.

Other matters

Team Össur

Twenty-three of the world's most accomplished para-athletes were recently named to Team Össur, an inspirational group of global athletes and role models, committed to changing the world's perception of what is possible. Among them are many of the most decorated World Record-holders and Paralympic champions. Team Össur athletes choose Össur products for their daily life and sports pursuits, and each of them continue to set new standards in their athletic careers and beyond. At the recent 2021 World Para Athletics European Championships, Team Össur members Markus Rehm and Fleur Jong set three new World Records between them. Fleur is a bi-lateral below-knee amputee and set World Records in the 100m sprint (12.80s) and long jump (6.06m). Single below-knee amputee Markus Rehm soared to a new World Record of 8.62m in the long jump. Össur highly appreciates these close partnerships and is honored that such accomplished athletes choose to work with the company. Össur remains deeply committed to progressing in its rich, 50-year history of innovation and technological leadership so even more people may enjoy a Life Without Limitations.

EU Medical Device Regulation

Strongly focused on continuous improvement, Össur strives to provide products and services to exceed customers' expectations, complying with all regulatory requirements. Össur has had a certified Quality Management system in place since 1993 which is based on ISO management standards and complies with the applicable medical device regulations in the countries that Össur sells to. Össur is certified to the global ISO 13485:2016 Medical device standard and the Medical Device Single Audit Program (MDSAP).

On May 26, 2021 the new European Medical Device Regulation (EU) 2017/745 (MDR) came into effect. The aim of the regulation is to ensure patient safety, increase transparency and to enhance the quality of medical devices. The regulation introduces a large-scale change to the regulatory framework of medical devices sold in the European Union including, but not limited to; increased requirements for clinical investigations and evaluations, strengthening of post market surveillance, new labeling requirements and introduction of a unique device identifier (UDI).

Össur was well prepared and fully ready for the regulation to take effect. Össur's extensive globally aligned quality management system has been updated to the MDR requirements and it has gone through a successful system audit by Össur's Notified body BSI.

Carbon Neutral in 2021

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

Financial guidance

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

The financial guidance for the full year 2021 consists of 10-15% organic sales growth, 21-23% EBITDA margin before special items, 3-4% CAPEX of sales, and an effective tax rate of 23-24%. Currently, management estimates that organic sales growth will be around the middle of the guidance range.

Q1 and Q2 have largely developed in line with management's estimates. The full year financial guidance assumes that Q3 and Q4 2021 will be mostly unaffected by impact from COVID-19, and some realization of pent-up demand. Some risk remains of COVID-19 related impact, as new lockdowns and measures to control the COVID-19 pandemic have recently been introduced in markets in Europe and APAC.

At current foreign exchange rates, keeping all other factors constant, the EBITDA margin is expected to be positively impacted by about 40 basis points net of hedge in 2021 when compared to 2020. Additional information on foreign exchange assumptions can be found in the next section.

Foreign exchange

Sales are particularly exposed to fluctuations in the EUR against the USD. In addition to the EUR, the ISK has a relatively high impact on operating results as a substantial part of manufacturing, R&D and some corporate functions are based in Iceland whereas sales in ISK are minor. Split of sales and costs by main currencies can be found in note 4 of the accompanying consolidated financial statements.

All else being equal, a +/- 5% movement in EUR/USD is estimated to have an annual impact on EBITDA in the range of +/- USD 2.0-2.5 million when unhedged. The same movement in ISK/USD is estimated to have an annual impact on EBITDA in the range of +/- USD 2.7-3.2 million when unhedged. Össur utilizes forward contracts to hedge approximately 50% of the estimated net currency exposure in ISK.

Currency overview USD	EUR	ISK
Average exchange rate FY 2020	1.1412	0.0074
Average exchange rate Q1 2021	1.2056	0.0078
Average exchange rate Q2 2021	1.2045	0.0081
Closing rate 20 July 2021	1.1775	0.0080
Estimated average exchange rate for 2021*	1.1913	0.0080
Change in estimated exchange rate 2021 compared to last year's average	4%	8%

* Estimated average exchange rate is calculated as the exchange rate of Q1 2021 and Q2 2021 combined with the closing rate on 20 July 2021 for the remainder of the year.

Financial calendar and conferences

Q2 2021 conference call details

Össur will host a conference call on 22 July 2021 at 9:00 CEST / 7:00 GMT / 3:00 EDT. To participate in the call please dial:

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

The United States: + 1 631 913 1422

Iceland: +354 800 7437

The PIN CODE to access the call is 22832590#. A webcast can be followed on the Össur website: www.ossur.com/investors.

