

Sveinn Sölvason, President and CEO, comments:

“Sales growth was strong in the first quarter or 10% and organic growth was 7%, driven by volume growth in Prosthetics & Neuro Orthotics and Patient Care. Growth was driven by a strong performance in EMEA, but the year started off slowly in Americas and APAC. Financial performance of FIOR & GENTZ, which we acquired in January, was strong in the first quarter post-acquisition and work has begun to leverage our global sales infrastructure to harvest commercial synergies. This is the first quarter we report under the new parent company name Embla Medical which became the parent organization for our leading product brands Össur, College Park, and FIOR & GENTZ, in addition to our Patient Care business.”

Highlights Q1 2024

- Sales amounted to USD 200 million and grew by 10%. Organic growth was 7%, compared to 9% in Q1 2023.
- Prosthetics & Neuro Orthotics sales grew by 10% organic, Bracing & Supports (B&S) sales grew by 1% organic and Patient Care sales grew by 6% organic. Growth is attributed to strong volume growth and sales of high-end solutions. Growth was driven by strong sales in EMEA while sales in Americas and APAC were soft.
- Gross profit margin before special items was 62% in Q1 2024, same as in Q1 2023. Cost reduction initiatives were executed in late Q1 to lower unit cost in manufacturing.
- EBITDA before special items was USD 33 million and EBITDA margin before special items was 17%, compared to 16% in Q1 2023. EBITDA margin before special items was positively impacted by scalability in operating expenses while currency movements negatively impacted the EBITDA margin by 70 basis points.
- Net profit was USD 8 million and net profit margin was 4% of sales, compared to 6% of sales in Q1 2023. Net profit was impacted by the expense of special items in the quarter.
- Free cash flow was negative by USD 7 million in the quarter. Free cash flow is seasonally low in the first quarter of the year and was impacted by CAPEX investments.
- NIBD/EBITDA before special items was 3.3x at the end of Q1 2024 (2.9x excl. leases), above the target ratio of 2.0-3.0x as expected due to the acquisition of FIOR & GENTZ in January.

Other highlights

- On 13 March 2024, Embla Medical was established as the new name of the parent organization to leading product brands Össur, College Park, and FIOR & GENTZ in addition to a portfolio of Patient Care facilities. Embla Medical is listed on Nasdaq Copenhagen and the trade ticker was changed to EMBLA on 8 April 2024 (previously OSSR).
- On 18 January 2024, Medicare in the US published a draft proposal that would grant K2 (low active) patients access to prosthetic knees and feet previously restricted to K3-K4 (high active) patients. The effective date for these proposed changes has not been announced.

2024 Outlook

- Organic sales growth guidance is unchanged at 5-8%.
- EBITDA margin before special items guidance is unchanged at 19-20%.

	Q1 2024	Q1 2023	Guidance FY 2024
Sales growth, organic	7%	9%	5-8%*
EBITDA margin, before special items	17%	16%	19-20%*

*Including estimated organic sales growth and EBITDA from FIOR & GENTZ, based on 2023 net sales of approx. USD 23 million and EBITDA margin of 30%.

USD millions		Q1 2024	Q1 2023	FY 2023	FY 2022	FY 2021	FY 2020
Income Statement							
Net sales		200	181	786	719	719	630
Gross profit		120	112	486	440	455	391
Operating expenses (excl. other income / exp.)		105	97	398	373	360	338
EBITDA		29	28	139	114	149	93
EBITDA before special items		33	28	139	128	149	93
EBIT		15	16	89	65	97	28
Net profit		8	10	59	43	66	8
Sales Growth							
Sales growth USD	%	10	7	9	0	14	(8)
Growth breakdown:							
Organic growth	%	7	9	9	4	10	(10)
Currency effect	%	0	(4)	(1)	(7)	3	0
Acquired/divested business	%	3	2	1	3	1	2
Balance Sheet							
Total assets		1,545	1,337	1,386	1,325	1,247	1,214
Equity		734	648	705	636	627	577
Net interest-bearing debt (NIBD)		482	415	395	404	363	381
Cash Flow							
Cash generated by operations		13	13	126	92	128	119
Free cash flow		(7)	(2)	52	35	74	68
Key Ratios							
Gross profit margin	%	60	62	62	61	63	62
EBIT margin	%	8	9	11	9	14	4
EBITDA margin	%	15	16	18	16	21	15
EBITDA margin before special items	%	17	16	18	18	21	15
Equity ratio	%	48	48	51	48	50	48
Net debt to EBITDA before special items*		3.3	3.2	2.8	3.2	2.4	4.1
Effective tax rate	%	24	24	23	23	24	38
Return on equity*	%	8	7	9	7	11	1
CAPEX / Net sales	%	5.7	4.3	5.4	3.6	3.7	3.8
Market							
Market value of equity		2,078	1,905	1,713	2,035	2,724	3,380
Number of shares in millions		428	421	421	423	423	423
Basic EPS in US cents		1.9	2.4	14.0	10.3	15.6	1.9
Diluted EPS in US cents		1.9	2.4	14.0	10.3	15.5	1.9

