

## Highlights

- Sales growth of 10% in local currency in Q4 2019 and organic sales growth of 1%. Sales growth of 16% in local currency for FY 2019 and organic sales growth of 5%.
- Both the prosthetics segment and the B&S segment grew 1% organic in Q4 2019. Organic growth for FY 2019 was 7% for prosthetics and 3% for B&S. Strong organic growth in 2019 is attributed to good sales of high-end products, recently launched products and strong sales in the emerging markets.
- Gross profit margin in Q4 2019 was 63%. Gross profit margin for FY 2019 was 64% compared to 63% for FY 2018. The increase is driven by positive impact from changes in product mix, savings from the ongoing efficiency initiatives, and scalability in manufacturing.
- EBITDA margin before special items was 21% in Q4 2019 and excluding the impact of IFRS 16 it was 18%. EBITDA margin before special items for FY 2019 was 22% and excluding the impact of IFRS 16 was 19% compared to 19% for FY 2018. Profitability was positively impacted by changes in product mix and savings from the ongoing efficiency initiatives, however profitability was impacted by acquisitions and investments in emerging markets.
- Net profit in Q4 2019 and FY 2019 amounted to 10% of sales.
- Cash generated by operations amounted to 13% of sales in Q4 2019. Cash generated by operations amounted to 17% of sales for FY 2019 compared to 15% of sales for FY 2018.
- Össur acquired 1,525,437 of own shares through the ongoing share buyback program for USD 11 million in Q4 2019. For FY 2019, Össur acquired 4,784,631 of own shares for USD 30 million.
- Össur made three acquisitions with combined full-year sales of about USD 20 million in FY 2019.
- The financial guidance for the full year 2020 is 3-5% organic sales growth, 21-23% EBITDA margin before special items, 4-5% CAPEX of sales, and an effective tax rate of 23-24%.

### Jon Sigurdsson, President & CEO, comments:

*"The results for the full year are strong with growth of 16% in local currency and 5% organic growth. Growth drivers include our high-end products in both prosthetics and bracing & supports, including recently launched products such as the new PRORPPIO FOOT and the Unloader One X. We furthermore made good progress with our external growth strategy by acquiring three companies during the year in addition to signing an agreement to acquire the prosthetics manufacturer College Park Industries. Despite the temporary slowdown in prosthetics sales in the fourth quarter, we are confident that our market position continues to be strong and we expect continued organic growth and increasing profitability in 2020."*

### Key financials and guidance

USD million	FY 2019	FY 2018	Q4 2019	Q4 2018	Guidance 2020
Net sales	686	613	180	168	
Sales growth, organic	5%	5%	1%	4%	3-5%
Gross profit margin	64%	63%	63%	64%	
EBITDA before special items	150	115	37	33	
EBITDA margin before special items	22%	19%	21%	20%	21-23%
CAPEX as % of sales	5%	5%	5%	4%	4-5%
Effective tax rate*	24%	24%	25%	25%	23-24%

\* The effective tax rate has been normalized for one-time benefits impacting the tax rate in 2018.