Financial calendar

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

Conferences

Pareto Securities' Healthcare Conference (virtual)	1 September 2021
Goldman European Medtech Conference (UK)	8 – 9 September 2021
ABGSC Small & Mid Cap Seminar (DK)	22 September 2021
Danske Bank Winter Seminar (DK)	1 - 2 December 2021

For further information

Contact details

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About Össur

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

Forward-looking statements

This press release includes "forward-looking statements" which involve risks and uncertainties that could cause actual results to differ materially from results expressed or implied by these statements. Össur hf. undertakes no obligation and does not intend to update these forward-looking statements to reflect events or circumstances occurring after this press release. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. All forward-looking statements are qualified in their entirety by this cautionary statement.

Össur hf.

**Condensed Interim Consolidated
Financial Statements**

30.6.2021

Össur hf

Grjóthálsi 5

110 Reykjavík

Id-no. 560271-0189

Statement by the Board of Directors and President and CEO

The Condensed Interim Consolidated Financial Statements of Össur hf. for the period from 1 January to 30 June 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 350.8 million and the net profit amounted to USD 30.7 million. Össur's Consolidated total assets amounted to USD 1,262.7 million at the end of period, liabilities were USD 657.5 million, and equity was USD 605.2 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 30 June 2021 and operating performance of the period ended 30 June 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 30 June 2021 and confirm them by means of their signatures.

Reykjavík, 22 July 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	1H 2021	1H 2020	Q2 2021	Q2 2020
Net sales	3	350,838	288,146	189,992	134,553
Cost of goods sold		(127,762)	(114,141)	(69,513)	(56,391)
Gross profit		223,076	174,005	120,479	78,162
Other income / (expenses)		509	(15,493)	236	(15,550)
Sales and marketing expenses		(123,952)	(111,932)	(64,017)	(53,525)
Research and development expenses		(15,327)	(14,852)	(8,055)	(7,429)
General and administrative expenses		(37,634)	(38,343)	(18,690)	(18,776)
Earnings before interest and tax (EBIT)		46,672	(6,615)	29,953	(17,118)
Financial income		190	730	36	197
Financial expenses		(6,710)	(5,512)	(3,736)	(2,907)
Net exchange rate difference		21	98	(1,127)	(842)
Net financial income / (expenses)		(6,499)	(4,684)	(4,827)	(3,552)
Earnings before tax (EBT)		40,173	(11,299)	25,126	(20,670)
Income tax		(9,502)	448	(5,846)	2,774
Net profit / (loss)		30,671	(10,851)	19,280	(17,896)
Attributable to:					
Owners of the Company		29,703	(11,606)	18,575	(18,253)
Non-controlling interests		968	755	705	357
Net profit / (loss)		30,671	(10,851)	19,280	(17,896)
Earnings per share					
Earnings per share (US cent)		7.3	(2.6)	4.6	(4.2)
Diluted earnings per share (US cent)		7.3	(2.6)	4.6	(4.2)

Consolidated Statement of Comprehensive Income

All amounts in USD '000	1H 2021	1H 2020	Q2 2021	Q2 2020
Net profit	30,671	(10,851)	19,280	(17,896)
Items that may be reclassified subsequently to profit or loss:				
Change in cash flow hedges	758	(2,943)	(1,195)	335
Exchange differences on translating foreign operations	(2,856)	(7,731)	2,594	6,718
Income tax relating to components of other comprehensive income	(1,070)	1,217	698	143
Other comprehensive income, net of income tax	(3,168)	(9,457)	2,097	7,196
Total comprehensive income	27,503	(20,308)	21,377	(10,700)
Attributable to:				
Owners of the Company	26,535	(21,063)	20,672	(11,057)
Non-controlling interests	968	755	705	357
Total comprehensive income	27,503	(20,308)	21,377	(10,700)

Consolidated Balance Sheet

Assets			
All amounts in USD '000	Notes	30.06.2021	31.12.2020
Property, plant and equipment	5	55,386	58,466
Right of use assets	6	116,332	112,909
Goodwill	7	649,330	612,191
Other intangible assets	8	59,704	59,502
Investment in associates		13,267	13,352
Other financial assets		4,634	3,941
Deferred tax assets		28,094	27,512
Non-current assets		926,747	887,873
Inventories		99,823	93,231
Accounts receivables		108,558	98,353
Other assets		37,806	32,511
Bank balances and cash equivalents		89,790	102,363
Current assets		335,977	326,458
Total assets		1,262,724	1,214,331

