Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	912 014 908
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	OPFI NORWAY AS
Forretningsadresse:	c/o Ausonius Medical AS Lindeberg næringsvei 20 1067 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Tòmas Eiriksson
Dato for fastsettelse av årsregnskapet:	30.06.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 07.07.2023

Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad	2	27 450	217 458
Sum kostnader		**27 450**	**217 458**
Driftsresultat		**-27 450**	**-217 458**
Finansinntekter og finanskostnader			
Annen finansinntekt			273
Sum finansinntekter			**273**
Rentekostnad til foretak i samme konsern			2 916 403
Annen finanskostnad		4 451	2 001
Sum finanskostnader		**4 451**	**2 918 404**
Netto finans		**-4 451**	**-2 918 131**
Ordinært resultat før skattekostnad		**-31 901**	**-3 135 588**
Skattekostnad	3	2 341 850	-689 829
Ordinært resultat etter skattekostnad		**-2 373 751**	**-2 445 759**
Årsresultat		**-2 373 751**	**-2 445 759**
Overføringer og disponeringer			
Udekket tap	6	-2 373 751	-2 445 759
Sum overføringer og disponeringer		**-2 373 751**	**-2 445 759**

Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	3		2 341 850
Sum immaterielle eiendeler			**2 341 850**
Finansielle anleggsmidler			
Investering i datterselskap		0	
Investering i annet foretak i samme konsern	4	201 730 344	201 730 344
Sum finansielle anleggsmidler		**201 730 344**	**201 730 344**
Sum anleggsmidler		**201 730 344**	**204 072 194**
Omløpsmidler			
Varer			
Bankinnskudd, kontanter og lignende			
Sum bankinnskudd, kontanter og lignende	5	**68 278**	**147 699**
Sum omløpsmidler		**68 278**	**147 699**
SUM EIENDELER		**201 798 622**	**204 219 893**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	6, 7	120 000	120 000
Overkurs	6	206 438 450	206 438 450
Sum innskutt egenkapital		**206 558 450**	**206 558 450**
Opptjent egenkapital			
Annen egenkapital	6	-5 268 940	-2 895 188
Sum opptjent egenkapital		**-5 268 940**	**-2 895 188**

Balanse

Beløp i: NOK	Note	2021	2020
Sum egenkapital		**201 289 510**	**203 663 262**
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Leverandørgjeld			157 520
Annen kortsiktig gjeld	8	509 112	399 112
Sum kortsiktig gjeld		**509 112**	**556 632**
Sum gjeld		**509 112**	**556 632**
SUM EGENKAPITAL OG GJELD		**201 798 622**	**204 219 893**

Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer:	2022 818880

Enheten

Organisasjonsnummer:	912 014 908
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	OPFI NORWAY AS
Forretningsadresse:	c/o Ausonius Medical AS Jerikoveien 20 1067 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Tòmas Eiriksson
Dato for fastsettelse av årsregnskapet:	30.06.2022

Grunnlag for avgivelse

År 2021: Årsregnskap er elektronisk innlevert.
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021.

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 10.08.2022

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673

Organisasjonsnr: 912 014 908
OPFI NORWAY AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad	2	27 450	217 458
Sum kostnader		**27 450**	**217 458**
Driftsresultat		**-27 450**	**-217 458**
Finansinntekter og finanskostnader			
Annen finansinntekt			273
Sum finansinntekter			**273**
Rentekostnad til foretak i samme konsern			2 916 403
Annen finanskostnad		4 451	2 001
Sum finanskostnader		**4 451**	**2 918 404**
Netto finans		**-4 451**	**-2 918 131**
Ordinært resultat før skattekostnad		**-31 901**	**-3 135 588**
Skattekostnad	3	2 341 850	-689 829
Ordinært resultat etter skattekostnad		**-2 373 751**	**-2 445 759**
Årsresultat		**-2 373 751**	**-2 445 759**
Overføringer og disponeringer			
Udekket tap	6	-2 373 751	-2 445 759
Sum overføringer og disponeringer		**-2 373 751**	**-2 445 759**

Organisasjonsnr: 912 014 908
OPFI NORWAY AS

BALANSE

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	3		2 341 850
Sum immaterielle eiendeler			**2 341 850**
Finansielle anleggsmidler			
Investering i datterselskap		0	
Investering i annet foretak i samme konsern	4	201 730 344	201 730 344
Sum finansielle anleggsmidler		**201 730 344**	**201 730 344**
Sum anleggsmidler		**201 730 344**	**204 072 194**
Omløpsmidler			
Varer			
Bankinnskudd, kontanter og lignende			
Sum bankinnskudd, kontanter og lignende	**5**	**68 278**	**147 699**
Sum omløpsmidler		**68 278**	**147 699**
SUM EIENDELER		**201 798 622**	**204 219 893**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	6, 7	120 000	120 000
Overkurs	6	206 438 450	206 438 450
Sum innskutt egenkapital		**206 558 450**	**206 558 450**
Opptjent egenkapital			
Annen egenkapital	6	-5 268 940	-2 895 188
Sum opptjent egenkapital		**-5 268 940**	**-2 895 188**
Sum egenkapital		**201 289 510**	**203 663 262**
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Leverandørgjeld			157 520
Annen kortsiktig gjeld	8	509 112	399 112
Sum kortsiktig gjeld		**509 112**	**556 632**

Sum gjeld	**509 112**	**556 632**
SUM EGENKAPITAL OG GJELD	**201 798 622**	**204 219 893**

Organisasjonsnr: 912 014 908
OPFI NORWAY AS

NOTEOPPLYSNINGER - SELSKAP

- alle poster oppgitt i hele tall

Note
7

Antall aksjer og aksjeeiere

Aksjeklasse	Ant. aksjer	Pålydende	Bokført verdi
Ordinære aksjer	30000.00	4.00	120000.00

Aksjeeiere - fritekst	Antall	Eierandel	Aksjeklasse
OPFI Holding B.V	30000.00	100.00%	Ordinære aksjer

Sum	Sum antall	Sum eierandel
	30000.00	100.00%

Konsernregnskap som omfatter selskapet utarbeides av Össur HF, med adresse: Grjothals 1 - 5 110 Reykjavik Island

Note
2

Lønn og ytelser

Selskapet har ingen ansatte og er ikke pliktig til å ha tjenestepensjonsordning etter lov om obligatorisk tjenestepensjon. Selskapet har ikke utbetalt noen godtgjørelser til styret eller daglig leder. Det foreligger ikke noen lån eller sikkerhetsstillelser overfor daglig leder eller styremedlemmer.

Note

Ytelser til revisjon

Revisjon	Årets	Fjorårets
	27450.00	59938.00

Andre tjenester	Årets	Fjorårets
		157520.00

Sum godtgjørelse til revisor	Årets	Fjorårets
	27450.00	217458.00

Note

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:
0.00

Note
4

Konsern, tilknyttet selskap og datterselskap

Tilknyttet selskap/datterselskap

Navn og adresse	Eierandel	Stemmeandel	Egenkapital	Resultat
Ausonius Medical AS	100.00%	100.00%	153474536.00	

Selskapet er morselskap i konsern. I henhold til regnskapsloven § 3-7 utarbeides ikke konsernregnskap. Konsernregnskapet utarbeides av Össur hf og kan utleveres på Grjothals 1-5, 110 Reykjavik, Island.
Virksomheten inngår i konsolideringen til morselskapets konsernregnsk.: Nei

Datterselskap er utelatt fra konsolideringen: Nei

Omløpsmidler	Startdato	Sluttdato	Endring

Skattemessig fremf.undersk.	Startdato	Sluttdato	Endring

Kortsiktig gjeld	Startdato	Sluttdato	Endring

OPFI Norway AS

Årsrapport for 2021

Årsberetning

Årsregnskap
- Resultatregnskap
- Balanse
- Kontantstrømoppstilling
- Noter

Revisjonsberetning

OPFI Norway AS

Resultatregnskap

	Note	2021	2020
Driftskostnader			
Annen driftskostnad	2	27 450	217 458
Driftsresultat		-27 450	-217 458
Finansinntekter og finanskostnader			
Annen finansinntekt		0	273
Rentekostnad til foretak i samme konsern		0	2 916 403
Annen finanskostnad		4 451	2 001
Netto finansposter		-4 451	-2 918 131
Resultat før skattekostnad		-31 901	-3 135 588
Skattekostnad	3	2 341 850	-689 829
Årsresultat		-2 373 751	-2 445 759
Overføringer og disponeringer			
Udekket tap	6	-2 373 751	-2 445 759

OPFI Norway AS

Balanse pr. 31. desember

	Note	2021	2020
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	3	0	2 341 850
Sum immaterielle eiendeler		0	2 341 850
Finansielle anleggsmidler			
Investeringer i annet foretak i samme konsern	4	201 730 344	201 730 344
Sum finansielle anleggsmidler		201 730 344	201 730 344
Sum anleggsmidler		201 730 344	204 072 194
Omløpsmidler			
Bankinnskudd, kontanter og lignende	5	68 278	147 699
Sum omløpsmidler		68 278	147 699
Sum eiendeler		201 798 622	204 219 893

OPFI Norway AS

Balanse pr. 31. desember

	Note	2021	2020
Egenkapital			
Innskutt egenkapital			
Aksjekapital	6, 7	120 000	120 000
Overkurs	6	206 438 450	206 438 450
Sum innskutt egenkapital		206 558 450	206 558 450
Opptjent egenkapital			
Annen egenkapital	6	-5 268 940	-2 895 188
Sum opptjent egenkapital		-5 268 940	-2 895 188
Sum egenkapital		201 289 510	203 663 262
Gjeld			
Kortsiktig gjeld			
Leverandørgjeld		0	157 520
Annen kortsiktig gjeld	8	509 112	399 112
Sum kortsiktig gjeld		509 112	556 632
Sum gjeld		509 112	556 632
Sum egenkapital og gjeld		201 798 622	204 219 893

31. desember 2021
Oslo, 30. juni 2022

DocuSigned by: Sveinn Sölvason
286640E270BA4C7...
Sveinn Logi Sölvason
Styrets leder

DocuSigned by:
2382000D5FE4484...
Tómas Eiríksson
Daglig leder

OPFI Norway AS

Kontantstrømoppstilling 01.01-31.12

	Note	2021	2020
Kontantstrømmer fra operasjonelle aktiviteter			
Resultat før skattekostnad		-31 901	-3 135 588
Endring i leverandørgjeld		-157 520	157 520
Endring i andre tidsavgrensningsposter		110 000	-1 672 339
Netto kontantstrøm fra operasjonelle aktiviteter		-79 421	-4 650 407
Kontantstrømmer fra investeringsaktiviteter			
Investeringer i datterselskap		0	-114 225 730
Netto kontantstrøm fra investeringsaktiviteter		0	-114 225 730
Kontantstrømmer fra finansieringsaktiviteter			
Utbetalinger ved nedbetaling av langsiktig gjeld	8	0	-87 504 614
Kapitalforhøyelse	6	0	206 528 450
Netto kontantstrøm fra finansieringsaktiviteter		0	119 023 836
Netto endring i likvider i året		-79 421	147 699
Kontanter og bankinnskudd per 01.01		147 699	0
Kontanter og bankinnskudd per. 31.12		68 278	147 699

Noter til regnskapet for 2021

Note 1 - Regnskapsprinsipper

Årsregnskapet er satt opp i samsvar med regnskapslovens bestemmelser og god regnskapsskikk.

Selskapet er morselskap i konsern. I henhold til Regnskapsloven §3-7 utarbeides derfor ikke konsernregnskap. Selskapet inngår i konsernregnskapet til konsernspiss Össur hf, som har forretningskontor på Island.

Salgsinntekter
Inntektsføring ved salg av varer skjer på leveringstidspunktet. Tjenester inntektsføres i takt med utførelsen. Andelen av salgsinntekter som knytter seg til fremtidige serviceytelser balanseføres som uopptjent inntekt ved salget, og inntektsføres deretter i takt med levering av ytelsene.

Klassifisering av balanseposter
Omløpsmidler og kortsiktig gjeld omfatter poster som forfaller til betaling innen ett år etter balansedagen, samt poster som knytter seg til varekretsløpet. Øvrige poster er klassifisert som anleggsmiddel/langsiktig gjeld.