USD million	Q4 2019	Q4 2018	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
<b>Income statement</b>							
Net sales	180	168	686	613	569	521	483
Gross profit	113	107	439	387	355	328	303
Operating expenses (excl. other income)	88	81	341	308	280	256	226
EBITDA	37	32	141	107	97	94	97
EBITDA before special items	37	33	150	115	103	98	99
EBIT	25	22	98	79	75	72	77
Net profit	18	34	69	80	58	51	51
<b>Sales growth</b>							
Sales growth USD %	7	9	12	8	9	8	(5)
Organic growth %	1	4	5	5	5	4	5
Currency effect %	(3)	(3)	(4)	1	0	(1)	(11)
Acquired/divested business %	9	8	11	2	4	5	1
<b>Balance sheet</b>							
Total assets	1,091	914	1,091	914	793	746	653
Equity	569	538	569	538	500	467	463
Net interest-bearing debt (NIBD)**	302	180	302	180	121	119	58
<b>Cash flow</b>							
Cash generated by operations	23	31	120	92	90	88	84
Free cash flow	7	15	63	39	55	42	42
<b>Key ratios</b>							
Gross profit margin %	63	64	64	63	62	63	63
EBIT margin %	14	13	14	13	13	14	16
EBITDA margin %	21	19	21	18	17	18	20
EBITDA margin before special items %	21	20	22	19	18	19	20
Equity ratio %	52	59	52	59	63	63	71
NIBD to EBITDA**	2.0	1.6	2.0	1.6	1.2	1.2	0.6
Effective tax rate %	25	9	24	18	16	25	25
Return on equity* %	12	15	12	15	12	11	11
CAPEX / net sales %	5.2	4.5	4.6	5.0	3.4	4.7	4.9
Full time employees on average	3,462	3,075	3,382	2,775	2,948	2,710	2,420
<b>Market</b>							
Market value of equity	3,340	2,055	3,340	2,055	1,871	1,582	1,546
Number of shares in millions	425	431	425	431	437	443	446
Diluted EPS in US cents	4.2	8.0	16.2	18.7	13.3	11.6	11.5

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

\*\* Effects due to the implementation of IFRS 16 are included in the quarter. Excluding the impact of IFRS 16, NIBD is USD 193 million and NIBD to EBITDA is 1.5x.

Note: The Company has applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

## Management's report

### Sales performance

Sales for FY 2019 amounted to USD 686 million compared to USD 613 million for FY 2018, corresponding to 5% organic growth, 16% growth including acquisitions (local currency growth) and 12% reported growth. Sales in Q4 2019 amounted to USD 180 million compared to USD 168 million in Q4 2018, corresponding to 1% organic growth, 10% growth including acquisitions (local currency growth) and 7% reported growth. It should be noted that Q4 2019 had one less selling day than in the comparable quarter last year which negatively impacted organic growth by about 1%-point.

Currency movements in Q4 2019 impacted sales growth negatively by USD 4 million, which corresponds to about 3%-point negative effect on the reported growth rate. The impact was negative 4%-points for the full year.

### Sales by regions

USD million	FY	Organic	Acq. /	Curr.	USD	Q4	Organic	Acq. /	Curr.	USD
	2019	growth	div.	effect	growth	2019	growth	div.	effect	growth
Americas	328	3%	+21%	-1%	23%	86	-3%	+16%	-2%	11%
EMEA	304	5%	+3%	-6%	2%	79	1%	+3%	-4%	1%
APAC	55	19%	-	-5%	14%	14	22%	-	-3%	18%
<b>Total</b>	<b>686</b>	<b>5%</b>	<b>+11%</b>	<b>-4%</b>	<b>12%</b>	<b>180</b>	<b>1%</b>	<b>+9%</b>	<b>-3%</b>	<b>7%</b>

### Sales by segments

USD million	FY	Organic	Acq. /	Curr.	USD	Q4	Organic	Acq. /	Curr.	USD
	2019	growth	div.	effect	growth	2019	growth	div.	effect	growth
Prosthetics	378	7%	+17%	-4%	20%	97	1%	+13%	-3%	10%
Bracing and supports	308	3%	+5%	-4%	4%	82	1%	+5%	-2%	3%
<b>Total</b>	<b>686</b>	<b>5%</b>	<b>+11%</b>	<b>-4%</b>	<b>12%</b>	<b>180</b>	<b>1%</b>	<b>+9%</b>	<b>-3%</b>	<b>7%</b>

#### Prosthetics

Prosthetics sales in Q4 2019 amounted to USD 97 million and grew by 1% organic.

Continued strong performance of recently launched products in the quarter, including the new bionic PROPRIO FOOT® which was fully launched to the market in the first quarter of the year. Sales were negatively impacted by lower than expected sales to one customer in the U.S. and soft sales in a few key markets. Sales in the Americas therefore declined in the quarter while organic growth for the full year was good. The soft sales in the quarter are largely considered to be of a temporary nature. In EMEA, sales were soft across most major markets. In APAC we continue to see strong growth across all key markets, such as China, Australia and other emerging markets.