Consolidated Balance Sheet

Equity and liabilities			
All amounts in USD '000	Notes	30.06.2021	31.12.2020
Issued capital and share premium		75,233	74,871
Reserves		(34,021)	(31,514)
Retained earnings		558,300	529,155
Equity attributable to owners of the Company		599,512	572,512
Non-controlling interest		5,645	4,678
Total equity		605,157	577,190
Borrowings		338,802	339,978
Lease liabilities		109,798	108,013
Deferred tax liabilities		27,756	26,053
Provisions		8,437	7,955
Deferred income		6,652	6,739
Other financial liabilities		12,448	1,098
Non-current liabilities		503,893	489,836
Borrowings		13,303	17,545
Lease liabilities		20,545	17,857
Accounts payable		27,910	20,024
Income tax payable		3,135	4,160
Provisions		11,547	11,369
Accrued salaries and related expenses		43,483	38,226
Other liabilities		33,751	38,124
Current liabilities		153,674	147,305
Total equity and liabilities		1,262,724	1,214,331

Consolidated Statement of Cash Flow

All amounts in USD '000	Notes	1H 2021	1H 2020	Q2 2021	Q2 2020
Earnings before interests and tax (EBIT)		46,672	(6,615)	29,953	(17,118)
Depreciation, amortization and impairment	5, 6, 7, 8	24,359	40,409	12,429	29,178
Change in inventories		(7,658)	1,680	462	6,384
Change in receivables		(16,070)	20,726	(17,247)	(42)
Change in payables		9,372	5,369	10,748	10,128
Other operating activities		905	(1,666)	1,335	600
Cash generated by operations		57,580	59,903	37,680	29,130
Interest received		198	602	20	129
Interest paid		(6,504)	(5,509)	(3,669)	(2,906)
Income tax paid		(10,458)	(5,440)	(7,160)	(982)
Net cash provided by operating activities		40,816	49,556	26,871	25,371
Purchase of fixed and intangible assets	5, 8	(10,748)	(14,108)	(6,155)	(5,315)
Acquisition of subsidiaries, net of cash in acq. entities		(36,450)	(36,939)	(19,982)	(32,041)
Other investing activities		(304)	(21)	49	(93)
Cash flows to investing activities		(47,502)	(51,068)	(26,088)	(37,449)
Proceeds from long-term borrowings		530	74,265	71	74,265
Repayments of long-term borrowings		(10,530)	(7,474)	(10,373)	(6,308)
Payments of lease liabilities		(9,698)	(8,159)	(5,054)	(4,228)
Changes in revolving credit facility		15,658	52,972	15,658	523
Payment of dividends		0	(9,276)	0	0
Change in treasury shares		0	(5,659)	0	207
Cash flows from / (to) financing activities		(4,040)	96,669	302	64,459
Net change in cash		(10,726)	95,157	1,085	52,381
Effects of exchange rate changes on:					
Balance of cash held in foreign currencies		(1,033)	(648)	748	1,517
Other items held in foreign currencies		(814)	(483)	458	1,020
Cash at beginning of period		102,363	58,611	87,499	97,719
Cash at end of period		89,790	152,637	89,790	152,637

Consolidated Statement of Changes in Equity

All amounts in USD '000	Share capital	Share premium	Statutory reserve	Share option reserve	Fair value reserve	Translation reserve	Accumulated profits	Attributable to owners of the parent	Non-controlling interests	Total equity
Balance at 1 January 2020	4,794	73,019	1,267	2,178	516	(51,069)	533,661	564,366	4,590	568,956
Net profit							(11,606)	(11,606)	755	(10,851)
Change in cash flow hedges					(2,354)			(2,354)		(2,354)
Transl. diff. of shares in subsidiaries						(7,103)		(7,103)		(7,103)
Total comprehensive income	0	0	0	0	(2,354)	(7,103)	(11,606)	(21,063)	755	(20,308)
Payment of dividends							(9,276)	(9,276)		(9,276)
Share option charge for the period				607				607		607
Share option vested during the period	8	4,276		(683)			47	3,648		3,648
Purchase of treasury shares	(11)	(9,300)						(9,311)		(9,311)
Balance at 30 June 2020	4,791	67,995	1,267	2,102	(1,838)	(58,172)	512,826	528,971	5,344	534,315
Balance at 1 January 2021	4,794	70,077	1,267	2,507	196	(35,484)	529,155	572,512	4,678	577,190
Net profit							29,703	29,703	968	30,671
Change in cash flow hedges					607			607		607
Transl. diff. of shares in subsidiaries						(3,775)		(3,775)		(3,775)
Total comprehensive income	0	0	0	0	607	(3,775)	29,703	26,535	968	27,503
Share option charge for the period				787				787		787
Share option vested during the period	1	361		(126)			(558)	(322)		(322)
Balance at 30 June 2021	4,795	70,438	1,267	3,168	803	(39,259)	558,300	599,512	5,645	605,157

Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Statement of compliance

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

Basis of preparation

The Condensed Interim 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 Consolidated Financial Statements for the period ended 31 December 2020.