Omløpsmidler vurderes til laveste av anskaffelseskost og virkelig verdi. Kortsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

Anleggsmidler vurderes til anskaffelseskost, men nedskrives til virkelig verdi ved verdifall som ikke forventes å være forbigående. Anleggsmidler med begrenset økonomisk levetid avskrives planmessig. Langsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

Datterselskap/tilknyttet selskap
Datterselskapet og tilknyttede selskaper vurderes etter kostmetoden i selskapsregnskapet. Kostprisen økes når midler tilføres ved kapitalutvidelse, eller når det gis konsernbidrag til datterselskap. Det er foretatt nedskrivning til virkelig verdi når verdifall skyldes årsaker som ikke kan antas å være forbigående og det må anses nødvendig etter god regnskapsskikk. Nedskrivninger er reversert når grunnlaget for nedskrivning ikke lenger er til stede.

Utbytte og andre utdelinger er inntektsført samme år som det er avsatt i datterselskapet. Overstiger utbytte andel av tilbakeholdt resultat etter kjøpet, representerer den overskytende del tilbakebetaling av investert kapital, og utdelingene er fratrukket investeringens verdi i balansen.

Fordringer
Kundefordringer og andre fordringer er oppført i balansen til pålydende etter fradrag for avsetning til forventet tap. Avsetning til tap gjøres på grunnlag av individuelle vurderinger av de enkelte fordringene. I tillegg gjøres det for øvrige kundefordringer en uspesifisert avsetning for å dekke antatt tap.

Valuta
Pengeposter i utenlandsk valuta er vurdert til kursen ved regnskapsårets slutt.

OPFI Norway AS

Noter til regnskapet for 2021

Skatter
Skattekostnad består av betalbar skatt og endring i utsatt skatt. Utsatt skatt/skattefordel er beregnet på alle forskjeller mellom regnskapsmessig og skattemessig verdi på eiendeler og gjeld. Utsatt skatt er beregnet med 22% på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt skattemessig underskudd til fremføring ved utgangen av regnskapsåret Netto utsatt skattefordel balanseføres i den grad det er sannsynlig at denne kan bli nyttiggjort. Betalbar skatt og utsatt skatt er regnskapsført direkte mot egenkapitalen i den grad skattepostene relaterer seg til egenkapitaltransaksjoner.

Kontantstrømoppstilling
Kontantstrømoppstillingen er utarbeidet etter den indirekte metode. Kontanter og kontantekvivalenter omfatter kontanter, bankinnskudd og andre kortsiktige, likvide plasseringer.

Note 2 - Lønnskostnader, antall ansatte, lån til ansatte og godtgjørelse til revisor

Selskapet har ingen ansatte og er ikke pliktig til å ha tjenestepensjonsordning etter lov om obligatorisk tjenestepensjon.

Selskapet har ikke utbetalt noen godtgjørelser til styret eller daglig leder. Det foreligger ikke noen lån eller sikkerhetsstillelser overfor daglig leder eller styremedlemmer.

Godtgjørelse til revisor er fordelt på følgende:	**2021**	**2020**
Revisjon	27 450	59 938
Andre tjenester	0	157 520

Merverdiavgift er ikke inkludert i revisjonshonoraret.

OPFI Norway AS

Noter til regnskapet for 2021

Note 3 - Skatt

Årets skattekostnad fordeler seg på:	**2021**	**2020**
Endring utsatt skatt	2 341 851	-689 829
Årets totale skattekostnad	2 341 851	-689 829

Beregning av årets skattegrunnlag:	**2021**	**2020**
Resultat før skattekostnad	-31 901	-3 135 588
Alminnelig inntekt	-31 901	-3 135 588
Underskudd til fremføring	31 901	3 135 588
Årets skattegrunnlag	0	0

Oversikt over midlertidige forskjeller	**2021**	**2020**
Akkumulert fremførbart underskudd	-10 676 680	-10 644 779
Netto midlertidige forskjeller pr 31.12	-10 676 680	-10 644 779
Forskjeller som ikke inngår i utsatt skatt/-skattefordel	-10 676 680	0
Sum	0	-10 644 779
Utsatt skattefordel (22%)	0	-2 341 851

Forklaring til hvorfor årets skattekostnad ikke utgjør 22% av resultat før skatt	**2021**
22% skatt av resultat før skatt	-7 018
Endring ikke balanseført utsatt skattefordel	2 348 869
Beregnet skattekostnad	2 341 851
Effektiv skattesats *)	-7 341 %

*) Skattekostnad i forhold til resultat før skatt

OPFI Norway AS

Noter til regnskapet for 2021

Note 4 - Investeringer i datterselskap

Datterselskap:	Forretningskontor	Eier-andel	Resultat 2021	Egenkapital pr. 31.12	Bokført verdi pr. 31.12
Ausonius Medical AS	Oslo	100 %	0	153 474 536	201 730 344

Selskapet er morselskap i konsern. I henhold til regnskapsloven § 3-7 utarbeides ikke konsernregnskap. Konsernregnskapet utarbeides av Össur hf og kan utleveres på Grjothals 1-5, 110 Reykjavik, Island.

Note 5 - Bankinnskudd

Selskapet har ingen bundne midler per regnskapsårets slutt.

Note 6 - Egenkapital

	Aksjekapital	Overkurs	Udekket tap	Sum
Egenkapital 01.01.	120 000	206 438 450	-2 895 189	203 663 261
Årsresultat	0	0	-2 373 751	-2 373 751
Egenkapital 31.12.	120 000	206 438 450	-5 268 940	201 289 510

Note 7 - Aksjekapital og aksjonærinformasjon

Aksjekapitalen består av:

	Antall	Pålydende	Balanseført
Ordinære aksjer	30 000	4	120 000

Oversikt over aksjonærene i selskapet pr. 31.12:

	Ordinære aksjer	Eier-andel	Stemme-andel
OPFI Holding B.V	30 000	100 %	100 %

Konsernregnskap som omfatter selskapet utarbeides av Össur HF, med adresse:

Grjothals 1 - 5
110 Reykjavik
Island

OPFI Norway AS

Noter til regnskapet for 2021

Note 8 - Mellomværende med selskap i samme konsern m.v.

Gjeld	**2021**	**2020**
Annen kortsiktig gjeld	509 112	399 111

OPFI Norway AS

Styrets Årsberetning 2021

OPFI Norway AS sin virksomhet er innenfor medisinsk utstyr og tjenester og eierskap i selskaper med lignende virksomhet. OPFI Norway AS er indirekte eid av Össur hf på Island. OPFI Norway AS har hovedkontor i Oslo.

Selskapets årsresultat for 2021 ble negativt med kr 2.373.751. Selskapet har en totalbalanse på kr 201.798.622 og en egenkapitalandel på 99,7 % pr 31.12.2021. Selskapets hoved investering er aksjer i Ausonius Medical AS. Össur konsernet sørger for nødvendig finansiering og likviditet.

Det bekreftes at forutsetningen om fortsatt drift er lagt til grunn ved utarbeidelsen av regnskapet.

Styret foreslår at årets underskudd dekkes av annen egenkapital.

Selskapet er pr 31.12.2021 ikke eksponert for finansiell risiko ved større endringer i rentenivået, da selskapet ikke har langsiktig gjeld. Følgelig er selskapet heller ikke eksponert for valutarisiko.

Selskapet har ingen ansatte.

Virksomheten medfører i seg selv svært begrenset påvirkning på det ytre miljøet.

Selskapet har tegnet forsikring for styre- og lederansvar for eventuelle erstatningsansvar for skade på tredjemanns person, ting eller formue. Forsikringen dekker erstatningsansvar inntil USD 10 000 000. Forsikringen gjelder for styremedlemmer og daglig leder

Styret mener det framlagte årsregnskap gir et rettvisende bilde av selskapets virksomhet og finansielle stilling. Styret bekrefter at det ikke har skjedd hendelser etter balansedagen som har betydning for årsregnskapet.

Oslo, 30. juni 2022

DocuSigned by: Sveinn Sölvason 286640E270BA4C7...	DocuSigned by: 2382680D8FE44B4...
Sveinn Logi Sölvason	Tomas Eiriksson
Styrets leder	Styremedlem/daglig leder

Tærudgata 16, 2004 Lillestrøm
Postboks 134, N-2001 Lillestrøm
www.bdo.no

Uavhengig revisors beretning

Til generalforsamlingen i Opfi Norway AS

Konklusjon

Vi har revidert årsregnskapet til Opfi Norway AS.

Årsregnskapet består av:

- Balanse per 31. desember 2021,
- Resultatregnskap 2021
- Kontantstrømoppstilling for regnskapsåret avsluttet per 31. desember 2021
- Noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening:

- Oppfyller årsregnskapet gjeldende lovkrav, og
- Gir årsregnskapet et rettvisende bilde av selskapets finansielle stilling per 31. desember 2021 og av dets resultat og kontantstrømmer for regnskapsåret i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under Revisors oppgaver og plikter ved revisjonen av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov, forskrift og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av the International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Annen informasjon

Styret og daglig leder (ledelsen) er ansvarlig for annen informasjon. Annen informasjon består av årsberetningen. Vår konklusjon om årsregnskapet ovenfor dekker ikke annen informasjon.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese annen informasjon. Formålet er å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom annen informasjon og årsregnskapet og den kunnskap vi har opparbeidet oss under revisjonen av årsregnskapet, eller hvorvidt informasjon i annen informasjon ellers fremstår som vesentlig feil. Vi har plikt til å rapportere dersom annen informasjon fremstår som vesentlig feil. Vi har ingenting å rapportere i så henseende.

Konklusjon om årsberetningen

Basert på kunnskapen vi har opparbeidet oss i revisjonen, mener vi at årsberetningen

- er konsistent med årsregnskapet og
- inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav.

Styret og daglig leders ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

For videre beskrivelse av revisors oppgaver og plikter vises det til:
https://revisorforeningen.no/revisjonsberetninger

BDO AS

Yngve Aslaksrud
statsautorisert revisor
(elektronisk signert)

PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Yngve Aslaksrud
Statsautorisert revisor
På vegne av: BDO AS
Serienummer: 9578-5999-4-1356873
IP: 188.95.xxx.xxx
2022-07-01 11:42:51 UTC

bank ID

Penneo Dokumentnøkkel: 7PZ5M-P47AX-MCV83-6J67T-3ZXKC-0IF0V

Össur hf.

Consolidated Financial Statements

31.12.2021

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Statement by the Board of Directors and President and CEO

It is the opinion of the Board of Directors and the President and CEO of Össur hf. (the Company or Össur), that these Consolidated Financial Statements present the necessary information to evaluate the financial position of the Company at year end, the operating results for the year and financial developments during the year 2021. Össur Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and additional Danish disclosure requirements for listed companies and additional requirements in the Icelandic Financial Statement Act no. 3/2006.

Össur hf. designs, manufactures and sells orthopedic products specializing in prosthetics and bracing and supports solutions. The Company is headquartered in Iceland and owns and operates subsidiaries in multiple countries around the world. The Company sells its products worldwide, but the principal market areas are North America and Europe.

A requirement to conclude on non-financial information has been made part of Icelandic law from 2016 as part of the implementation of EU directive 2013/34/EU that became effective for Member States in 2017. It is the Board of Directors opinion that necessary information to analyze the environmental, social and employee aspects of the business can be obtained by reviewing information in the Annual Report and in the Corporate Sustainability Report to help provide fundamental understanding of the Company's development, performance and position on non-financial matters. Össur joined the UN Global Compact in 2011 and signed the UN Women's Empowerment Principles in 2014. Annually, Össur publishes a report on the progress of key projects in the four categories set forth by the Global Compact; environmental concerns, labor practices, human rights and anti-corruption. In addition Össur publishes information on its contribution to selected UN Sustainable Development Goals. Further information about Össur's corporate sustainability and social responsibility activities can be found in the Annual Report and 2021 progress report, available on the Company's website: https://www.ossur.com/global/our-responsibility/our-commitments/csr-reports .

The total sales of the Company amounted to USD 718.7 million (2020: USD 629.5 million) and increased by 14% from the preceding year. Organic local currency sales increase was 10%. Net profit amounted to USD 65.7 million (2020: USD 7.9 million). Diluted Earnings per Share amounted to US cents 15.5 (2020: US cents 1.9.). Earnings before interest, taxes, depreciation, impairment and amortization (EBITDA) amounted to USD 149.0 million (2020: USD 93.0 million).
The total assets of the Company amounted to USD 1,246.9 million at year end, liabilities were USD 620.3 million and equity was USD 626.6 million. The equity ratio at year end was 50%, (2020: 48%).

The Company employed on average 3,761 employees in 2021 (2020: 3,505) and 3,668 at year end (2020: 3,385).