Sales of bionic products accounted for 24% of prosthetics component sales in the quarter, same as in the comparable quarter last year.

For the FY 2019, sales grew by 7% organic which is above estimated market growth. High-end products such as our carbon-fiber mechanical feet products and bionics continued to deliver strong growth in the segment globally. Growth in other product categories was also good during the year. Growth was good in all main markets with an excellent contribution from the emerging markets.

## Bracing and supports

Bracing and supports (B&S) sales in Q4 2019 amounted to USD 82 million and grew by 1% organic.

Growth in high-end products continues to be good, including the OA and Rebound product lines. Growth in EMEA was good across the main markets except for France. In Americas, growth was strong in Canada but sales in the U.S. were soft. Growth in APAC continues to be strong.

For the FY 2019, sales grew by 3% organic with strong growth in high-end products. Growth in EMEA and Americas was good, however sales were impacted by a competitive market environment in France and the United States. Growth in APAC continues to be strong.

## Gross profit

Gross profit for FY 2019 amounted to USD 439 million or 64% of sales compared to USD 387 million or 63% of sales for FY 2018. Gross profit in Q4 2019 amounted to USD 113 million or 63% of sales compared to USD 107 million or 64% of sales in Q4 2018. Items impacting gross profit margin in the quarter were:

- Positive impact from changes in product mix and savings from the ongoing efficiency initiatives
- Negative impact from lower than anticipated sales in the quarter

Gross profit margin increased for the FY 2019 driven by positive impact from changes in product mix, savings from the ongoing efficiency initiatives, and scalability in manufacturing.

## Operating expenses

### Operating expenses

Operating expenses amounted to USD 341 million or 50% of sales for FY 2019 compared to USD 308 million or 50% of sales for FY 2018. Excluding special items, operating expenses amounted to USD 333 million or 48% of sales for FY 2019 compared to USD 300 million or 49% of sales for FY 2018. Operating expenses amounted to USD 88 million or 49% of sales in Q4 2019 compared to USD 85 million or 51% of sales in Q4 2018. Items impacting operating expenses in the quarter were:

- Sales & marketing (S&M) expenses increased by 12% and amounted to 34% of sales. Growth is mainly due to impact from acquisitions as well as investments in emerging markets.
- Research & development (R&D) expenses were flat between quarters and amounted to 4% of sales. Growth in R&D expenses were moderate in the quarter and for the year. R&D expenses are expected to outgrow organic sales growth in 2020.
- General & administrative (G&A) expenses were flat between quarters and amounted to 10% of sales.

The purchase price allocation (PPA) for the companies acquired in 2018 was finalized in the quarter. Amortization of intangibles were therefore about USD 1.7 million higher in Q4 2019 than in the comparable period. As a result, amortizations in 2020 are expected to be about at a similar level as they are for the FY 2019.

## Efficiency initiatives

In September 2017, Össur announced efficiency initiatives in the areas of distribution, manufacturing, and sourcing, to further increase scalability and profitability. The program is on track and Össur's savings target of USD 6 million in 2019 was reached, corresponding to USD 3 million in additional savings when compared to the previous year. Majority of the savings are visible in cost of goods sold which contributed to an increased gross profit margin between years. Össur targets savings of USD 10 million in 2020 which corresponds to USD 4 million in additional savings when compared with 2019.

## Special items

Össur expensed USD 8.3 million in one-time expenses related to the ongoing efficiency initiatives and the acquisitions made in 2019. It should be noted that the expenses in relation to the efficiency initiatives were largely in line with what had already been communicated when the efficiency initiatives were first introduced in September 2017.

## EBITDA

EBITDA before special items for FY 2019 amounted to USD 150 million or 22% of sales. EBITDA before special items and excluding the impact of IFRS 16 amounted to USD 130 million or 19% of sales for FY 2019 compared to an EBITDA before special items of USD 115 million or 19% of sales for FY 2018. Currency movements affected the EBITDA margin for FY 2019 positively by about 60 basis points net of hedge.