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

Management's report

Financial performance

Sales

Sales increased by 7% organic in Q1 2024

Sales in Q1 2024 amounted to USD 200 million, compared to USD 181 million in Q1 2023, corresponding to 7% organic growth, a 10% increase including acquisitions (local currency growth) and a 10% reported growth (USD growth).

Sales from acquisitions amounted to USD 6 million in Q1 2024

Impact on sales from acquisitions amounted to USD 6 million in Q1 2024 corresponding to about a 3%-point positive effect on the reported growth rate. Currency impact on sales was neutral in the quarter.

Sales by geographical segment (USD million)	Q1 2024	Organic growth	Δ Acq. / div.	Δ Curr. effect	USD growth
Americas	87	0%	0%	0%	1%
EMEA	98	15%	8%	1%	24%
APAC	15	0%	0%	(4%)	(4%)
Total	200	7%	3%	0%	10%

Sales by business segment (USD million)	Q1 2024	Organic growth	Δ Acq. / div.	Δ Curr. effect	USD growth
Prosthetics & Neuro Orthotics	106	10%	7%	(1%)	16%
Bracing & Supports	36	1%	0%	0%	2%
Internal product sales	(9)	6%	0%	(5%)	1%
External sales	133	8%	5%	(0%)	13%
Patient Care	67	6%	0%	0%	6%
Total	200	7%	3%	0%	10%

Strong volume growth in Q1

Growth was driven by strong volume growth in Prosthetics & Neuro Orthotics and Patient Care. Sales growth was strong in EMEA while sales were soft in Americas and APAC.

Strong growth in EMEA but soft sales in Americas and APAC

In Q1 2024, Prosthetics & Neuro Orthotics sales amounted to USD 106 million and grew by 10% organic. In the quarter, sales of bionic products accounted for 21% of prosthetics sales. Bionics pipeline remains strong with new product launches expected in 2024. Growth in EMEA was strong, driven by solid contribution from Bionics. Sales performance in Americas was good but sales in APAC were impacted by a decline in sales in Australia due to a delay in reimbursement approval from the country's public healthcare system. Sales growth in other APAC countries was strong.

Bracing & Supports (B&S) sales amounted to USD 36 million in Q1 2024 and grew by 1% organic. B&S growth in EMEA was good and growth in APAC was strong. Sales in Americas declined where growth in January and February in Americas was good, but sales were partly impacted in March as an indirect result of the Change Healthcare cyberattack in late February, impacting customers' ability to process claims in the US.

Patient Care sales amounted to USD 67 million in Q1 2024 and grew by 6% organic. Growth in Patient Care in EMEA was strong driven by solid volume growth in key markets. Sales in Americas were soft and sales in APAC declined due to the reimbursement approval delays in Australia.

Limited reimbursement rate increases in Patient Care

Around 90% of Embla Medical product sales and services are reimbursed by public and private payers. Embla Medical has implemented price increases in 2024 for Prosthetics and B&S products in line with regional development in reimbursement and/or inflation. Price increases in Patient Care are however decided by public and private payers, and in 2022, most payers did not increase their rates. In both 2023 and 2024 only some payers in some markets have increased reimbursement rates and, for example, in selected markets where Embla Medical has substantial Patient Care operations, there have not been any material changes to reimbursement rates in 2024, impacting growth and margin development for Patient Care in those markets.

Operations

Gross profit margin is 62% in Q1 2024

Gross profit in Q1 2024 amounted to USD 120 million or 60% of sales (62% of sales before special items), compared to USD 112 million, also 62% of sales in Q1 2023.

Unit cost has been increasing at a faster rate than price increases in recent years, driven by inflation. Embla Medical initiated focused cost reduction initiatives in late Q1 to increase productivity and lower unit cost in manufacturing. Special items of USD 3 million were expensed in the COGS line item in relation to these initiatives and savings are expected to amount to USD 5-6 million on a full-year basis. The cost reduction estimate had already been reflected in the EBITDA margin guidance that was published as part of the full-year results.