Össur's shares are admitted to trading on the Nasdaq Copenhagen stock exchange. The market value of the Company at year end was USD 2,724 million (2020: USD 3,380 million) and the share price in DKK decreased by 12.7% during the year. At year end, registered shareholders in Össur were 4,540 compared to 4,512 at the beginning of the year. It should be noted that due to the concentration of trading in Nasdaq Copenhagen in 2017, about 1,600 shareholders that held shares listed in Iceland were consolidated into a few nominee accounts. The ten largest shareholders and their ownership percentage are: William Demant Invest A/S - 51.9%, Islandsbanki Bank – 14.9% (nominee), Arbejdsmarkedets Tillægspension (ATP) - 5.2%, State Street Bank – 3.8%, Lannebo Fonder – 2.1%, SEB Sverigefond Smabolag Chans/Risk - 2.0%, Landsbankinn Bank – 2.0% (nominee), SEB SV SMABOL – 1.5%, Clearstream – 1.3% (nominee) and JP Morgan Bank Luxembourg - 1.3% (nominee). William Demant Invest A/S (WDI) ownership in Össur exceeded 50% in January 2018. According to WDI's announcement at the time, their intention is to hold 50-60% of Össur's shares going forward and WDI has no intention of taking over Össur or delisting Össur's shares from Nasdaq Copenhagen. Furthermore, WDI has no intention of making changes to Össur's strategy, management or operations.

Statement by the Board of Directors and President and CEO

The Company follows the Danish Recommendations for Corporate Governance issued by the Danish Committee on Corporate Governance, available at: https://corporategovernance.dk/. The Board of Directors complies with the Articles of Association of the Company and the Board of Directors' Rules of Procedure, which address the Board's roles and responsibilities etc. The Board of Directors is composed of five members elected at each Annual General Meeting for a term of one year. The Board of Directors consists of two women and three men in compliance with Icelandic law on gender ratio. No Össur employee sits on the Board of Directors. The Audit Committee complies with the Committee's Rules of procedures, which address the Committee's roles and responsibilities etc. The Audit Committee is composed of three members elected by the Board. The CEO manages the Company's daily operations. The Board has approved an Equal Opportunity Policy that prohibits all discrimination. The policy is available on the Company's website: https://www.ossur.com/global/our-responsibility/our-commitments/policies and reporting on the progress and objectives of the Policy is made in the Company's Corporate Social Responsibility report available on the Company's website: https://www.ossur.com/global/our-responsibility/our-commitments/csr-reports. The Board approves a Corporate Governance report that includes all the information to be included in the statutory statement referred to in Article 66 (c) of the Icelandic Financial Statement Act no. 3/2006, as well as explanations, comments and information on each recommendation in the Danish Recommendation for Corporate Governance. The report is available on the Company's website: https://www.ossur.com/global/investor-relations/corporate/reports.

No share buybacks were made in 2021. Össur has decided to revive its share buyback program and will commence it shortly. Össur will propose not to reduce the share capital at the Annual General Meeting as the Company did not acquire any treasury shares in 2021 and the treasury shares held will be used to fulfill obligations under share option agreements that have vested or will be vesting in 2022. Share options contracts were settled with 162 thousands of Össur treasury shares during the year.
In line with the Company's Capital Structure and Capital Allocation Policy, the Board of Directors will propose to the Annual General Meeting in 2022 not to pay a cash dividend. With emphasis on prioritizing investments in growth opportunities, value-adding investment opportunities and acquisitions, Össur has decided to discontinue dividend payments and focus on returning excess capital to shareholders via purchase of treasury shares in accordance with the Company's Capital Structure and Capital Allocation Policy.

Össur has maintained its operations throughout the COVID-19 pandemic, prioritizing production and product availability, and ensured that guidelines from local and global healthcare authorities are being followed. The COVID-19 pandemic and the associated lockdowns had an adverse effect on sales in 2021, primarily in Americas and Australia in the third quarter, while other regions were less affected. Furthermore, the pandemic has caused temporary variable cost increases due to global supply chain challenges, and related short-term negative impact on productivity although Össur's manufacturing sites and warehouses are operating at normal capacity. The long-term prospects or underlying fundamental drivers of the prosthetics and bracing & supports markets are not expected to change and the impact from COVID-19 is expected to lead to some pent-up demand. Primary focus is on business continuity and the safety of employees, customers, and end-users.

Statement by the Board of Directors and President and CEO

In our opinion, the Consolidated Financial Statements of Össur hf. for the financial year 2021 identified as "ossur-2021-12-31.zip" are prepared in all material respects, in compliance with the ESEF Regulation.

The Board of Directors and President and CEO of Össur hf. hereby confirm the Consolidated Financial Statements of Össur for the year 2021 with their signatures.

Reykjavík, 1 February 2022

Board of Directors

Niels Jacobsen
Chairman of the Board

Svafa Grönfeldt | Alberto Esquenazi

Arne Boye Nielsen | Guðbjörg Edda Eggertsdóttir

President and CEO

Jón Sigurðsson

Independent auditor's report

To the Shareholders of Össur hf.

Opinion

We have audited the Consolidated Financial Statements of Össur hf. and its subsidiaries (the Company), which comprise the Consolidated Balance Sheet as at December 31, 2021, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flow, the Consolidated Statement of Changes in Equity for the year then ended, and the Notes to the Consolidated Financial Statements, including a summary of significant accounting policies. In our opinion, the accompanying Consolidated Financial Statements give a true and fair view of the Company´s financial position at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, additional Danish disclosure requirements for listed companies and additional requirements in the Icelandic Financial Statement Act no. 3/2006. Our opinion in this report on the Consolidated Financial Statements is consistent with the content of the additional report that has been submitted to the audit committee in accordance with the EU Audit Regulation 537/2014 Article 11.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Iceland, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the EU Audit Regulation 537/2014 Article 5.1 has been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill

Book value of goodwill at year end amounted to 644 million. The change in goodwill consists of provisional additions due to current year acquisitions and adjustments to prior year provisional values amounting to 48.5 million as well as exchange rate difference loss amounting to 16.4 million.

The management considers that each geographical segment constitutes its own cash generating unit ('CGU'). The key assumptions applied by the managements in the impairment test are segment specific discount rates, future revenue growth and expected future margins. Determining whether the carrying value of goodwill is recoverable requires management to make significant estimates regarding key assumptions based on management's view of future business prospects.

Due to the relative sensitivity of certain inputs to the impairment testing process, in particular the future cash flows of the CGUs noted above, the valuation of goodwill is considered a key audit matter.
In order to address this key audit matter, we audited the assumptions used in the impairment model for goodwill. As part of our work, we engaged our internal specialists to assist with:

- Critically evaluating whether the model used by management to calculate the value in use of the individual CGU's complies with the requirements of IAS 36 Impairment of Assets;
- Validating the assumptions used to calculate the discount rates and recalculating these rates;
- Considering the projected future cash flows, understanding variances between the forecast and actual results for the year ended 31 December 2021 and comparing the forecast growth trends to historic trends;
- Comparing the long-term growth rates for each CGU to external market data;
- Evaluating the appropriateness of the sensitivity analysis applied by management to the impairment testing model including considering whether the scenarios reasonably represent possible changes in key assumptions;
- Performing further sensitivity analysis based on recent trading activity and our understanding of the future prospects to identify whether these scenarios could give rise to further impairment; and
- Analysing the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of the CGU's.

We also reviewed the disclosures presented in note 14 to the Consolidated Financial Statements to confirm compliance with the requirements within IAS 36.

Other information
Management is responsible for other information. Other information consists of Management Commentary. Our opinion on the Consolidation Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon except the confirmation regarding Statement of Board of Director and President and CEO as stated below.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the information in the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.
In accordance with Paragraph 2 article 104 of the Icelandic Financial Statement Act no. 3/2006, we confirm to the best of our knowledge that the Statement of Board of Director and President and CEO includes all information required by the Icelandic Financial Statement Act that is not disclosed elsewhere in the Consolidated Financial Statements.

Responsibilities of management and those charged with governance for the Consolidated Financial Statements
Management and those charged with governance is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with IFRS as adopted by the European Union, additional Danish disclosure requirements for listed companies and additional requirements in the Icelandic Financial Statement Act no. 3/2006, and for such internal control as management and those charged with governance determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the Consolidated Financial Statements, management and those charged with governance is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management and those charged with governance either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

ÖSSUR
LIFE WITHOUT LIMITATIONS

Independent auditor's report

Auditor's responsibilities for the audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditor's report

In addition to our work as the auditors of the Company, Deloitte has provided the firm with permitted additional services such as other assurance engagements and consultation on tax matters. Deloitte has in place internal procedures in order to ensure its independence before acceptance of additional services. The Company's Audit Committee also has in place internal procedures to approve additional services before they commence. The Audit Committee also evaluates the independence of the Company's auditors on yearly basis to ensure their independence and objectivity.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on compliance with the ESEF Regulation
As part of our audit of the Consolidated Financial Statements of Össur hf. we performed procedures to express an opinion on whether the annual report for the year then ended 31.12.2021 with the file name "ossur-2021-12-31.zip" is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparation of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags,including extensions to the ESEF taxanomy and the anchoring thereof to elements in the taxanomy, for financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human readable format; and
- For such internal control as management determines necessary to enable the preparation of an annual report that is compliant with ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor´s judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the Company´s iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

Independent auditor's report

In our opinion, the annual report of Össur hf. for the financial year 1.1.2021 – 31.12.2021 with the file name "ossur-2021-12-31.zip" is prepared, in all material respects, in compliance with the ESEF Regulation.

Deloitte was appointed auditor of Össur hf. by the general meeting of shareholders on 8 March 2021. Deloitte has been elected auditor since the Company´s founding in 1971.

Kópavogur, 1 February 2022

Deloitte ehf.

Eyþór Guðjónsson	Signý Magnúsdóttir
State Authorized Public Accountant	State Authorized Public Accountant

ÖSSUR
LIFE WITHOUT LIMITATIONS

Financial Highlights and Key Ratios

USD millions		2021	2020	2019	2018	2017
Income Statement						
Net sales		719	630	686	613	569
Gross profit		455	391	439	387	355
Operating expenses (excl. other income / exp.)		360	338	341	304	280
EBITDA		149	93	141	107	97
EBITDA before special items		149	93	150	115	103
EBIT		97	28	98	79	75
Net profit		66	8	69	80	58
Sales growth						
Sales growth USD	%	14	(8)	12	8	9
Growth breakdown:						
Organic growth in LCY	%	10	(10)	5	5	5
Currency effect	%	3	0	(4)	1	0
Acquired/divested business	%	1	2	11	2	4
Balance Sheet						
Total assets		1,247	1,214	1,091	914	793
Equity		627	577	569	538	500
Net interest-bearing debt (NIBD)		363	381	302	180	121
Cash Flow						
Cash generated by operations		128	119	120	92	90
Free cash flow		74	68	63	39	55
Key ratios						
Gross profit margin	%	63	62	64	63	62
EBIT margin	%	14	4	14	13	13
EBITDA margin	%	21	15	21	18	17
EBITDA margin before special items	%	21	15	22	19	18
Equity ratio	%	50	48	52	59	63
Net debt to EBITDA before special items		2.4	4.1	2.0	1.6	1.2
Effective tax rate	%	24	38	24	18	16
Return on equity	%	11	1	12	15	12
CAPEX to net sales	%	3.7	3.8	4.6	5.0	3.4
Full time employees at period end		3,668	3,385	3,449	3,147	2,990
Full time employees on average		3,761	3,505	3,382	2,775	2,948
Market						
Market value of equity		2,724	3,380	3,340	2,055	1,871
Number of shares in millions		423	423	425	431	437
Diluted EPS in US cents		15.5	1.9	16.2	18.7	13.3

Consolidated Income Statement

All amounts in USD '000	Notes	2021	2020
Net sales	3	718,669	629,503
Cost of goods sold		(263,282)	(238,268)
Gross profit		**455,387**	**391,235**
Other income / (expenses)	6	1,687	(24,978)
Sales and marketing expenses		(253,885)	(229,285)
Research and development expenses		(31,735)	(31,018)
General and administrative expenses		(74,143)	(77,666)
Earnings before interest and tax (EBIT)		**97,311**	**28,288**
Financial income		984	1,230
Financial expenses		(12,774)	(10,918)
Net exchange rate difference		1,119	(5,880)
Net financial expenses	9	(10,671)	(15,568)
Earnings before tax (EBT)		**86,640**	**12,720**
Income tax	10	(20,984)	(4,799)
Net profit		**65,656**	**7,921**
Attributable to:			
Owners of the Company		63,994	6,214
Non-controlling interests		1,662	1,707
Net profit		**65,656**	**7,921**
Earnings per share	11		
Earnings per share (US cent)		15.6	1.9
Diluted earnings per share (US cent)		15.5	1.9