EBITDA before special items in Q4 2019 amounted to USD 37 million or 21% of sales. EBITDA before special items and excluding the impact of IFRS 16 amounted to USD 32 million or 18% of sales in Q4 2019 compared to an EBITDA before special items of USD 33 million or 20% of sales in Q4 2018. Currency movements affected the EBITDA margin in Q4 2019 positively by about 50 basis points net of hedge.

Profitability was positively impacted by changes in product mix and savings from the ongoing efficiency initiatives, however profitability was impacted by acquisitions and investments in emerging markets.

## Financial items, income tax and net profit

### Financial items

Net financial expenses for FY 2019 amounted to USD 8 million compared to USD 6 million for FY 2018. Net financial expenses in Q4 2019 amounted to USD 2 million compared to USD 2 million in Q4 2018, with a positive impact of USD 1 million from exchange rate differences in Q4 2019.

### Income tax

Income tax amounted to 21 million for FY 2019, corresponding to 24% effective tax rate, compared to an income tax of USD 17 million for FY 2018, corresponding to an effective tax rate of 18%. Income tax amounted to USD 6 million in Q4 2019, corresponding to 25% effective tax rate, compared to an income tax of USD 3 million in Q4 2018, corresponding to an effective tax rate of 9%. It should be noted that the comparable period in 2018 was positively impacted due to a one-time revaluation of previously acquired shares. The normalized effective tax rate for FY 2018 amounted to 24% and in Q4 2018 amounted to 25%.

### Net profit

Net profit for FY 2019 amounted to USD 69 million or 10% of sales, compared to USD 80 million or 13% of sales for FY 2018. Net profit in Q4 2019 amounted to USD 18 million or 10% of sales, compared to USD 34 million or 20% of sales in Q4 2018. It should be noted that the comparable period in 2018 was positively impacted due to a one-time revaluation of previously acquired shares in the amount of USD 21 million. Diluted earnings per share in Q4 2019 amounted to 4.2 US cents compared to 8.0 US cents in Q4 2018.

## Cash flow

### Cash generated by operations

Cash generated by operations for FY 2019 amounted to USD 120 million or 17% of sales, compared to USD 92 million or 15% of sales for FY 2018. Cash generated by operations in Q4 2019 amounted to USD 23 million or 13% of sales, compared to USD 31 million or 18% of sales in Q4 2018. Cash generation was strong in 2019, in line with increased profits, bearing in mind higher net working capital due to the ongoing efficiency initiatives. Cash generated by operations was however lower in Q4 2019 than in the comparable period due to an increase in accounts receivables that is expected to reverse in 2020.

### Capital expenditures

Capital expenditures for FY 2019 amounted to USD 32 million or 4.6% of sales, compared to USD 31 million or 5.0% of sales for FY 2018. Capital expenditures in Q4 2019 amounted to USD 9 million or 5.2% of sales, compared to USD 8 million or 4.5% of sales in Q4 2018. In addition to maintenance CAPEX, CAPEX in 2019 includes investments related to the ongoing efficiency initiatives in addition to an integration of a new CRM software. CAPEX relative to sales in the last two years has been higher than the historical normalized level due to changes in the supply chain related to the ongoing efficiency initiatives.

## Capital structure

### Updated Capital Structure and Dividend Policy

Össur's Board of Directors has approved an updated Capital Structure and Dividend Policy. The level of net interest-bearing debt to EBITDA has been increased to 1.5-2.5x from the previous 1.0-2.0x. The increase is only due to the implementation of IFRS 16 which impacted both net interest-bearing debt and EBITDA. The updated policy is:

*The key objective of the Capital Structure and Dividend Policy is to maintain a healthy balance sheet and a level of net interest-bearing debt of 1.5-2.5x to EBITDA. Össur will prioritize value-adding investment opportunities and acquisitions while excess capital is returned to shareholders via annual cash dividends and/or purchase of own shares. Össur's policy is to distribute a relatively stable cash dividend which will be decided annually in DKK per share. Return of capital to shareholders is based on objectives of maintaining a solid financial position, operational outlook and investment requirements. In order to maintain flexibility, Össur can temporarily exceed the level of net interest-bearing debt to EBITDA should additional attractive acquisition opportunities present themselves.*