Operating expenses

OPEX ratio is 52% in Q1 2024

Operating expenses, excluding other income, amounted to USD 105 million or 53% of sales in Q1 2024 (52% of sales before special items), compared to USD 97 million or 54% of sales in Q1 2023.

OPEX growth is below sales growth in the quarter, attributed to scalability in SG&A expenses and measures to control OPEX spend. The main driver of OPEX growth are labor cost increases, although slightly offset by lower variable compensation due to soft sales performance in Americas.

EBITDA

EBITDA margin before special items is 17% in Q1 2024

In Q1 2024, EBITDA before special items amounted to USD 33 million or 17% of sales, compared to EBITDA before special items of USD 28 million or 16% of sales in Q1 2023. EBITDA margin is increasing in line with expectations with strong sales and scalability in OPEX.

Special items amounted to USD 4 million in Q1 2024 and are related to the acquisition of FIOR & GENTZ announced in January 2024 and cost reduction initiatives in manufacturing. USD 2.7 million is reported in COGS and USD 1.5 million in G&A expenses.

Financial items, income tax and net profit

Net financial expenses in Q1 2024 amounted to USD 5 million, compared to USD 2 million in Q1 2023. Financial expenses amounted USD 6 million compared to USD 5 million in Q4 2023, due to increased borrowings in relation to acquisitions of FIOR & GENTZ in January.

ETR is 24% in Q1 2024

Income tax amounted to USD 3 million in Q1 2024, corresponding to a 24% effective tax rate, compared to USD 3 million in Q1 2023, corresponding to a 24% effective tax rate.

Net profit margin is 4% in Q1 2024

Net profit in Q1 2024 amounted to USD 8 million or 4% of sales, compared to USD 10 million or 6% of sales in Q1 2023. It should be noted that net profit was impacted by the expense of special items in the quarter.

Diluted earnings per share in Q1 2024 amounted to 1.9 US cents, compared to 2.4 in Q1 2023.



Cash flow

Cash generated by operations

Cash generation of USD 13 million in Q1 2024

Cash generated by operations amounted to USD 13 million or 7% of sales in Q1 2024, compared to USD 13 million or 7% of sales in Q1 2023.

Cash generation is seasonally low in the first quarter. Inventory levels remain high, mainly consisting of bionic raw material to secure production of Bionics. Inventory reduction remains a priority and is expected to gradually normalize.

Capital expenditures

CAPEX was 6% of sales in Q1 2024

Capital expenditures in Q1 2024 amounted to USD 11 million or 6% of sales, compared to USD 8 million or 4% of sales in Q1 2023.

CAPEX was high in the quarter, as expected, and above normalized levels as investments are being made in facility upgrades in some key locations to support growth. CAPEX is expected to be lower for the remainder of the year.

Free cash flow

Free cash flow was negative 4% of sales in Q1 2024

Free cash flow in Q1 2024 amounted to negative USD 7 million or negative 4% of sales, compared to negative USD 2 million or negative 1% of sales in Q1 2023.

Free cash flow is seasonally low in the first quarter of the year and impacted by higher CAPEX investments in the quarter.

Bank balances and cash equivalents

Cash and undrawn facilities amounted to USD 97 million

Bank balances and cash equivalents amounted to USD 77 million at the end of Q1 2024 and USD 20 million of existing credit facilities were undrawn. Bank balances and cash equivalents in addition to undrawn credit facilities at the end of Q1 2024, therefore, amounted to USD 97 million.

Capital structure

Net-interest bearing debt

NIBD/EBITDA before special items at 3.3x

Net interest-bearing debt, including lease liabilities, amounted to USD 482 million at quarter-end Q1 2024 compared to USD 415 million at quarter-end Q1 2023. Net interest-bearing debt to EBITDA before special items corresponded to 3.3x at quarter-end Q1 2024, temporarily slightly above the target range of 2.0-3.0x after the acquisition of FIOR & GENTZ on 16 January 2024.

Share buybacks and treasury shares

Share buybacks continue to be paused

The purpose of the program is to reduce the Company's share capital and adjust the capital structure with a desired capital level of 2.0-3.0x net interest-bearing debt to EBITDA before special items, by distributing capital to shareholders in line with the Company's Capital Structure and Capital Allocation Policy. The buyback program is currently paused as the leverage ratio is temporarily above the target range of 2.0-3.0x.

At the end of Q1 2024, treasury shares totaled 701,647.