Consolidated Statement of Comprehensive Income

All amounts in USD '000	2021	2020
Net profit	65,656	7,921
Items that may be reclassified subsequently to profit or loss:		
Change in cash flow hedges	(13)	(400)
Exchange differences on translating foreign operations	(14,098)	10,521
Acc.transl.diff. reclassified to profit or loss on disposal of foreign operations	0	3,155
Income tax relating to components of other comprehensive income	(1,878)	1,989
Other comprehensive income, net of income tax	**(15,989)**	**15,265**
Total comprehensive income	**49,667**	**23,186**
Attributable to:		
Owners of the Company	48,005	21,479
Non-controlling interests	1,662	1,707
Total comprehensive income	**49,667**	**23,186**

Consolidated Balance Sheet

Assets

All amounts in USD '000	**Notes**	**31.12.2021**	**31.12.2020**
Property, plant and equipment	12	55,349	58,466
Right of use assets	13	126,731	112,909
Goodwill	14	644,153	612,191
Other intangible assets	15	58,836	59,502
Investment in associates	16	13,647	13,352
Other financial assets	17	2,924	3,941
Deferred tax assets	25	27,044	27,512
Non-current assets		**928,684**	**887,873**
Inventories	18	103,985	93,231
Accounts receivable	19	102,768	98,353
Other assets	20	26,281	32,511
Bank balances and cash equivalents	21	85,197	102,363
Current assets		**318,231**	**326,458**
Total assets		**1,246,915**	**1,214,331**

Consolidated Balance Sheet

Equity and liabilities

All amounts in USD '000	**Notes**	**31.12.2021**	**31.12.2020**
Issued capital and share premium	22	75,571	74,871
Reserves		(45,917)	(31,514)
Retained earnings		591,932	529,155
Equity attributable to owners of the Company		621,586	572,512
Non-controlling interest		5,009	4,678
Total equity		**626,595**	**577,190**
Borrowings	24	262,190	339,978
Lease liabilities	13	118,674	108,013
Deferred tax liabilities	25	29,027	26,053
Provisions	26	8,788	7,955
Deferred income	27	6,250	6,739
Other financial liabilities	28	8,935	1,098
Non-current liabilities		**433,864**	**489,836**
Borrowings	24	46,043	17,545
Lease liabilities	13	21,244	17,857
Accounts payable		26,720	20,024
Income tax payable		7,350	4,160
Provisions	26	10,674	11,369
Accrued salaries and related expenses		42,341	38,226
Other liabilities	30	32,084	38,124
Current liabilities		**186,456**	**147,305**
Total equity and liabilities		**1,246,915**	**1,214,331**

Consolidated Statement of Cash Flow

All amounts in USD '000	Notes	2021	2020
Earnings before interests and tax (EBIT)		97,311	28,288
Depreciation, amortization and impairment	12, 13, 14, 15	51,643	64,699
Change in inventories		(15,783)	12,750
Change in receivables		(13,184)	18,445
Change in payables		7,758	(7,905)
Other operating activities		353	2,259
Cash generated by operations		**128,098**	**118,536**
Interest received		880	1,086
Interest paid		(12,150)	(10,441)
Income tax paid		(16,298)	(16,940)
Net cash provided by operating activities		**100,530**	**92,241**
Purchase of fixed and intangible assets	12, 15	(26,688)	(24,022)
Acquisition / divestment of subsidiaries, net of cash in acq.	31	(33,940)	(76,286)
Other investing activities		1,181	(6,141)
Cash flows to investing activities		**(59,447)**	**(106,449)**
Proceeds from long-term borrowings		1,693	74,881
Repayments of long-term borrowings		(17,352)	(13,586)
Changes in revolving credit facility		(14,038)	23,421
Payments of lease liabilities		(20,046)	(17,043)
Payment of dividends		0	(9,276)
Increase in subsidiaries not affecting control		0	(2,546)
Dividends from subsidiaries paid to non-controlling interests		(1,330)	(48)
Change in treasury shares		0	(3,943)
Cash flows from / (to) financing activities		**(51,073)**	**51,860**
Net change in cash		(9,990)	37,652
Balance of cash held in foreign currencies		(7,176)	6,100
Cash at beginning of period		102,363	58,611
Cash at end of period		**85,197**	**102,363**

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	Accumulate 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							6,214	**6,214**	1,707	**7,921**
Change in cash flow hedges					(320)			**(320)**		**(320)**
Transl. diff. of shares in subsidiaries						12,430		**12,430**		**12,430**
Acc.transl.diff. reclassified to profit or loss on disposal of subsidiaries						3,155		**3,155**		**3,155**
Total comprehensive income	0	0	0	0	(320)	15,585	6,214	**21,479**	1,707	**23,186**
Payment of dividends							(9,276)	**(9,276)**	(48)	**(9,324)**
Share option charge for the period				1,321				**1,321**		**1,321**
Share option vested during the period	11	6,357		(992)			(10)	**5,366**		**5,366**
Change in non-controlling interests							(1,434)	**(1,434)**	(1,179)	**(2,613)**
Purchase of treasury shares	(10)	(9,299)						**(9,309)**		**(9,309)**
Minority interest arising on acquisition								**0**	(391)	**(391)**
Balance at 31 December 2020	**4,794**	**70,077**	**1,267**	**2,507**	**196**	**(35,484)**	**529,155**	**572,512**	**4,678**	**577,190**
Net profit							63,994	**63,994**	1,662	**65,656**
Change in cash flow hedges					(83)			**(83)**		**(83)**
Transl. diff. of shares in subsidiaries						(15,906)		**(15,906)**		**(15,906)**
Total comprehensive income	0	0	0	0	(83)	(15,906)	63,994	**48,005**	1,662	**49,667**
Payment of dividends								**0**	(1,330)	**(1,330)**
Share option charge for the period				2,268				**2,268**		**2,268**
Share option vested during the period	1	699		(682)			(1,217)	**(1,199)**		**(1,199)**
Balance at 31 December 2021	**4,795**	**70,776**	**1,267**	**4,093**	**113**	**(51,390)**	**591,932**	**621,586**	**5,009**	**626,595**

In June 2016 the Icelandic Parliament passed a legal reform of the Icelandic Financial Statements Act no. 3/2006 which became effective on January 1, 2016. The requirement is that retained earnings are separated into two categories: restricted and unrestricted retained earnings. Unrestricted retained earnings consist of undistributed profits and losses accumulated by the Company, less transfers to the Company's statutory reserve and other restricted retained earnings categories. The amount of restricted retained earnings is USD 380 million at year end (2020: USD 307 million).

Notes to the Consolidated Financial Statements

1. General information

Össur is a limited liability company incorporated and domiciled in Iceland. The address of its registered office is Grjothals 5, Reykjavik. Its ultimate controlling party is William Demant Invest A/S. The Consolidated Financial Statements of the Company as at and for the year ended 31.12.2021 comprise the Company and its subsidiaries (together referred to as "the Company" or "Össur").

The Company is a global orthopaedics company, specializing in the design, development, manufacturing and sales of prosthetics and bracing and supports products. The Company sells its products worldwide, but the principal market areas are North America and Europe.

The Consolidated Financial Statements are presented in US dollars and all values are rounded to the nearest thousand ('000), except when otherwise indicated. In preparing the Consolidated Financial Statements, the Company has applied the concept of materiality to the presentation and level of disclosure. It is the option of management that essential and mandatory information is disclosed which is relevant to an understanding by the reader of these Consolidated Financial Statements.

These Consolidated Financial Statements have been approved for issue by the Board of Directors and CEO on 1 February 2022. The Consolidated Financial Statements as presented in this report are subject to approval by the Annual General Meeting of Shareholders, to be held on 8 March 2022.

The Company is listed on the Nasdaq Copenhagen Stock Exchange.

2. Quarterly statements

		Unaudited			
	Full year 2021	**Q4 2021**	**Q3 2021**	**Q2 2021**	**Q1 2021**
Net sales	718,669	187,542	180,289	189,992	160,846
Cost of goods sold	(263,282)	(67,007)	(68,513)	(69,513)	(58,249)
Gross profit	455,387	120,535	111,776	120,479	102,597
Gross profit margin	63%	64%	62%	63%	64%
Other income / (expenses)	1,687	1,093	85	236	273
Sales and marketing expenses	(253,885)	(67,624)	(62,309)	(64,017)	(59,935)
Research and development expenses	(31,735)	(8,397)	(8,011)	(8,055)	(7,272)
General and administrative expenses	(74,143)	(19,664)	(16,845)	(18,690)	(18,944)
EBIT	97,311	25,943	24,696	29,953	16,719
Net financial income / (expenses)	(11,790)	(2,775)	(2,495)	(3,700)	(2,820)
Net exchange rate difference	1,119	334	764	(1,127)	1,148
EBT	86,640	23,502	22,965	25,126	15,047
Income tax	(20,984)	(5,947)	(5,535)	(5,846)	(3,656)
Net profit	**65,656**	**17,555**	**17,430**	**19,280**	**11,391**
EBITDA	148,954	40,613	37,310	42,382	28,649
EBITDA margin	21%	22%	21%	22%	18%

EBITDA is calculated as earnings before interest, taxes, depreciation, impairment and amortization. Financial items and share in net profit or loss of associated companies are not included in the EBITDA measurement.

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Notes to the Consolidated Financial Statements

3. Net Sales

	2021	2020
Specified according to geographical segments:		
Americas	338,882	307,135
EMEA	315,173	266,902
APAC	64,614	55,466
Total	**718,669**	**629,503**
Specified according to product lines:		
Prosthetics	452,772	372,058
Bracing and Supports	265,897	257,445
Total	**718,669**	**629,503**

Timing of revenue recognition
Revenues from additional sold warranties and service checks included in standard warranties are released over the warranty period. Refer to note 36 for accounting policy on revenue recognition and note 27 for breakdown of revenues recognised over time and amounts deferred and released during the year. All other revenues are released at point in time.

4. Segment Information

Information reported to the President and CEO for the purposes of resource allocation and assessment of segment performance focuses on geographical markets from the location of customers. The geographical segments are EMEA (Europe Middle-East and Africa), Americas and APAC (Asia-Pacific).

2021	**Americas**	**EMEA**	**APAC**	**Eliminations**	**Consolidated**
Sales					
External sales	338,882	315,173	64,614	0	718,669
Inter-segment sales	100,542	418,317	9,630	(528,489)	0
Total sales	439,424	733,490	74,244	(528,489)	718,669
Results					
Segment results	38,156	47,206	11,949	0	97,311
Net financial income / (expenses)					(10,671)
EBT					86,640
Income tax					(20,984)
Net profit					**65,656**
Balance sheet 31.12.2021					
Segment assets	649,080	532,865	64,970	0	1,246,915
Segment liabilities	145,873	455,935	18,512	0	620,320
Other information					
Capital additions	6,661	18,235	1,792	0	26,688
Depreciation, impairment and amortization	18,553	30,674	2,416	0	51,643

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

2020	Americas	EMEA	APAC	Eliminations	Consolidated
Sales					
External sales	307,135	266,902	55,466	0	629,503
Inter-segment sales	90,941	360,397	8,625	(459,963)	0
Total sales	398,076	627,299	64,091	(459,963)	629,503
Results					
Segment results	5,878	14,920	7,489	0	28,288
Net financial income/(expenses)					(15,568)
EBT					12,720
Income tax					(4,799)
Net profit					**7,921**
Balance sheet 31.12.2020					
Segment assets	616,806	539,113	58,412	0	1,214,331
Segment liabilities	151,706	468,843	16,592	0	637,141
Other information					
Capital additions	3,164	18,558	2,300	0	24,022
Depreciation, impairment and amortization	17,728	45,634	1,337	0	64,699

5. Sales and expenses split by main currencies

	2021			2020		
	LCY	**USD**	**%**	**LCY**	**USD**	**%**
Sales						
USD	310,130	310,130	43%	293,548	293,548	47%
EUR	139,681	165,119	23%	120,125	136,888	22%
ISK	327,759	2,579	0%	277,592	2,056	0%
Nordic curr. (SEK, NOK, DKK)		102,099	14%		91,602	14%
Other (GBP, AUD, CAD & Other)		138,742	19%		105,409	17%
Total		**718,669**	**100%**		**629,503**	**100%**
COGS and OPEX						
USD	289,268	289,268	47%	293,249	293,249	49%
EUR	94,175	111,274	18%	103,458	117,080	19%
ISK	7,476,759	58,840	10%	8,176,402	60,642	10%
Nordic curr. (SEK, NOK, DKK)		91,396	15%		84,001	14%
Other (GBP, MXN, CAD & Other)		70,580	11%		46,244	8%
Total		**621,358**	**100%**		**601,215**	**100%**

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

6. Other income / (expenses)

Other income / (expenses) in 2020 consist mainly of cost related to divestment of subsidiaries, as described in note 31.