### Net-interest bearing debt

Net interest-bearing debt at the end of Q4 2019 amounted to USD 302 million compared to USD 180 million at year-end 2018. Changes in debt levels are mostly due to the implementation of IFRS 16 where lease liabilities are now included as part of net interest-bearing debt. Net interest-bearing debt excluding the impact of IFRS 16 is USD 193 million. Other items impacting the debt level include the recent acquisitions, the share buyback program, dividends, and changes in currency rates. Net interest-bearing debt to EBITDA corresponded to 2.0x at the end of Q4 2019 (NIBD/EBITDA was 1.5x excluding the impact of IFRS 16). The ratio is therefore in line with the updated Capital Structure and Dividend policy to maintain a healthy balance sheet and a level of net interest-bearing debt of 1.5-2.5x EBITDA.

### Share buybacks

Since the beginning of 2019, Össur has purchased 4,784,631 of own shares for approximately USD 30 million. The purpose of the share buybacks is to reduce the Company's share capital and adjust the capital structure by

distributing capital to shareholders in line with the Company's Capital Structure and Dividend Policy. At quarter-end, Össur held 3,359,631 treasury shares.

### Financial guidance for 2019

Guidance		Guidance FY 2020	Actual FY 2019
USD million			
Sales growth, organic		3-5%	5%
EBITDA margin before special items		21-23%	22%
CAPEX as % of sales		4-5%	5%
Effective tax rate		23-24%	24%

The financial guidance assumes the prevailing economic outlook in key markets and no major fluctuations of main operating currencies.

Össur made three acquisitions in 2019. The combined full-year sales of the three acquisitions amount to about USD 20 million. The acquisitions are expected to have a slightly negative impact on the EBITDA margin in 2020. Further information on the acquisitions can be found in the section "Other matters".

For the last five years, organic growth has consistently been around 5% which is at the upper end of estimates for market growth rates. Going forward, growth is expected to continue to be at the upper end or slightly above estimates for market growth rates.

For 2020, organic sales growth is expected to be in the range of 3-5%. In prosthetics, continued good performance in key markets and high-end products are expected, including our high-end mechanical feet portfolio and bionics. The lower end of the guidance range factors in some uncertainty in the U.S. market related to the temporary slowdown in sales in the fourth quarter of 2019. Growth in prosthetics is estimated to be in line with or above estimated market growth in 2020. In bracing & supports, we expect to see a continued good performance in high-end products, including our Rebound and Unloader product lines. In 2020 the competitive market environment in France and the United States is expected to prevail. Continued good performance is expected in other key markets. Growth in bracing & supports is estimated to be in line with estimated market growth in 2020.

EBITDA margin before special items is expected to be in the range of 21-23% of sales. Continued underlying increase in profitability will be supported by positive development in product mix as higher margin products are expected to grow faster than the remainder of the product portfolio, savings from the ongoing efficiency initiatives, and scalability in core operations. Recent acquisitions are expected to have a slightly negative impact on EBITDA margin. At current foreign exchange rates, keeping all other factors constant, currency movements are expected to have a neutral impact on the EBITDA margin in 2020 when compared to 2019.

It should be noted that quarter one is, and has been historically, seasonally the weakest quarter of the year in terms of sales and profitability. The recent acquisitions have a greater seasonality in their operations compared to the pre-acquisition Össur business. Consequently, the seasonality of Össur's sales and profit is expected to slightly increase in 2020, where Q1 is seasonally the weakest quarter in terms of sales and profitability.

CAPEX is expected to be in the range of 4-5% of sales. Main CAPEX items include investments in relation to the ongoing efficiency initiatives, maintenance CAPEX in manufacturing, continuation of the implementation of a

new CRM software, investments in computer equipment, software, leasehold improvements, and fixtures. CAPEX relative to sales is therefore expected to be higher in 2020 than the historical normalized level of 3-4% due to changes in the supply chain related to the ongoing efficiency initiatives.