Notes to the Consolidated Financial Statements

2. Quarterly statements

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Net sales	189,992	160,846	169,571	171,786	134,553
Cost of goods sold	(69,513)	(58,249)	(60,230)	(63,897)	(56,391)
Gross profit	120,479	102,597	109,341	107,889	78,162
Gross profit margin	63%	64%	64%	63%	58%
Other income / (expenses)	236	273	(8,823)	(662)	(15,550)
Sales and marketing expenses	(64,017)	(59,935)	(59,664)	(57,689)	(53,525)
Research and development expenses	(8,055)	(7,272)	(8,435)	(7,731)	(7,429)
General and administrative expenses	(18,690)	(18,944)	(22,336)	(16,987)	(18,776)
EBIT	29,953	16,719	10,083	24,820	(17,118)
Net financial income / (expenses)	(3,700)	(2,820)	(2,303)	(2,603)	(2,710)
Net exchange rate difference	(1,127)	1,148	(4,073)	(1,905)	(842)
EBT	25,126	15,047	3,707	20,312	(20,670)
Income tax	(5,846)	(3,656)	190	(5,437)	2,774
Net profit / (loss)	19,280	11,391	3,897	14,875	(17,896)
EBITDA	42,382	28,649	23,644	35,549	12,060
EBITDA margin	22%	18%	14%	21%	9%
Organic sales growth	32%	2%	-4%	-5%	-26%
LCY sales growth	33%	0%	-8%	1%	-23%

3. Net sales

	1H 2021	1H 2020	Q2 2021	Q2 2020
Specified according to geographical segments:				
Americas	162,210	135,410	90,062	63,029
EMEA	156,188	128,462	82,915	58,775
APAC	32,441	24,274	17,016	12,749
Total	350,838	288,146	189,992	134,553
Specified according to product lines:				
Prosthetics	219,289	165,145	119,001	79,997
Bracing and Supports	131,549	123,001	70,991	54,557
Total	350,838	288,146	189,992	134,553

In the Q1 2021 reporting, sales amounting to USD 9.6 million were incorrectly included in the sales and growth figures for Americas instead of EMEA. Other figures, including total sales and total growth figures were correctly stated for Q1 2021.

Notes to the Consolidated Financial Statements

4. Sales and expenses split by main currencies

	1H 2021			Q2 2021		
	LCY	USD	%	LCY	USD	%
Sales						
USD	147,737	147,737	42%	82,310	82,310	44%
EUR	67,875	81,793	23%	35,058	42,228	22%
ISK	144,489	1,149	0%	76,125	616	0%
Nordic curr. (SEK, NOK, DKK)		52,009	15%		28,498	15%
Other (GBP, AUD, CAD & Other)		68,149	20%		36,340	19%
Total		350,838	100%		189,992	100%
COGS and OPEX						
USD	145,293	145,293	48%	76,988	76,988	48%
EUR	45,732	55,109	18%	24,163	29,105	18%
ISK	3,660,446	29,084	10%	1,802,263	14,573	9%
Nordic curr. (SEK, NOK, DKK)		46,930	15%		24,388	15%
Other (GBP, MXN, CAD & Other)		27,749	9%		14,984	9%
Total		304,166	100%		160,039	100%

	1H 2020			Q2 2020		
	LCY	USD	%	LCY	USD	%
Sales						
USD	131,031	131,031	46%	61,388	61,388	46%
EUR	61,191	67,410	23%	27,887	30,691	23%
ISK	137,586	1,024	0%	69,892	495	0%
Nordic curr. (SEK, NOK, DKK)		41,794	15%		21,871	16%
Other (GBP, AUD, CAD & Other)		46,886	16%		20,107	15%
Total		288,146	100%		134,553	100%
COGS and OPEX						
USD	133,673	133,673	45%	68,336	68,336	45%
EUR	62,916	69,294	24%	36,847	40,552	27%
ISK	4,161,133	31,056	11%	2,013,168	14,264	9%
Nordic curr. (SEK, NOK, DKK)		38,976	13%		18,820	13%
Other (GBP, MXN, CAD & Other)		21,762	7%		9,699	6%
Total		294,761	100%		151,671	100%