Notes to the Consolidated Financial Statements

7. Salaries

	2021	2020
Salaries	239,363	219,485
Salary-related expenses	53,497	49,258
	292,860	**268,743**
Full time employees (FTE) on average	3,761	3,505
Full time employees at period end	3,668	3,385

Included in salary-related expense are pension related expenses amounting to USD 17.6 million (2020: USD 14.0 million).

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

	2021	2020
Cost of goods sold	67,199	65,201
Sales and marketing expenses	154,998	137,396
Research and development expenses	21,746	20,422
General and administrative expenses	48,917	45,724
	292,860	**268,743**

Management salaries and benefits

	Salaries		Shares owned (ii)	
Board of Directors:	**2021**	**2020**	**2021**	**2020**
Niels Jacobsen - Chairman of the Board(i)	100	100	219.493.992	219.493.992
Kristján Tómas Ragnarsson - Vice Chairman in 2020	0	60	0	0
Svafa Grönfeldt - Vice Chairman in 2021	60	40	0	0
Alberto Esquenazi	40	0	0	0
Arne Boye Nielsen	40	40	0	0
Guðbjörg Edda Eggertsdóttir	40	40	26,318	26,318

(i) Shares owned by William Demant Invest A/S which Niels Jacobsen represents on the Board. Niels and financially related parties own personally 203,330 shares (2020: 203,330 shares).
(ii) Shares owned are displayed in total number of owned shares, not rounded to the nearest thousand.

The Board of Directors did not hold any share option contracts at the end of the current period nor at the end of the prior year period.

2021	Fixed base salary	Cash based incentive	Pension	Other benefits	Share based incentive	Total remuneration
Executive Management:						
Jón Sigurðsson President and CEO(i)	1,054	707	21	159	416	2,357
Executive management (7 people) (ii)	2,429	979	303	50	814	4,576
	3,483	**1,687**	**324**	**210**	**1,230**	**6,934**

2020	Fixed base salary	Cash based incentive	Pension	Other benefits	Share based incentive	Total remuneration
Executive Management:						
Jón Sigurðsson President and CEO(i)	956	0	0	163	330	1,448
Executive management (7 people) (ii)	2,031	0	252	52	536	2,871
	2,987	**0**	**252**	**214**	**866**	**4,319**

(i) Shares owned by Jón Sigurðsson 902,708 (2020: 899,474)
(ii) Shares owned by members of executive management at year end 972,462 (2020: 918,159).

Notes to the Consolidated Financial Statements

8. Fees to Auditors

	2021	2020
Audit of Financial Statements	1,569	1,459
Other services	215	592
	1,784	**2,051**

9. Financial Income / Expenses

	2021	2020
Interests on bank deposits	168	459
Share in profit of associated companies	396	290
Other financial income	420	481
Financial income	**984**	**1,230**
Interests on loans	(5,117)	(5,158)
Interest on leases	(4,681)	(4,453)
Other financial expenses	(2,976)	(1,307)
Financial expenses	**(12,774)**	**(10,918)**
Net exchange rate differences	1,119	(5,880)
Net financial expenses	**(10,671)**	**(15,568)**

In the year 2020, accumulated translation difference amounting to USD 3.2 million loss, relating to divestment of subsidiaries, was reclassified from equity to net exchange rate difference.

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Notes to the Consolidated Financial Statements

10. Income Tax

	2021	2020
Current tax expenses	(19,487)	(9,002)
Deferred tax expenses	(1,497)	4,203
	(20,984)	**(4,799)**

	2021		2020	
	Amount	**%**	**Amount**	**%**
Earnings before taxes	86,640		12,720	
Income tax calculated at 20%	(17,328)	20%	(2,544)	20%
Effect of different tax rates of other jurisdictions	(2,550)	3%	224	(2%)
Effect of non-deductible expenses / non-taxable income	(678)	1%	(3,137)	25%
Effect of change in tax rate	(3)	0%	(41)	0%
Other effects	(425)	0%	699	(5%)
	(20,984)	**24%**	**(4,799)**	**38%**

The 20% tax rate used for 2021 and 2020 in the above tax rate reconciliation is the statutory corporate income tax rate applicable to entities subject to tax in Iceland. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Deferred tax:	**2021**	**2020**
Origination and reversal of temporary differences	(1,500)	4,162
Effect of changes in tax rate	3	41
	(1,497)	**4,203**

Deferred tax recognized in the Consolidated Income Statement:

2021	**1/1/2021**	**Recognized in Income Statement**	**Recognized directly in equity**	**Acquisitions / disposals**	**Exc. rate difference**	**31.12.2021**
Goodwill	(10,122)	(1,215)			41	(11,296)
Intangible assets	(7,910)	178		(38)	227	(7,543)
Property, plant and equipment	(1,979)	100			2	(1,877)
Tax loss carry forward	2,897	(708)			(123)	2,066
Inventories	4,337	8			4	4,349
Provisions	2,151	767			(35)	2,883
Current liabilities	4,814	357			(32)	5,139
Receivables	1,993	(991)		(218)	(26)	758
Other	5,278	7	(1,718)		(29)	3,538
Total	**1,459**	**(1,497)**	**(1,718)**	**(256)**	**29**	**(1,983)**

2020	1/1/2020	Recognized in Income Statement	Recognized directly in equity	Acquisitions / disposals	Exc. rate difference	31.12.2020
Goodwill	(7,617)	(2,449)			(56)	(10,122)
Intangible assets	(9,638)	3,118		(1,133)	(257)	(7,910)
Property, plant and equipment	(2,888)	858		81	(30)	(1,979)
Tax loss carry forward	836	3,001		(1,051)	111	2,897
Inventories	5,818	(1,484)		(4)	7	4,337
Provisions	2,159	(46)		(8)	46	2,151
Current liabilities	3,996	182		643	(7)	4,814
Receivables	1,485	266		232	10	1,993
Other	3,260	757	1,559	(316)	18	5,278
Total	**(2,589)**	**4,203**	**1,559**	**(1,556)**	**(158)**	**1,459**

The Company has unused tax losses available for which no deferred tax asset is recognized. At year end 2021 these unused tax losses amounted to USD 15.0 million (2020: USD 15.1 million). Of this amount, USD 6.4 million of unused tax losses will expire in 5-10 years (2020: USD 6.5 million). The remaining tax losses carry an indefinite term.

11. Earnings per share

	2021	2020
Net profit	65,656	7,921
Total weighted average number of ordinary shares (in '000)	422,161	421,775
Total weighted avg. number of shares incl. potential shares (in '000)	422,795	422,725
Earnings per share (US cent)	15.6	1.9
Diluted earnings per share (US cent)	15.5	1.9

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Notes to the Consolidated Financial Statements

12. Property, plant and equipment

2021	Buildings & sites	Machinery & equipment	Fixtures & office equip.	Computer equipment	Total
Cost					
At 1 January	2,251	69,654	45,193	15,701	132,799
Reclassification	(430)	0	331	99	0
Additions	118	8,867	3,912	4,062	16,959
Acquired on acquisition of subsidiary	63	519	526	(21)	1,087
Exchange rate differences	(136)	(1,059)	(1,902)	(432)	(3,529)
Eliminated on disposal	(260)	(1,575)	(637)	(996)	(3,468)
Fully depreciated assets	0	(4,075)	(1,342)	(1,054)	(6,471)
At 31. December 2021	1,606	72,331	46,081	17,359	137,377
Depreciation					
At 1 January	233	41,165	22,196	10,739	74,333
Reclassification	0	0	(59)	59	0
Charge for the period	184	9,009	5,865	3,498	18,556
Exchange rate differences	(5)	(729)	(951)	(325)	(2,010)
Eliminated on disposal	0	(1,044)	(349)	(987)	(2,380)
Fully depreciated assets	0	(4,075)	(1,342)	(1,054)	(6,471)
At 31. December 2021	412	44,326	25,360	11,930	82,028
At 31. December 2021	**1,194**	**28,005**	**20,721**	**5,429**	**55,349**

Depreciation classified by functional category:	2021	2020
Cost of goods sold	8,571	9,925
Sales and marketing expenses	5,071	3,328
Research and development expenses	833	1,190
General and administrative expenses	4,081	3,883
Total	**18,556**	**18,326**

2020	Buildings & sites	Machinery & equipment	Fixtures & office equip.	Computer equipments	Total
Cost					
At 1 January	12,498	89,640	48,869	16,089	167,096
Additions	136	6,037	5,215	2,380	13,768
Acquired on acquisition of subsidiary	2,000	2,270	1,064	185	5,519
Exchange rate differences	619	1,726	1,524	530	4,399
Eliminated on disposal/divestment	(13,002)	(19,735)	(3,438)	(1,532)	(37,707)
Fully depreciated assets	0	(10,284)	(8,041)	(1,951)	(20,276)
At 31. December 2020	2,251	69,654	45,193	15,701	132,799
Depreciation					
At 1 January	9,563	55,610	26,445	10,283	101,901
Charge for the period	197	9,684	5,111	3,334	18,326
Exchange rate differences	453	1,322	832	361	2,968
Eliminated on disposal/divestment	(9,980)	(15,167)	(2,151)	(1,288)	(28,586)
Fully depreciated assets	0	(10,284)	(8,041)	(1,951)	(20,276)
At 31. December 2020	233	41,165	22,196	10,739	74,333
At 31. December 2020	**2,018**	**28,489**	**22,997**	**4,962**	**58,466**

None of the Company's property, plant and equipment are pledged. Major divestments are subject to bank approval.

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Notes to the Consolidated Financial Statements

13. Leases

Right of use assets

2021	Buildings & sites	Machinery & equipment	Total
At 1 January	111,174	1,735	112,909
Additions and renewals	36,442	3,107	39,549
Depreciation charge for the period	(19,567)	(1,738)	(21,305)
Eliminated on disposal	(1,009)	(2)	(1,011)
Exchange rate differences	(3,048)	(363)	(3,411)
At 31. December 2021	**123,992**	**2,739**	**126,731**

Depreciation classified by functional category:	2021	2020
Cost of goods sold	8,522	7,381
Sales and marketing expenses	4,261	3,690
Research and development expenses	2,557	2,214
General and administrative expenses	5,965	5,170
Total	**21,305**	**18,455**

2020	Buildings & sites	Machinery & equipment	Total
At 1 January	94,791	3,427	98,218
Additions and renewals	31,566	794	32,360
Depreciation charge for the period	(16,545)	(1,910)	(18,455)
Eliminated on disposal / divestment	(1,977)	(753)	(2,730)
Exchange rate differences	3,339	177	3,516
At 31. December 2020	**111,174**	**1,735**	**112,909**

Lease liabilities

Maturity analyses:	31.12.2021	31.12.2020
In 2022 / 2021	25,403	22,632
In 2023 / 2022	23,555	21,546
In 2024 / 2023	21,048	19,991
In 2025 / 2024	17,376	19,991
Later	76,484	68,721
Total	**163,866**	**152,881**
Less: Present value discount	(23,948)	(27,011)
Lease liability	**139,918**	**125,870**

Lease expenses recognised in consolidated income statement:	2021	2020
Depreciation expense from right of use assets	21,305	18,455
Interest expense and exchange difference on lease liabilities	3,751	4,453
Short-term and low value lease expenses not included in lease liabilities	687	681
Total	**25,743**	**23,589**

Total cash outflow for leases	24,728	21,500

Notes to the Consolidated Financial Statements

14. Goodwill

	2021	2020
At 1 January	612,191	521,046
Arising on acquisition of subsidiaries	50,369	87,733
Purchase price allocation	(1,913)	(6,815)
Exchange rate differences	(16,379)	15,474
Impairment	(115)	(5,247)
At 31. December 2021	**644,153**	**612,191**

If the initial accounting for a business combination is incomplete at year end, the Company reports provisional amounts. The accounting for the acquisitions in the year have been provisionally finalized. The fair value of assets and liabilities provisionally determined, based on management best estimate, is USD 2.5 million (2020: USD 5.1 million). Fair value changes related to prior year acquisitions amounted to USD 0.6 million (2020: USD 1.7 million).

During the year, the Company assessed the recoverable amount of goodwill and determined that none of the Company's cash-generating units have suffered an impairment loss. The Company recognized USD 5.2 million impairment in 2020 related to divestment of subsidiaries, the impairment is shown as part of other income/(expenses) in the Consolidated Income Statement 2020.