Based on the current mix of taxable income, the expectation is that the 2020 effective tax rate will be in the range of 23-24%.

### Foreign exchange

Sales are particularly exposed to fluctuations in the EUR against the USD. In addition to the EUR, the ISK has a relatively high impact on operating results as a substantial part of manufacturing, R&D, and some corporate functions are based in Iceland whereas sales in ISK are minor. Split of sales and costs by main currencies can be found in note 5 in the accompanying consolidated financial statements.

All else being equal, a +/- 5% movement in EUR/USD is estimated to have an annual impact on EBITDA in the range of USD 2.0-2.5 million when unhedged. The same movement in the ISK/USD is estimated to have an annual impact on EBITDA in the range of USD 3.3-4.0 million when unhedged. Össur utilizes forward contracts to hedge approximately 50% of the estimated net currency exposure in ISK.

### Currency overview

USD	EUR	ISK
Average exchange rate 2019	1.1197	0.0082
Closing rate 3 February 2020	1.1093	0.0081
Estimated average exchange rate for 2020*	1.1093	0.0081
Change in estimated exchange rate 2020 compared with last year's average	-1%	-1%

\* Estimated average exchange rate is calculated as the closing rate 3 February 2020.

### Other matters

#### Acquisitions

Össur made three acquisitions in Q4 2019, two on the first working day of the quarter and one on November 1. Sales in the three entities on a full year basis amount to around USD 20 million combined. The acquired companies have a lower EBITDA margin than Össur on a full year basis and greater seasonality in their operations, where the first quarter of the year is seasonally the weakest.

#### Litigation

In November 2019, Vincent Systems GmbH ("Vincent Systems") filed a patent infringement action against the Company in the US. Vincent Systems contends that the Company willfully infringes a US Patent by selling certain Company's products, including i-Digits and i-Limb prosthetic hands. Vincent Systems seeks monetary damages, injunctive relief, and recovery of its attorneys' fees and costs.

The Company denies Vincent Systems' infringement allegations and contends the patent is invalid. The Company and Vincent Systems have engaged in discussions to attempt to resolve the dispute at an early stage. If those efforts are unsuccessful, the Company intends to pursue the litigation vigorously. While the Company is confident in its positions on the merits, a specific outcome cannot be predicted with absolute certainty.

#### Corona virus

Due to the Corona virus, Local China Guangdong Province Government announced at the end of January that no factories in Guangdong can be opened before February 10th. Össur has manufacturing of certain B&S products with third parties in the affected province in China. Financial impact remains uncertain.

## Financial calendar and upcoming events & conferences

### Q4&FY 2019 conference call details

Össur will host a conference call on 4 February 2020 at **9:00 CET / 8:00 GMT / 3:00 EDT**. To participate in the call please dial: Europe: + 45 35 44 55 77, +44 (0) 333 300 0804 or +46 (0) 8 566 426 51, The United States: + 1 631 913 1422, Iceland: +354 800 7437. The PIN CODE to access the call is 50608822#. A webcast can be followed on the Össur website: [www.ossur.com/investors](http://www.ossur.com/investors).

### Financial calendar

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Annual General Meeting	12 March 2020
Interim report Q1 2020	30 April 2020
Interim report Q2 2020	23 July 2020
Interim report Q3 2020	27 October 2020
Interim Report Q4 2020 and Annual Report for 2020	2 February 2021
Annual General Meeting	8 March 2021

### Meet with us

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Morgan Stanley European MedTech & Services conference	2 March 2020
Carnegie Nordic Healthcare Seminar (SE)	4 March 2020
ABG Small and Mid Cap Seminar (DK)	1 April 2020
Jefferies Global Healthcare Conference (US:NY)	2-4 June 2020
Goldman European Medtech conference (UK)	9-10 September 2020
ABG Small and Mid Cap Seminar (DK)	23 September 2020
Jefferies European Healthcare Conference (UK)	17-19 November 2020
Danske Bank Winter Seminar (DK)	1-2 December 2020