Financial guidance

	Guidance as of April	Guidance as of January	Actual FY 2023
Sales growth, organic	5-8%	5-8%	9%
EBITDA margin, before special items	19-20%	19-20%	18%
For modelling purposes			
Special items, in USD million	4	1	0
CAPEX as % of sales	3-4%	3-4%	5%
Effective tax rate	23-24%	23-24%	23%

Guidance for organic sales growth remains unchanged and is expected to be in the range of 5-8%. Continued strong performance is expected to be attributed to strong volume growth in Prosthetics & Neuro Orthotics and Patient Care, positive solutions mix, impact from new product launches, and some price increases in Prosthetics and B&S. Minimal reimbursement rate increases are currently expected in 2024. No impact from the new Medicare proposal for prosthetics coverage in the United States has been assumed in the organic growth guidance for 2024, given that the proposal is not in effect and timelines are uncertain.

The organic sales growth guidance includes estimated organic sales growth from FIOR & GENTZ which was acquired in January 2024, based on 2023 net sales of approx. USD 23 million. The addition of FIOR & GENTZ will be accretive to organic sales growth when compared to historical organic growth rates, as was the case for Naked Prosthetics which was acquired in 2022.

The guidance for EBITDA margin before special items remains unchanged and is expected to be in the range of 19-20%. The EBITDA margin is expected to be positively impacted by sales growth, favorable product mix with continued strong performance in high-end solutions, cost reduction initiatives within manufacturing to lower unit cost, operational efficiency, less inflationary increase on cost when compared to 2023, although similar payroll increases are expected in 2024 as in 2023, and accretive impact from the acquisition of FIOR & GENTZ.

Special items are expected to be USD 4 million (previously USD 1 million) in relation to the acquisition of FIOR & GENTZ and cost reduction initiatives in manufacturing, expensed in the first quarter of 2024.

At current foreign exchange rates, keeping all other factors constant, the EBITDA margin before special items is expected to be negatively impacted by about 20 basis points in 2024 when compared to 2023 (previously 10 basis points). 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 Condensed Interim Consolidated Financial Statements.

All else being equal, a +/- 5% movement in EUR/USD is estimated to have an annual impact on EBITDA in the range of +/- USD 2.4-3.0 million when unhedged. The same movement in ISK/USD is estimated to have an annual impact on EBITDA in the range of +/- USD 3.1-3.7 million when unhedged. Embla Medical utilizes forward contracts to hedge approximately 50% of the estimated net currency exposure in ISK.

Currency overview USD	EUR	ISK
Average exchange rate FY 2023	1.081	0.007
Average exchange rate in Q1 2024	1.086	0.007
Exchange rate 22 April 2024	1.065	0.007
Estimated average exchange rate for FY 2024*	1.070	0.007
Change in estimated exchange rate FY 2024 compared to last year's average	-1%	0%

*Estimated average exchange rate is calculated as the exchange rate of Q1 combined with the exchange rate on 22 April 2024 for the remainder of the year.

Other highlights

New parent organization named Embla Medical

On 13 March 2024, it was approved at the Annual General Meeting to establish a new parent organization named Embla Medical, which became the listed company. The change was formally implemented by changing the name of the Össur hf. entity to Embla Medical hf. Embla Medical continues to be traded on the Nasdaq Copenhagen exchange under its new name and trade ticker EMBLA (previously OSSR).

In Norse mythology, Embla was the first woman on earth and references new beginnings, movement, and freedom. The name further embraces the Company's Nordic heritage.

The name change to Embla Medical does not affect customers doing business with its subsidiaries. Embla Medical will be the parent to product brands Össur, College Park, and FIOR & GENTZ in addition to the Company's portfolio of patient care facilities.

Acquisition of FIOR & GENTZ

Embla Medical announced and closed the acquisition of FIOR & GENTZ on January 16. FIOR & GENTZ develops and distributes knee and ankle orthotic joints to create innovative custom-made orthotics for patients with gait impairment due to neurological conditions. In 2023, FIOR & GENTZ reached total sales of approx. USD 23 million, up 16% from the year before, and 30% EBITDA margin. In the period 2020 to 2023, sales grew annually 14% on average.

In connection with the acquisition, the Board of Directors of Embla Medical has resolved to utilize the authorization in Article 5, paragraph 1, of the Articles of Association to issue 6,636,122 new shares in Embla Medical, raising the total share capital in nominal value by 1.6% from ISK 421,000,000 to ISK 427,636,122.

The effective date for the financials of FIOR & GENTZ is 1 January 2024 although the transaction is signed and closed on 16 January 2024. As part of the transaction, Embla Medical renamed its Prosthetics sales segmentation to Prosthetics & Neuro Orthotics where FIOR & GENTZ's sales will be included.

Further information can be found in Embla Medical's company announcement no. 1/2024.



Conference call and financial calendar

Conference call details

Embla Medical will host a conference call on 23 April 2024 at **9:00 CET / 7:00 GMT / 3:00 ET**.