The carrying amount of goodwill was allocated to the following cash-generating units:

	WACC %	31.12.2021	31.12.2020
Americas	8.3 / 8.1	421,562	383,011
EMEA	7.8 / 8.1	206,046	211,652
APAC	8.7 / 9.0	16,545	17,528
Total		**644,153**	**612,191**

The recoverable amount of the cash-generating units is determined based on a value in use calculation which uses cash flow projections based on the financial forecast for 2022 approved by management and the Board of Directors. The discount rate of 7.8 - 8.7% (2020: 8.1 - 9.0%) per annum was used.

Cash flow projections in the forecast are based on gradual margin improvements throughout the period. Cash flows beyond 2026 have been extrapolated using a steady 2,5% per annum growth rate for all cash-generating units. This growth rate does not exceed the long-term average growth rate for the market in each market area. Management believes that any reasonable change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

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15. 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	113	1,251	114	1,139	2,617
Additions - internally generated	0	0	0	7,112	7,112
Acquired on acquisition of subsidiary	281	0	0	16	297
Purchase price allocation	2,076	283	0	6	2,365
Eliminated on disposal	0	(37)	(407)	(2,068)	(2,512)
Fully amortized assets	(2,831)	(58)	(361)	(1,609)	(4,859)
Exchange rate differences	(1,387)	(342)	(59)	(274)	(2,062)
At 31. December 2021	38,278	19,460	1,863	48,839	108,440
Amortization					
At 1 January	24,539	4,918	636	15,887	45,980
Charge for the period	4,442	1,155	81	5,989	11,667
Eliminated on disposal	0	(5)	0	(2,054)	(2,059)
Fully amortized assets	(2,831)	(58)	(361)	(1,609)	(4,859)
Exchange rate differences	(831)	(24)	(56)	(214)	(1,125)
At 31. December 2021	25,319	5,986	300	17,999	49,604
At 31. December 2021	**12,959**	**13,474**	**1,563**	**30,840**	**58,836**

Amortization and impairment classified by functional category:	2021	2020
Cost of goods sold	118	144
Other Income / (expenses)	0	11,327
Sales and marketing expenses	6,632	6,703
Research and development expenses	1,452	1,473
General and administrative expenses	3,465	3,024
Total	**11,667**	**22,671**

In relation to divestment of Gibaud SAS subsidiary in 2020 the Gibaud trademark was impaired. The impairment is shown as part of other income / (expenses) in the Income Statement 2020.

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2020	Cust./distrib relationships	Patents	Trademarks	Software and other	Total
Cost					
At 1 January	42,983	16,257	13,806	48,073	121,119
Reclassification	699	0	0	(699)	0
Additions	30	517	36	1,876	2,459
Additions - internally generated	0	0	0	7,795	7,795
Acquired on acquisition of subsidiary	0	367	104	2,133	2,604
Purchase price allocation	4,789	1,223	1,028	0	7,040
Eliminated on disposal/divestment	(19)	(227)	(1,181)	(3,414)	(4,841)
Fully amortized assets	(10,568)	(301)	(11,974)	(11,671)	(34,514)
Exchange rate differences	2,112	527	757	424	3,820
At 31. December 2020	40,026	18,363	2,576	44,517	105,482
Amortization					
At 1 January	29,057	4,100	395	24,909	58,461
Reclassification	699	0	0	(699)	0
Charge for the period	4,225	1,060	134	5,925	11,344
Impairment	0	0	11,327	0	11,327
Eliminated on disposal/divestment	0	0	0	(3,309)	(3,309)
Fully amortized assets	(10,568)	(301)	(11,974)	(11,671)	(34,514)
Exchange rate differences	1,126	59	754	732	2,671
At 31. December 2020	24,539	4,918	636	15,887	45,980
At 31. December 2020	**15,487**	**13,445**	**1,940**	**28,630**	**59,502**

16. Investment in associates

	2021	2020
At 1 January	13,352	6,099
Additions	78	6,850
Share in net profit	396	290
Dividend received	(75)	0
Exchange rate differences	(104)	113
At 31 December	**13,647**	**13,352**

17. Other financial assets

	31.12.2021	31.12.2020
Restricted cash	477	421
Other financial assets	2,447	3,520
	2,924	**3,941**

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18. Inventories

	31.12.2021	31.12.2020
Raw material	30,194	24,120
Work in progress	11,443	11,812
Finished goods	62,348	57,299
	103,985	**93,231**

Inventories of USD 8.3 million (2020: USD 13.5 million) are expected to be sold or used in production after more than twelve months.

In the preparation of the Consolidated Financial Statements, accumulated gains in inventories from intercompany transactions amounting to USD 24.2 million (2020: USD 24.3 million) were eliminated. This has an effect on the income tax expense of the consolidated companies, and an adjustment of USD 5.7 million (2020: USD 5.7 million) is made in the Consolidated Financial Statements to adjust income tax expense.

The cost of inventories recognized as an expense includes USD 2.5 million (2020: USD 2.1 million) in respect of write-downs of inventory to net realizable value. Reserve for obsolete inventories at year end is USD 4.8 million compared to USD 5.5 million in 2020.

19. Accounts Receivable

	31.12.2021	31.12.2020
Nominal value	108,041	103,019
Allowances for doubtful accounts	(5,273)	(4,666)
	102,768	**98,353**

The average credit period on sales of goods is 44.4 days (2020: 46.9 days). Allowance has been made for doubtful accounts. This allowance has been determined by management in reference to future expectations. Management considers that the carrying amount of receivables approximates their fair value.

Movement in the allowance for doubtful accounts	**2,021**	**2,020**
At 1 January	(4,666)	(3,793)
Impairment (losses)/gains recognized on receivables	(1,978)	(1,397)
Amounts written off as uncollectable	1,193	561
Exchange rate difference	178	(37)
At 31 December	**(5,273)**	**(4,666)**

	31.12.2021				
Accounts receivable	**Gross carrying amount at default**	**Expected credit loss rate**	**Collective allowance (lifetime ECL)**	**Individual allowance**	**Net carrying amount**
Not past due	77,340	0.1%	98	364	76,878
Less than six months past due	24,035	4.3%	1,025	570	22,440
Six to twelve months past due	3,055	35.3%	1,077	110	1,868
More than twelve months past due	3,611	51.2%	1,850	179	1,582
	108,041		**4,050**	**1,223**	**102,768**

	31.12.2020				
Accounts receivable	**Gross carrying amount at default**	**Expected credit loss rate**	**Collective allowance (lifetime ECL)**	**Individual allowance**	**Net carrying amount**
Not past due	80,135	2.3%	1,828	0	78,307
Less than six months past due	18,127	4.0%	154	578	17,395
Six to twelve months past due	1,889	13.7%	234	25	1,630
More than twelve months past due	2,868	64.4%	1,679	168	1,021
	103,019		**3,895**	**771**	**98,353**

The expected credit loss (ECL) on accounts receivable is estimated using a provision matrix by reference to past default experience, general economic conditions and an assessment of both the current as well as expected conditions, including time value of money where appropriate. Individual allowance and adjustments to the collective bad debt provision are made based on the individual assessment of customers' situation and probability of incoming payments. Refer to note 36 for further details.

The Company writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

20. Other assets

	31.12.2021	**31.12.2020**
Prepaid expenses	14,045	12,844
VAT refundable	2,756	2,719
Receivables related to divestment of subsidiaries	1,135	10,924
Other	8,345	6,024
	26,281	**32,511**

21. Bank balances and cash equivalents

Bank balances and cash equivalents include bank balances and minor cash equivalents.

22. Issued capital and share premium

Common stock is as follows in thousands of shares:

	Issued shares	**Treasury shares**	**Total**
Balance at 1 January 2020	425,378	(3,360)	422,018
Cancellation of own shares	(2,378)	2,378	0
Sold treasury shares		1,375	1,375
Purchased treasury shares		(1,295)	(1,295)
Balance at 31 December 2020	423,000	(902)	422,098
Sold treasury shares		162	162
Balance at 31 December 2021	**423,000**	**(740)**	**422,260**

Share options contracts were settled with 162 thousands of treasury shares during the year. No share buybacks were made in 2021. Decisions on share buybacks are made in accordance with the Company's Capital Structure and Dividend Policy within the authorizations granted by the Annual General Meeting.

Notes to the Consolidated Financial Statements

Movement in issued capital is as follows in USD thousands:

	Share capital	Share premium	Total
Balance at 1 January 2020	4,794	73,019	77,813
Sold treasury shares	11	6,357	6,368
Purchased treasury shares	(10)	(9,299)	(9,309)
Balance at 31 December 2020	4,794	70,077	74,871
Sold treasury shares	1	699	700
Balance at 31 December 2021	**4,795**	**70,776**	**75,571**

23. Share options contracts

The Company has in place a share option plan, approved at the Company's Annual General Meetings, under which managers may be granted options to purchase ordinary shares at an exercise price, determined by the average closing price on shares traded on the OMX Copenhagen stock exchange over the 20 trading days prior to the issue date. The employee must remain continuously employed with the Company until expiring date, either as an employee or in any other way, deemed satisfactory by the Company.

Each employee share option converts into one ordinary share on exercise. No amounts are paid or payable by the recipient to the Company on receipt of the option. The options carry neither rights to dividends nor voting rights and are valued using the Black-Scholes pricing model. The expected volatility assumptions used to value the options range from 30.15% to 30.30% and the annual discount rate range from -0.6% to -0.5%. The options expire one year after the exercise date. If a share option vests during a closed period for insider trading the vesting period is automatically extended until the next open window for insider trading.

The following share option contracts are outstanding at balance sheet date:

	Number of shares	Grant/Issue year	Exercise year	Exercise price (in DKK)	Fair value at grant date (in DKK)
Issued to Executive Management:					
Jón Sigurðsson President and CEO	1,140,000	2018 - 2021	2021 - 2024	27.7-46.8	28.0-47.7
Members of executive management (6 persons)	586,400	2018	2021	27.7-32.3	27.7-32.2
Members of executive management (4 persons)	366,400	2019	2022	32.3/45.5	33.5/47.9
Members of executive management (4 persons)	550,000	2020	2023	38.5-46.3	38.6-47.5
Members of executive management (7 persons)	870,000	2021	2024	44.6	43.6
	3,512,800				
Issued to management team:					
Six managers	243,600	2018	2021	27.5-32.3	27.7-32.2
Nine managers	265,200	2019	2022	32.3-49.8	33.5-52.3
Twenty-one managers	613,600	2020	2023	38.5-46.3	38.6-47.5
Thirty-eight managers	1,273,200	2021	2024	44.5-44.6	43.2-43.8
	2,395,600				
Total outstanding at 31 December	**5,908,400**				

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Movements in share options during the period:

	2021		2020	
	Number of shares	Weighted average contract rate (in DKK)	Number of shares	Weighted average contract rate (in DKK)
Outstanding at 1 January	4,463,000	36.3	3,971,000	29.6
Granted during period	2,386,800	44.7	1,867,000	42.9
Forfeited during period	(166,400)	46.1	0	0.0
Exercised during period	(775,000)	28.2	(1,375,000)	25.9
Total outstanding at 31 December	**5,908,400**	**40.5**	**4,463,000**	**36.3**

Estimated remaining cost due to the share option contracts is USD 3.7 million. An expense of USD 2.3 million (2020: USD 1.3 million) is recognized in the Consolidated Income Statement for the period. Exercise period of the share options contracts is 2022-2025.

24. Borrowings

	31.12.2021		31.12.2020	
	Current	Non-current	Current	Non-current
Loans in USD	0	99,051	0	99,016
Loans in EUR	46,043	99,196	17,545	125,066
Revolver in USD	0	13,000	0	30,000
Revolver in EUR	0	50,943	0	85,896
	46,043	**262,190**	**17,545**	**339,978**

The maturity of the revolving credit facility is Q1 2023. The Company has classified the revolving credit facility as non-current liability as the intention is to use it to finance further growth of the Company.

Aggregated maturities of borrowings are as follows:

	31.12.2021	31.12.2020
In 2022 / 2021	46,043	17,545
In 2023 / 2022	129,891	14,371
In 2024 / 2023	248	186,912
In 2025 / 2024	232	1,171
Later	131,819	137,524
	308,233	**357,523**

Össur has a multicurrency term and revolving credit facility with Nordea and Danske Bank for a total amount of USD 174.2 million (USD 117.2 million outstanding and USD 57.0 million undrawn). In addition, the Company has an overdraft facility with Danske Bank for a total amount of USD 84.9 million (USD 33.1 million outstanding and USD 51.8 million undrawn). Össur has two loans with the Nordic Investment Bank for a total amount of USD 81.8 million and one loan with the European Investment Bank for a total amount of USD 75 million. All loans contain covenants that place various financial and operational restrictions on the Company and are in line with market standards for investment grade rated companies. At year end 2021, the Company was in compliance with all loan covenants. Current weighted average interest terms on floating rate loans are <100 bps +LIBOR/EURIBOR, changing in line with financial leverage.