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

Notes to the Consolidated Financial Statements

5. Property, plant and equipment

	Buildings & sites	Machinery & equipment	Fixtures & office equip.	Computer equipment	Total
2021					
Cost					
At 1 January	2,251	69,654	45,193	15,701	132,799
Reclassification	(430)	0	331	99	0
Additions	138	3,280	803	1,709	5,930
Acquired on acquisition of subsidiary	0	229	223	22	474
Exchange rate differences	2	(330)	(498)	(89)	(915)
Eliminated on disposal	0	(129)	(208)	(11)	(348)
Fully depreciated assets	0	(1,872)	(264)	(133)	(2,269)
At 30 June 2021	1,961	70,832	45,580	17,298	135,671
Depreciation					
At 1 January	233	41,165	22,196	10,739	74,333
Reclassification	0	0	(59)	59	0
Charge for the period	90	4,393	2,861	1,809	9,153
Exchange rate differences	2	(219)	(255)	(89)	(561)
Eliminated on disposal	0	(94)	(236)	(41)	(371)
Fully depreciated assets	0	(1,872)	(264)	(133)	(2,269)
At 30 June 2021	325	43,373	24,243	12,344	80,285
At 30 June 2021	1,636	27,459	21,337	4,954	55,386
Depreciation classified by functional category:		1H 2021	1H 2020	Q2 2021	Q2 2020
Cost of goods sold		4,328	5,118	2,152	2,675
Sales and marketing expenses		2,298	1,454	1,196	647
Research and development expenses		458	626	219	325
General and administrative expenses		2,069	2,021	1,025	1,033
Total		9,153	9,219	4,592	4,680

Notes to the Consolidated Financial Statements

6. Right of use assets

2021	Buildings & sites	Machinery & equipment	Total
At 1 January	111,174	1,735	112,909
Additions and renewals	12,068	3,101	15,168
Depreciation charge for the period	(9,571)	(738)	(10,308)
Eliminated on disposal	(373)	0	(373)
Exchange rate differences	(874)	(190)	(1,064)
At 30 June 2021	112,424	3,908	116,332

Depreciation classified by functional category:	1H 2021	1H 2020	Q2 2021	Q2 2020
Cost of goods sold	4,122	3,598	2,118	1,817
Sales and marketing expenses	2,061	1,799	1,059	909
Research and development expenses	1,236	1,079	635	545
General and administrative expenses	2,889	2,518	1,482	1,270
Total	10,308	8,994	5,294	4,541

7. Goodwill

	30.06.2021	31.12.2020
At 1 January	612,191	521,046
Arising on acquisition of subsidiaries	43,212	87,733
Purchase price allocation	(625)	(6,815)
Exchange rate differences	(5,333)	15,474
Impairment	(115)	(5,247)
At end of period	649,330	612,191

Notes to the Consolidated Financial Statements

8. Other intangible assets

2021	Cust./distrib. relationships	Patents	Trademarks	Software and other	Total
Cost					
At 1 January	40,026	18,363	2,576	44,517	105,482
Additions	0	313	38	962	1,313
Additions - internally generated	0	0	0	3,505	3,505
Purchase price allocation	785	0	0	91	876
Eliminated on disposal	0	(37)	(407)	(307)	(751)
Fully amortized assets	0	0	0	(123)	(123)
Exchange rate differences	(472)	11	24	(92)	(529)
At 30 June 2021	40,339	18,650	2,231	48,553	109,773
Amortization					
At 1 January	24,539	4,918	636	15,887	45,980
Charge for the period	2,045	585	39	2,114	4,783
Eliminated on disposal	0	(5)	0	(224)	(229)
Fully amortized assets	0	0	0	(123)	(123)
Exchange rate differences	(297)	9	20	(74)	(342)
At 30 June 2021	26,287	5,507	695	17,580	50,069
At 30 June 2021	14,052	13,143	1,536	30,973	59,704

Amort. and impairment classified by functional category:	1H 2021	1H 2020	Q2 2021	Q2 2020
Cost of goods sold	59	49	31	23
Other income / (expenses)	0	12,559	0	12,559
Sales and marketing expenses	3,030	3,190	1,606	1,888
Research and development expenses	731	808	365	393
General and administrative expenses	963	1,016	426	520
Total	4,783	17,622	2,428	15,383