Link to the webcast and registration link to actively participate in the QA session of the call, can be found on Embla Medical's Investor Relations website: <https://emblamedical.com/investors>

Financial calendar

Interim report Q2 2024	23 July 2024
Interim report Q3 2024	22 October 2024
Interim report Q4 2024 and Annual Report 2024	5 February 2025
Annual General Meeting 2025	12 March 2025

For further information

Contact details

David Hreidarsson, VP of Investor Relations	+354 661 8225	IR@emblamedical.com
---	---------------	--

Embla Medical corporate announcements by e-mail

If you wish to receive Embla Medical e-mail alerts, please register on our website: <https://emblamedical.com/investors>

About Embla Medical

Embla Medical (Nasdaq Copenhagen: EMBLA) was founded in Reykjavik in 1971 with the mission to improve people's mobility. Embla Medical is home to several brands renowned for positively impacting people's health and well-being. They include Össur, a leading global provider of prosthetics and bracing and supports solutions; FIOR & GENTZ, an innovative developer of neuro orthotics; and College Park Industries, creators of custom-built prosthetic solutions. Embla Medical also provides patients with world-class care through a global network of Orthotic and Prosthetic (O&P) facilities. Embla Medical is committed to sustainable business practices and is signatory to the UN Global Compact, UN Women's Empowerment Principles, and contributes to the UN Sustainable Development Goals. The company's climate targets have been verified by the Science Based Targets initiative. Embla Medical operates globally and has more than 4,000 employees. www.emblamedical.com

Embla Medical was formerly listed as Össur (OSSR) on Nasdaq Copenhagen until 8 April 2024.

Forward-looking statements

This company announcement 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. Embla Medical hf. undertakes no obligation and does not intend to update these forward-looking statements to reflect events or circumstances occurring after this company announcement. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this company announcement. All forward-looking statements are qualified in their entirety by this cautionary statement.



Embla Medical hf.

**Condensed Interim Consolidated
Financial Statements**

31.3.2024

Embla Medical 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 Embla Medical hf. for the period from 1 January 2024 to 31 March 2024 consist of the Financial Statements of Embla Medical hf. and its subsidiaries (together referred to as “the Company” or “Embla Medical”). 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 Company amounted to USD 199.9 million and the net profit amounted to USD 8.3 million. Embla Medical's total assets amounted to USD 1,545.1 million at the end of period, liabilities were USD 810.8 million, and equity was USD 734.4 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 2024 and financial performance and cash flow for the period ended 31 March 2024.

The Board of Directors and the President and CEO of Embla Medical hf. have today discussed the Condensed Interim Consolidated Financial Statements for the period from 1 January 2024 to 31 March 2024 and confirm them by means of their signatures.

Reykjavík, 23 April 2024

Board of Directors

Niels Jacobsen
Chairman of the Board

Svafa Grönfeldt
Vice Chairman of the Board of Directors

Alberto Esquenazi
Member of the Board of Directors

Arne Boye Nielsen
Member of the Board of Directors

Caroline Vagner Rosenstand
Member of the Board of Directors

Tina Abild Olesen
Member of the Board of Directors

President and CEO

Sveinn Sölvason

Consolidated Income Statement

All amounts in USD '000	Notes	Q1 2024	Q1 2023
Net sales	3	199,852	181,212
Cost of goods sold		(79,418)	(69,164)
Gross profit		120,435	112,049
Other income		236	1,058
Sales and marketing expenses		(76,307)	(71,163)
Research and development expenses		(9,848)	(9,734)
General and administrative expenses		(19,097)	(16,470)
Earnings before interest and tax (EBIT)		15,419	15,739
Financial income		708	1,006
Financial expenses		(6,020)	(4,437)
Net exchange rate difference		137	966
Net financial expenses		(5,174)	(2,465)
Share in net profit of associates		739	(16)
Earnings before tax (EBT)		10,984	13,257
Income tax		(2,682)	(3,216)
Net profit		8,302	10,041
Attributable to:			
Owners of the Company		8,260	9,719
Non-controlling interests		41	322
Net profit		8,302	10,041
Earnings per share			
Basic earnings per share (US cent)		1.9	2.4
Diluted earnings per share (US cent)		1.9	2.4

Consolidated Statement of Comprehensive Income

All amounts in USD '000	Q1 2024	Q1 2023
Net profit	8,302	10,041
Items that may be reclassified subsequently to profit or loss:		
Change in cash flow hedges	156	801
Exchange differences on translating foreign operations	(5,402)	526
Income tax	(814)	781
Other comprehensive income, net of income tax	(6,060)	2,108
Total comprehensive income	2,242	12,149
Attributable to:		
Owners of the Company	2,201	11,827
Non-controlling interests	41	322
Total comprehensive income	2,242	12,149