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

			Non-cash changes			
	31.12.2020	Cash flows	Acquisition related	Exchange rate	Transaction costs	31.12.2021
Borrowings	357,523	(29,697)	(4,819)	(15,286)	512	308,233

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25. Deferred tax assets / (liabilities)

	2021	2020
At beginning of period	1,459	(2,589)
Income tax payable for the period	19,487	9,002
Calculated tax for the period	(20,984)	(4,799)
Arising on acquisition of a subsidiary	(256)	(1,556)
Recognized directly through equity	(1,718)	1,559
Exchange rate differences	29	(158)
At 31 December	**(1,983)**	**1,459**
Deferred tax in the Balance Sheet:		
Deferred tax asset	27,044	27,512
Deferred tax liabilities	(29,027)	(26,053)
	(1,983)	**1,459**

The following are the major deferred tax liabilities and assets recognized:

31.12.2021	**Assets**	**Liabilities**	**Net**
Goodwill	5,747	(17,043)	(11,296)
Intangible assets	2,539	(10,082)	(7,543)
Property, plant and equipment	850	(2,727)	(1,877)
Tax loss carry forward	2,066	0	2,066
Inventories	4,944	(595)	4,349
Provisions	2,444	439	2,883
Current liabilities	5,706	(567)	5,139
Receivables	1,227	(469)	758
Other	4,290	(752)	3,538
Total tax assets / (liabilities)	29,813	(31,796)	(1,983)
Tax asset and liabilities offsetting	(2,769)	2,769	0
	27,044	**(29,027)**	**(1,983)**

31.12.2020	**Assets**	**Liabilities**	**Net**
Goodwill	5,747	(15,869)	(10,122)
Intangible assets	2,281	(10,191)	(7,910)
Property, plant and equipment	453	(2,432)	(1,979)
Tax loss carry forward	3,032	(135)	2,897
Inventories	4,873	(536)	4,337
Provisions	2,151	0	2,151
Current liabilities	5,087	(273)	4,814
Receivables	1,993	0	1,993
Other	5,318	(40)	5,278
Total tax assets / (liabilities)	30,935	(29,476)	1,459
Tax asset and liabilities offsetting	(3,423)	3,423	0
	27,512	**(26,053)**	**1,459**

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26. Provisions

2021	Warranty provisions	Other provisions	Total
At 1 January	6,472	12,852	19,324
Additional provision recognized	6,365	4,317	10,682
Utilization of provision	(5,345)	(4,835)	(10,180)
Exchange rate differences	(106)	(258)	(364)
At 31. December 2021	**7,386**	**12,076**	**19,462**
Non-current	3,703	5,085	8,788
Current	3,683	6,991	10,674
At 31. December 2021	**7,386**	**12,076**	**19,462**

2020	Warranty provisions	Other provisions	Total
At 1 January	5,522	10,451	15,973
Additional provision recognized	5,120	7,751	12,871
Utilization of provision	(4,186)	(5,573)	(9,759)
Exchange rate differences	16	223	239
At 31. December 2020	**6,472**	**12,852**	**19,324**
Non-current	3,116	4,840	7,955
Current	3,357	8,013	11,369
At 31. December 2020	**6,472**	**12,852**	**19,324**

The warranty provision represents management's best estimate of the Company's liability under 2-5 years warranties granted on prosthetic products, based on past experience.

Other provisions include earn outs related to acquisitions and divestments of companies and restructuring provisions.

27. Deferred income

	2021	2020
At 1 January	9,834	8,917
Deferred income	3,578	3,789
Released from deferred income	(3,273)	(3,331)
Exchange rate differences	(518)	459
At 31 December	**9,621**	**9,834**
Non-current	6,250	6,739
Current	3,371	3,095
At 31 December	**9,621**	**9,834**

Deferred income relates to sale of additional warranty for prosthetic products and service checks included in standard warranty. Income from additional warranty is deferred when sold and released on a straight line basis within the warranty period. Income from service checks is deferred when sold and released when the service has been rendered. Additional warranties range from 2-6 years.

28. Other financial liabilities

Other financial liabilities consist of deferred payments relating to acquisitions amounting to USD 7.7 million, fair value of hedge contracts and fair value of a purchase option of minority shares in subsidiary amounting to USD 1.2 million (2020: USD 1.1 million).

29. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated in consolidation and are not disclosed in this note.

The Company engages in transactions with some of its associated companies and other related parties. The transactions consist of, among others, sale of Össur products where commercial terms and market prices apply.

Transactions and balances with related parties:

	2021	**2020**
Sales of products	3,318	867
Purchases	2,258	2,188
Receivables at 31 December	786	848

For disclosures relating to key management positions, refer to note 7.

30. Other liabilities

	31.12.2021	**31.12.2020**
Accrued expenses	15,091	17,771
Sales tax and VAT	4,025	4,686
Deferred income	3,371	3,095
Sales return accrual	1,904	1,943
Other	7,693	10,629
	32,084	**38,124**

31. Business combinations

Acquisition of subsidiaries

Össur made acquisitions during 2021 to strengthen the Company's sales channels. In the Consolidated Income Statement of the year 2021, sales amounting to USD 15.4 million (2020: USD 11.9 million) and net profit of USD 2.5 million (2020: USD 0.9 million) were related to acquisitions.

The purchase price allocation (PPA) for assets and liabilities acquired in 2020 was finalized during 2021, resulting in fair value changes of USD 0.6 million (2020: USD 1.7 million), mainly relating to fair value recognition of other intangible assets. The initial accounting for the acquisitions in 2021 has been provisionally determined at balance sheet date. The PPA will be finalized within 12 months from the acquisition date.

The total PPA amounted to USD 1.9 million (2020: USD 6.8 million), mainly related to intangible assets. Amortization of intangibles relating to the PPA was recognized in the Consolidated Income Statement for USD 0.4 million (2020: USD 0.2 million) during 2021.

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2021

Assets acquired and liabilities recognized at the date of acquisition:	Book value at acquisition date: Americas	EMEA	Total	Fair value changes	Total fair value
Current assets	2,872	2,094	4,966	(414)	4,552
Non-current assets	384	1,000	1,384	2,365	3,749
Non-current liability	0	(414)	(414)	(38)	(452)
Current liabilities	(3,053)	(1,061)	(4,114)	0	(4,114)
Non controlling interest	0	(42)	(42)	0	(42)
	203	**1,577**	**1,780**	**1,913**	**3,693**

Consideration	52,149
Book value of identifiable net assets acquired	(1,780)
Fair value of identifiable net assets acquired	(1,913)
Goodwill arising on acquisition	**48,456**

Consideration	52,149
Deferred payments on current year´s acquisitions	(10,016)
Deferred payments on prior year´s acquisitions / divestments	(6,806)
Cash from acquired companies	(1,387)
Consideration shown in Cash flow	**33,940**

2020

Assets acquired and liabilities recognized at the date of acquisition:	Book value at acquisition date: Americas	EMEA	Total	Fair value changes	Total fair value
Current assets	12,010	18,872	30,882	561	31,443
Non-current assets	3,523	5,215	8,738	7,040	15,778
Non-current liability	0	(15,648)	(15,648)	(786)	(16,434)
Current liabilities	(5,339)	(9,820)	(15,159)	0	(15,159)
Non controlling interest	0	391	391	0	391
	10,194	**(990)**	**9,204**	**6,815**	**16,019**

Consideration	96,937
Book value of identifiable net assets acquired	(9,204)
Fair value of identifiable net assets acquired	(6,815)
Goodwill arising on acquisition	**80,918**

Consideration	96,937
Deferred payments	(2,394)
Cash from acquired companies	(11,943)
Consideration shown in Cash flow	**82,600**

Divestment of subsidiaries

There were no divestment of subsidiaries made in 2021.

Össur divested subsidiaries during 2020 to sharpen the focus and align with Bracing and Support go-to market strategy.

In the Consolidated Income Statement of the year 2020, sales amounting to USD 51.5 million were related to these divestments. Contribution to net profit from the divested subsidiaries was negative during the year.

Notes to the Consolidated Financial Statements

2020

Assets and liabilities derecognized at the date of divestment:	**Book value at divestment date**
Current assets	44,458
Non-current assets	11,206
Non-current liability	(1,741)
Current liabilities	(22,735)
	31,188
Loss on divestment	(5,369)
Total consideration	**25,820**
Cash and cash equivalents	11,980
Deferred payment	13,840
Total consideration	**25,820**
Consideration received in cash and cash equivalents	11,980
Less cash and cash equivalents disposed	(5,667)
Consideration shown in cashflow	**6,314**

Assets eliminated and impairment related to 2020 divestments amounted to USD 17.8 million and cost related to divestment amounted to USD 5.1 million are shown as part of other income / (expenses) in the Income Statement 2020.

Notes to the Consolidated Financial Statements

32. Financial instruments

Capital risk management

The Company manages capital to ensure that affiliates within the consolidation will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2020.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in note 24, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the equity overview.

Net debt to EBITDA
Company's management continuously reviews the capital structure. As a part of this review, the management considers, amongst other, the cost of capital and net debt to EBITDA.

The net debt to EBITDA at period end was as follows:

	31.12.2021	**31.12.2020**
Net debt	362,954	381,030
EBITDA	148,954	92,987
Net debt/EBITDA	**2.4**	**4.1**

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 36 to the Consolidated Financial Statements.

Financial risk management objectives

The Company's Corporate Finance function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include liquidity risk, interest rate risk, foreign exchange risk and counterparty credit risk.

The general policy is to apply natural hedging to the extent possible but Össur has decided to amend its hedging policy and allow for active hedging of currency exposure that is not covered by the natural hedge in sales and costs by currency. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Company is exposed to normal business risk in collecting accounts receivable. Adequate allowance is made for bad debt expenses.

Notes to the Consolidated Financial Statements

Foreign currency risk management

The Company operates on a global market, hence exposure to exchange rate fluctuations arises. Exchange rate exposures are managed within approved policy parameters. The general policy is to apply natural exchange rate hedging to the extent possible.

Össur currently hedges its ISK and EUR exposure, using a twelve month, quarterly layered hedging strategy. This is done with forward currency contracts where Össur sells EUR for ISK. At each balance sheet date Össur has outstanding contracts covering appr. 50% of yearly ISK costs. Due to the layered approach, hedge ratio of closed contracts is approximately 80% of ISK costs. At balance sheet date eleven forward contracts are open. The fair value of the contracts is positive of USD 0.1 million at year end 2021 (2020: USD 0.1 million). Össur applies hedge accounting (IFRS 9) to the extent possible.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	31.12.2021	**31.12.2020**	**31.12.2021**	**31.12.2020**
EUR	220,727	266,675	49,389	64,731
USD	235,941	222,452	86,721	100,274
ISK	37,064	30,292	8,409	12,699
SEK	23,678	26,634	13,539	13,075
GBP	6,721	5,565	8,366	8,772
Other	32,515	32,310	50,746	37,616
	556,646	**583,928**	**217,170**	**237,168**

Foreign currency sensitivity analysis

The Company is mainly exposed to the fluctuation of the Iceland (ISK) and the Eurozone (EUR) currency.

The following table details the Company's sensitivity to a 10% decrease in USD against the relevant foreign currencies with all other variables fixed. The sensitivity analysis includes all foreign currency denominated items and adjusts their translation at the period end for a 10% change in foreign currency rates. The table below indicates the effect on profit or loss and other equity where USD weakens 10% against the relevant currency. For a 10% strengthening of USD against the relevant currency, there would be an equal and opposite impact on the profit or loss and other equity.

	EUR (i)		ISK (ii)	
	2021	**2020**	**2021**	**2020**
Net profit	4,091	1,236	(4,203)	(3,628)
Equity	1,518	(1,248)	(3,017)	(2,136)

(i) 18% (2020: 19%) of the Company's COGS and OPEX is in EUR against 23% (2020: 22%) of its sales causing an increase in profit if the USD decreases against the EUR.

(ii) 10% (2020: 10%) of the Company's COGS and OPEX is in ISK against 0.4% (2020: 0.3%) of its sales causing a decrease in profits if the USD decreases against the ISK.