Consolidated Balance Sheet

Assets

All amounts in USD '000	Notes	31.3.2024	31.12.2023
Property, plant and equipment	5	68,096	64,386
Right of use assets	6	125,792	121,673
Goodwill	7	802,864	690,855
Other intangible assets	8	90,761	65,841
Investment in associates		20,975	20,532
Other financial assets		4,575	4,530
Deferred tax assets		42,211	41,888
Non-current assets		1,155,274	1,009,706
Inventories		141,671	136,226
Accounts receivable		130,322	127,844
Other assets		40,507	39,253
Cash and cash equivalents		77,358	72,653
Current assets		389,858	375,976
Total assets		1,545,132	1,385,682

Consolidated Balance Sheet

Equity and liabilities

All amounts in USD '000	31.3.2024	31.12.2023
Issued capital and share premium	93,464	66,260
Reserves	(70,181)	(64,045)
Retained earnings	708,310	699,667
Shareholders equity	731,593	701,883
Non-controlling interest	2,782	3,123
Total equity	734,375	705,005
Borrowings	360,369	311,802
Lease liabilities	115,211	112,605
Deferred tax liabilities	36,701	28,777
Provisions	6,862	6,666
Deferred income	6,938	7,277
Other financial liabilities	53,036	17,351
Non-current liabilities	579,117	484,478
Borrowings	61,407	21,533
Lease liabilities	22,768	21,793
Accounts payable	31,190	30,749
Income tax payable	12,518	12,138
Provisions	13,154	11,322
Accrued salaries and related expenses	43,161	50,068
Other financial liabilities	12,028	9,583
Other liabilities	35,413	39,012
Current liabilities	231,640	196,198
Total liabilities	810,757	680,676
Total equity and liabilities	1,545,132	1,385,682

Consolidated Statement of Cash Flow

All amounts in USD '000	Notes	Q1 2024	Q1 2023
Earnings before interests and tax (EBIT)		15,419	15,739
Depreciation and amortization	5, 6, 8	13,596	12,438
Change in inventories		(2,789)	(7,370)
Change in receivables		(4,821)	(3,974)
Change in payables		(8,994)	(946)
Change in provisions		2,115	(3,978)
Other operating activities		(1,506)	986
Cash generated from operations		13,020	12,895
Interest received		594	1,014
Interest paid		(5,950)	(4,235)
Income tax paid		(3,626)	(4,146)
Net cash generated from operating activities		4,038	5,528
Purchase of fixed and intangible assets	5, 8	(11,484)	(7,708)
Acquisition of subsidiaries, net of cash in acquired entities	9	(74,629)	(2,804)
Other investing activities		(13)	280
Cash flows used in investing activities		(86,126)	(10,232)
Changes in revolving credit facility		94,123	11,680
Payments of lease liabilities		(5,853)	(9,775)
Cash flows generated from financing activities		88,270	1,905
Net change in cash		6,182	(2,799)
Exchange rate effects on cash held in foreign currencies		(1,477)	354
Cash and cash equivalents at beginning of period		72,653	76,631
Cash and cash equivalents at end of period		77,358	74,186

Consolidated Statement of Changes in Equity

All amounts in USD '000	Share capital	Share premium	Other reserves	Retained earnings	Share-holders equity	Non-controlling interests	Total equity
Balance at 1 January 2023	4,781	61,430	(70,467)	639,961	635,704	(194)	635,510
Net profit				9,719	9,719	322	10,041
Change in cash flow hedges			641		641		641
Transl. diff. of shares in subsidiaries			1,467		1,467		1,467
Total comprehensive income	0	0	2,108	9,719	11,827	322	12,149
Share option charge for the period			569		569		569
Share option vested during the period		49	(267)	179	(39)		(39)
Balance at 31 March 2023	4,781	61,479	(68,057)	649,859	648,061	128	648,189
Balance at 1 January 2024	4,781	61,479	(64,045)	699,667	701,882	3,123	705,005
Net profit				8,260	8,260	41	8,302
Change in cash flow hedges			125		125		125
Transl. diff. of shares in subsidiaries			(6,184)		(6,184)		(6,184)
Total comprehensive income	0	0	(6,060)	8,260	2,201	41	2,242
Share option charge for the period			(77)		(77)		(77)
Issued new shares	48	27,156			27,205		27,205
Change in non-controlling interests				382	382	(382)	(0)
Balance at 31 March 2024	4,829	88,635	(70,181)	708,310	731,593	2,782	734,375

1. Summary of Significant Accounting Policies

Statement of compliance

The Condensed Interim Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standard (IFRS) 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 IFRS accounting standards and new interpretations (IFRIC), applicable for the period. New and amended IFRS accounting standards that are effective for the current year have minor impact on the Company's Financial Statements. The Company has not early applied new and revised IFRS accounting 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 Consolidated Financial Statements and should be read in conjunction with the Company's Annual Consolidated Financial Statements for the period ended 31 December 2023. The Company's Annual Consolidated Financial Statements can be found on the Company's website www.emblamedical.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 Condensed Interim 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. 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 2023.

2. Quarterly statements

	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Net sales	199,852	210,197	192,920	201,353	181,212
Cost of goods sold	(79,418)	(81,646)	(73,890)	(75,409)	(69,164)
Gross profit	120,435	128,551	119,030	125,944	112,049
Gross profit margin	60%	61%	62%	63%	62%
Other income	236	302	137	430	1,058
Sales and marketing expenses	(76,307)	(76,933)	(71,712)	(73,272)	(71,163)
Research and development expenses	(9,848)	(10,110)	(8,884)	(9,414)	(9,734)
General and administrative expenses	(19,097)	(17,179)	(14,577)	(18,666)	(16,470)
EBIT	15,419	24,631	23,994	25,023	15,739
Net financial expenses	(5,174)	(3,262)	(5,923)	(5,128)	(2,465)
Share in net profit of associates	739	2,799	(67)	682	(16)
EBT	10,984	24,169	18,004	20,577	13,257
Income tax	(2,682)	(5,154)	(4,131)	(4,705)	(3,216)
Net profit	8,302	19,015	13,873	15,872	10,041
EBITDA	29,016	37,487	36,271	37,372	28,177
EBITDA margin	15%	18%	19%	19%	16%
EBITDA before special items	33,154	37,487	36,271	37,372	28,177
EBITDA margin before special items	17%	18%	19%	19%	16%

3. Net Sales

	Q1 2024	Q1 2023
Sales by geographical segment:		
EMEA	97,584	78,768
Americas	87,361	86,842
APAC	14,908	15,603
Total	199,852	181,212
Sales by business segment:		
Prosthetics & Neuro Orthotics	105,770	91,355
Bracing & Supports	35,905	35,368
Internal product sales	(9,082)	(9,027)
External product sales	132,594	117,696
Patient Care	67,258	63,517
Total	199,852	181,212

4. Sales and expenses split by main currencies

	LCY	Q1 2024	
		USD	%
Sales			
USD	77,944	77,944	39%
EUR	54,906	59,618	30%
ISK	110,906	808	0%
Nordic curr. (SEK, NOK, DKK)		23,319	12%
Other (GBP, AUD, CAD & Other)		38,163	19%
Total		199,852	100%
COGS and OPEX			
USD	72,074	72,074	39%
EUR	41,949	45,550	25%
ISK	3,071,453	22,366	12%
Nordic curr. (SEK, NOK, DKK)		22,538	12%
Other (GBP, MXN, CAD & Other)		21,905	12%
Total		184,433	100%
		Q1 2023	
	LCY	USD	%
Sales			
USD	77,271	77,271	43%
EUR	41,872	44,891	25%
ISK	97,289	685	0%
Nordic curr. (SEK, NOK, DKK)		21,818	12%
Other (GBP, AUD, CAD & Other)		36,547	20%
Total		181,212	100%
COGS and OPEX			
USD	76,844	76,844	46%
EUR	31,806	34,099	21%
ISK	2,585,317	18,196	11%
Nordic curr. (SEK, NOK, DKK)		19,779	12%
Other (GBP, MXN, CAD & Other)		16,556	10%
Total		165,474	100%

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

5. Property, plant and equipment

2024	Buildings & sites	Machinery & equipment	Fixtures & office equip.	Computer equipment	Total
Cost					
At 1 January	596	71,701	57,251	14,941	144,489
Additions	0	3,759	3,888	565	8,212
Business Combinations	0	459	20	115	594
Eliminated on disposal	0	(6)	0	(51)	(57)
Fully depreciated assets	0	(44)	(10)	(119)	(173)
Exchange rate differences	(11)	(270)	(710)	(215)	(1,206)
At 31 March 2024	585	75,599	60,439	15,236	151,859
Depreciation					
At 1 January	143	44,462	26,572	8,926	80,103
Charge for the period	5	2,115	1,439	962	4,521
Eliminated on disposal	0	(5)	0	(48)	(53)
Fully depreciated assets	0	(44)	(10)	(119)	(173)
Exchange rate differences	(1)	(135)	(366)	(133)	(635)
At 31 March 2024	147	46,393	27,635	9,588	83,763
At 31 March 2024	438	29,206	32,804	5,648	68,096
Depreciation classified by functional category:				Q1 2024	Q1 2023
Cost of goods sold				2,371	2,147
Sales and marketing expenses				989	1,077
Research and development expenses				191	139
General and administrative expenses				970	876
Total				4,521	4,239