Össur currently hedges its ISK and EUR exposure, using a twelve month, quarterly layered hedging strategy. This is done with forward currency contracts where Össur sells EUR for ISK. At each balance sheet date Össur has outstanding contracts covering appr. 50% of yearly ISK costs. Due to the layered approach, hedge ratio of closed contracts is approximately 80% of ISK costs. This is not considered in the above calculations.

Notes to the Consolidated Financial Statements

Interest rate risk management

The Company is exposed to interest rate risks as funds are borrowed at floating interest rates. Interest rate risk is managed by the Company´s Treasury function and fixed rate loans or interest rate swap contracts may be used to maintain an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring optimal hedging strategies are applied. The Company did not have interest rate swap agreements outstanding during the year.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Management believes that realistic changes in floating interest rates will not materially affect the Consolidated Income Statement or the Company´s equity.

Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. At period end the Company had a total liquidity of USD 194.0 million, consisting of undrawn revolving credit facilities of USD 108.8 million (2020: USD 173.2 million) and cash and cash equivalents of USD 85.2 million (2020: USD 102.4 million).

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest	Less than 1 year	1-5 years	5+ years	Total
31.12.2021					
Borrowings	1.6%	51,425	274,930	26	326,381
Lease liabilities	4.3%	25,501	84,538	53,828	163,866
Non-interest bearing liabilities	-	97,774	7,753	0	105,527
		174,700	**367,221**	**53,854**	**595,774**
31.12.2020					
Borrowings	1.6%	23,687	353,105	72	376,864
Lease liabilities	4.0%	22,874	77,950	45,978	146,802
Non-interest bearing liabilities	-	96,373	11,410	0	107,784
		142,934	**442,465**	**46,050**	**631,449**

Credit risk management

The Company does not undertake trading activity in financial instruments.

Accounts receivable consist of a large number of customers spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Refer to note 19 for assessment of expected credit loss (ECL) and accounting policy on impairment on financial assets.

Book value of financial assets measured at amortized cost represents the maximum exposure to credit risk.

Fair value of financial instruments

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recognized in the Consolidated Financial Statements approximate their fair values.

	31.12.2021		31.12.2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities:				
Borrowings	308,233	308,678	357,523	359,041

33. Other information

From 2021, the Company is required to file the primary statements of the Consolidation Financial Statements in the new European Single Electronic Format (ESEF) and therefore those statements are prepared in the XHTML format that can be displayed in a standard browser. The primary statements in the Consolidated Financial Statements are tagged using inline eXtensible Business Reporting Language (iXBRL). The iXBRL tags comply with the ESEF taxonomy, which is included in the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation. Where a primary statements line item is not defined in the ESEF taxonomy, an extension to the taxonomy has been created. Extensions are anchored to elements in the ESEF taxonomy, except for extensions which are subtotals. The Consolidated financial statements submitted to the Icelandic Financial Supervisory Authority consists of the XHTML document together with certain technical files, all included in a file named "ossur-2021-12-31.zip".

Össur UK Holding ltd. are claiming exemption from preparing individual audited accounts based on section 479A of the UK Companies Act 2006.

In 2021, the Company made a conversion of a non-current revolving credit facility to an overdraft facility. This increases short term borrowings.

34. Insurance

	31.12.2021		31.12.2020	
	Insurance value	Book value	Insurance value	Book value
Fixed assets and inventories	187,503	164,105	244,239	157,196

The Company has purchased a Property Damage & Business Interruption insurance intended to compensate for damages on owned property and temporary loss of income due to such loss. Additionally Össur has numerous insurances in place that are necessary to insure against the risks to its operations, including but not limited to product and professional liability insurance, product recall insurance, directors and officers liability and certain types of frauds towards the company.

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35. Adoption of new and revised standards

New and amended IFRS standards that are effective for the current year

The following amendments to IFRS standards became mandatorily effective in the current year. The application of the below amendments has minor effects on the Consolidated Financial Statements:

- Amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement, IFRS 7 – Financial Instruments: Disclosures and IFRS 16 – Leases, Interest Rate Benchmark Phase 2.

New and revised IFRS standards in issue but not yet effective

At the date of authorization of these Consolidated Financial Statements, the Company has not applied new and revised IFRS standards that have been issued but are not yet effective.

Management of the Company does not expect that the adoption of the standards will have a material impact on the Financial Statements of the Company in future periods.

36. Summary of Significant Accounting Policies

Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, additional Danish disclosure requirements for listed companies and additional requirements in the Icelandic Financial Statement Act no. 3/2006.

Basis of preparation

The Consolidated Financial Statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability as market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated Financial Statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 and measurements that have some similarities to fair value but are not fair value, such as net realizable value of inventories in IAS 2 or value of assets in use in IAS 36.

Basis of consolidation

The Consolidated Financial Statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- can use its power to affect its returns.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Notes to the Consolidated Financial Statements

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the purchase price of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities, contingent liabilities, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree. If, after reassessment, the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss. Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquire is remeasured to fair value at the acquisition date (i.e., the date when the Company obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

The measurement period is the period from the date of acquisition to the date the Company obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

Investments in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The profit and losses, assets and liabilities of associates are incorporated in the Consolidated Financial Statements using the equity method of accounting. Under the equity method, investments in associates are initially recognized in the balance sheet and adjusted for post-acquisition changes in the Company's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate more than the Company's interest in that associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Notes to the Consolidated Financial Statements

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Goodwill

Goodwill is initially recognized as an asseet at the excess of the purchase price of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities, contingent liabilities, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree.

Goodwill is not amortized but is reviewed for impairment at least annually. For impairment testing, goodwill is allocated to each of the Company's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the Consolidated Income Statement. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Company's policy for goodwill arising on the acquisition of an associate is described in the accounting policy for Investments in associates above.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods and services

The Company sells Bracing and Support products and Prosthetics products and related services both as wholesaler and directly to customers through its own distribution channels.

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Notes to the Consolidated Financial Statements

Revenue is recognized for the sale of products including standard warranty when control of the goods has transferred. Control is considered transferred when the goods have been shipped or directly delivered to retail customer. Following shipment, it is considered that our customers have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when selling the goods, and bear the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the Company when the goods are shipped to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Sales related standard warranties serve as an assurance that the products sold comply with agreed-upon specifications, those warranties are accounted for in accordance with IAS 37 Provisions.

For some Prosthetics products, a service check is included in the standard warranty and is treated as a distinct service and is accounted for as a separate performance obligation. The customer has an option to purchase an additional warranty which is treated as a distinct service because the Company promises to provide the service to the customer in addition to the product and the standard warranty. That warranty is accounted for as a separate performance obligation.

Revenues from the sale of additional warranties are deferred when sold and released on a straight-line basis within the warranty period. Revenues from service checks included in the standard warranty are deferred when sold and released when the service has been rendered or the service obligation has ended. Deferred revenues are shown separately within liabilities in the Balance sheet

Under the Company's standard contract terms, customers have a right of return within 30-90 days. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognized for those products expected to be returned.

The Company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly unlikely that a significant reversal in the cumulative revenue recognized will occur given the consistent level of returns over previous years.

Royalties

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognized on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales, and other measures are recognized by reference to the underlying arrangement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest revenue and dividend

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The lease payments included in the measurement of the lease liability comprise fixed payments less any incentives, variable lease payments that depend on an index or rate, expected residual guarantees and the exercise price of purchase options if the Company expects to exercise the option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability if the lease term has changed, when lease payments changes in an index or rate or when a lease contract is modified, and the modification is not accounted for as a separate lease.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Variable rents that depend on usage are not included in the measurement of the lease liability and the right of use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs.
As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

Foreign currencies

For consolidation purposes, the assets and liabilities of the Company's foreign operations are expressed in USD, which is also the Company´s functional currency, using exchange rates prevailing at the balance sheet date.
Income and expense items are translated at the average exchange rates for each month. Exchange differences arising, if any, are classified as equity and transferred to the Company's translation reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising, if any, are recognized in equity.

Exchange differences are recognized in the Consolidated Income Statement in the period they occur, except for exchange differences on monetary items receivable from or payable to a foreign operation, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Transactions in currencies other than local currency are initially recorded at the rates of exchange prevailing on the dates of the transactions. Other assets, such as inventories and operating fixed assets, purchased in foreign currencies are to be valued at cost at the exchange rate prevailing on the date of the transaction.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 23.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Notes to the Consolidated Financial Statements

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

In the preparation of the Consolidated Financial Statements, accumulated gains in inventories from intercompany transactions are eliminated. This influences the income tax expenses of the consolidated companies, and an adjustment is included in the deferred tax asset. Income tax expense is calculated in accordance with tax rates in the countries where the inventories are purchased.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognized in Other Comprehensive Income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Notes to the Consolidated Financial Statements

Property, plant and equipment

Property, plant and equipment are recognized as an asset when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured in a reliable manner.

Property, plant and equipment which qualify for recognition as an asset are initially measured at cost. The cost of a property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

The depreciable amount of the asset is allocated on a straight-line basis over its useful life. The depreciation charge for each period is recognized as an expense. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

The following useful lives are used in the calculation of depreciation:

Customer and distribution relationships	4-10 years
Patents	5-50 years
Trademarks	3-infinitive
Software & other	2-10 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset at the date of the sale transaction and is recognized in the Consolidated Income Statement.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful life are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is allocated on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each balance sheet date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

Intangible assets with finite useful lives are amortized on a straight- line basis over their useful lives.

The following useful lives are used in the calculation of amortization:

Buildings & sites	25-50 years
Machinery and equipment	5-10 years
Fixtures and office equipment	3-10 years
Computer equipment	2-5 years

Internally generated intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

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Notes to the Consolidated Financial Statements

An internally-generated intangible asset arising from the Company's development is recognized only if all of the following conditions are met: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset; the intangible asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where internally generated intangible asset cannot be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

After initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

After initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

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Notes to the Consolidated Financial Statements

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the class of inventory, with the majority being valued on a standard cost basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Warranties

Warranty provision includes expected warranty costs for products sold with standard warranty and are recognized at the date of sale of the relevant products, at management´s best estimate of the expenditure required to settle the Company's obligation.
Other

Other provisions are mainly related to restructuring and earnouts related to acquisitions of companies. Restructuring provision is recognized when the Company has developed a detailed formal plan for the restructuring and has started to implement it or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Financial instruments

Financial assets and financial liabilities are recognized in the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss (FVTPL).

Notes to the Consolidated Financial Statements

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that do not meet the criteria for being measured at amortized cost are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Basis of preparation above.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost and account receivables. The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk from initial recognition of the respective financial instrument. The Company measures the collective allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The expected credit loss on accounts receivable is estimated using a provision matrix by reference to past default experience, general economic conditions and an assessment of both the current as well as expected conditions, including time value of money where appropriate. Individual allowance and adjustments to the collective bad debt provision are made based on the individual assessment of customers' situation and probability of incoming payments. As the Company´s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company´s different geographical segments.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about significant financial difficulty of the borrower. An allowance for credit-impaired financial assets is measured on an individual basis.

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Notes to the Consolidated Financial Statements

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss. When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

A liability is recognized in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to currency risk. Further details of derivative financial instruments are disclosed in note 32.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company designates certain derivatives as either hedges of cash flow of recognized liabilities or hedges of net investments in foreign operations.

Notes to the Consolidated Financial Statements

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Company designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either cash flow hedges or hedges of net investment in foreign operations.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument that is used in a hedging relationship is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedge risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedge ratio of the hedging relationship (i.e., rebalances the hedge) so that it meets the qualifying criteria again.

The hedging reserve within equity represents the cumulative portion of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

Hedges of net investments in foreign operations

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in equity in the foreign currency translation reserve.

Gains and losses deferred in the foreign currency translation reserve are recognized in profit or loss on disposal of the foreign operation.

Cash flow hedges

The effective portion of changes in the fair value of derivatives, that are designated and qualify as cash flow hedges, is recognized in other comprehensive income and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other financial expense / income' line item.

Amounts previously recognized in Other Comprehensive Income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the Income Statement as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in Other Comprehensive Income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires, is sold, terminated, exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in Other Comprehensive Income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in the Consolidated Income Statement.

Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the set conditions and that the grants will be received. Government grants are recognized in profit or loss in the periods in which the Company recognizes the related expenses for which the grants are intended to compensate. Government grants that are received as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received. Government grants that are compensating for revenue loss are presented as Other income / (expenses) in the Income Statement.

Significant accounting judgments, estimates and assumptions

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Revision of accounting estimates can also affect future periods.