6. Leases

Right of use assets

2024	Buildings & sites	Machinery & equipment	Total
At 1 January	118,967	2,706	121,673
Additions and renewals	11,730	754	12,484
Depreciation charge for the period	(5,500)	(546)	(6,046)
Eliminated on disposal and termination	(384)	0	(384)
Exchange rate differences	(1,858)	(77)	(1,935)
At 31 March 2024	122,955	2,837	125,792

Depreciation classified by functional category:	Q1 2024	Q1 2023
Cost of goods sold	2,333	2,249
Sales and marketing expenses	1,166	1,124
Research and development expenses	700	675
General and administrative expenses	1,847	1,637
Total	6,046	5,685

7. Goodwill

	31.3.2024	31.12.2023
At 1 January	690,855	680,400
Business combinations	119,005	2,241
Exchange rate differences	(6,996)	8,214
At 31 December	802,864	690,855

The goodwill increase related to current year business combination is allocated to EMEA cash generating unit.

8. Other intangible assets

2024	Cust./distrib. relationships	Patents	Trademarks	Software and other	Total
Cost					
At 1 January	34,254	28,343	2,871	54,246	119,714
Additions	55	487	17	438	997
Additions - internally generated	0	0	0	2,275	2,275
Business Combinations	20,383	1,781	1,930	1,050	25,144
Exchange rate differences	(643)	(131)	(11)	(36)	(821)
At 31 March 2024	54,049	30,480	4,807	57,973	147,309
Amortization					
At 1 January	25,676	7,780	588	19,829	53,873
Charge for the period	809	429	8	1,784	3,030
Exchange rate differences	(320)	(12)	(1)	(22)	(355)
At 31 March 2024	26,165	8,197	595	21,591	56,548
At 31 March 2024	27,884	22,283	4,212	36,382	90,761
Amortization classified by functional category:				Q1 2024	Q1 2023
Cost of goods sold				449	233
Sales and marketing expenses				1,302	1,202
Research and development expenses				405	367
General and administrative expenses				874	712
Total				3,030	2,514

9. Business combinations

In January 2024 Embla Medical acquired all shares of privately owned Fior & Gentz, a leading producer of lower limb neuro orthotic components. Fior & Gentz, founded in Lüneburg, Germany in 1997, is a leading European provider of functional lower limb neuro orthotic solutions and employs around 80 people. Full year sales in 2023 in acquired entity amounted to USD 22.6 million. Other acquisitions are related to remaining minority share in one of the Patient care entities.

As part of the consideration paid for Fior & Gentz 6,636,122 new shares were issued. The share price of each share was DKK 28.10 and the total value of the share capital increase is thus DKK 186 million (USD 27 million). The consideration paid in cash was partly financed through additional credit facilities, amounting to USD 55 million. Acquisition related cost amounted to USD 1 million and is included in general and administrative expenses and reported as special items.

The initial accounting for the acquisitions has been provisionally determined at the end of the reporting period. The goodwill is not expected to be deductible for income tax purposes.

2024	Fior & Gentz	Other	Total
Assets and liabilities recognised as a result of the acquisitions:			
Property, plant and equipment	594	0	594
Other intangible assets	25,144	0	25,144
Inventories	5,348	0	5,348
Accounts and other receivables	1,125	0	1,125
Bank balances and cash equivalents	2,963	0	2,963
Deferred tax liabilities	(8,082)	0	(8,082)
Other liabilities	(2,193)	0	(2,193)
Net identifiable assets acquired	24,899	0	24,899
Non controlling interest	0	(382)	(382)
Goodwill	108,590	10,416	119,005
Net assets acquired	133,489	10,034	143,523
Consideration:			
Net assets acquired	133,489	10,034	143,523
Contingent consideration and deferred payments on current year's acquisitions	(38,184)	(1,159)	(39,343)
Issued new shares	(27,205)	0	(27,205)
Cash paid	68,100	8,875	76,975
Payments on prior year's acquisitions	0	617	617
Cash from acquired companies	(2,963)	0	(2,963)
Consideration shown in Cash Flow	65,137	9,492	74,629