### For further information

#### Contact details

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## About Össur

Össur (Nasdaq Copenhagen: OSSR) is a global leader in non-invasive orthopaedics that help people live a life without limitations. A recognized "Technology Pioneer," Össur focuses on improving people's mobility through the delivery of innovative technologies in Prosthetics and Bracing & Supports, by investing significantly in research and product development to create award-winning designs with consistently strong market positions. Successful patient and clinical outcomes are further empowered via Össur's educational programs and business products. As part of Össur's long-standing commitment to social responsibility, the company has been a signatory to the United Nations Global Compact since 2011, and also participates in the Nasdaq Nordic and Baltic exchanges' voluntary guidelines for Environment, Social and Corporate Governance (ESG). Össur is headquartered in Iceland, with major operations in the Americas, Europe and Asia, and additional distributors worldwide. [www.ossur.com](http://www.ossur.com)

## Forward-looking statements

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

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

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The Board of Directors and the President and CEO of Össur hf. have considered and approved the Annual Report of Össur hf. for 2019, including the audited consolidated financial statements. The Board of Directors and the President and CEO have also considered this Condensed Interim Consolidated Financial Statements of Össur hf. for the period from 1 January to 31 December 2019 consisting of the Financial Statements of Össur hf. and its subsidiaries. The Condensed Interim Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards for Interim Financial Reporting, IAS 34, as adopted by the EU. The Condensed Interim Consolidated Financial Statements are neither audited nor reviewed by the Company's auditors.

The total sales of the Össur Consolidation amounted to USD 686.3 million and the net profit amounted to USD 68.9 million. Össur's Consolidated total assets amounted to USD 1090.7 million at the end of period, liabilities were USD 521.7 million, and equity was USD 569.0 million.

It is our opinion that these Condensed Interim Consolidated Financial Statements present all the information necessary to give a true and fair view of the Company's financial position at 31 December 2019 and operating performance of the period ended 31 December 2019.

The Board of Directors and the President and CEO of Össur hf. have today discussed the Condensed Interim Consolidated Financial Statements for the period from 1 January to 31 December 2019 and confirm them by means of their signatures.

Reykjavík, 4 February 2020

### Board of Directors

Niels Jacobsen  
Chairman of the Board

Arne Boye Nielsen  
Guðbjörg Edda Eggertsdóttir

Kristján T. Ragnarsson  
Svafa Grönfeldt

### President and CEO

Jón Sigurðsson

## Consolidated Income Statement

All amounts in USD '000	Notes	2019	2018 *	Q4 2019	Q4 2018 *
Net sales	4	686,264	612,876	179,505	167,828
Cost of goods sold		(247,614)	(226,072)	(66,576)	(61,063)
<b>Gross profit</b>		<b>438,650</b>	<b>386,804</b>	<b>112,929</b>	<b>106,765</b>
Other income / (expenses)		196	(4,102)	(105)	(4,228)
Sales and marketing expenses		(233,746)	(202,106)	(61,741)	(55,237)
Research and development expenses		(31,326)	(31,356)	(7,555)	(7,550)
General and administrative expenses		(76,050)	(70,324)	(18,264)	(18,183)
<b>Earnings before interest and tax (EBIT)</b>		<b>97,724</b>	<b>78,916</b>	<b>25,264</b>	<b>21,567</b>
Financial income		1,147	558	96	(701)
Financial expenses		(10,129)	(4,912)	(2,793)	(775)
Net exchange rate difference		1,269	(1,848)	731	(160)
Net financial income / (expenses)		(7,713)	(6,202)	(1,966)	(1,636)
Effects of associates		258	24,210	60	17,375
<b>Earnings before tax (EBT)</b>		<b>90,269</b>	<b>96,924</b>	<b>23,358</b>	<b>37,306</b>
Income tax		(21,395)	(17,101)	(5,730)	(3,374)
<b>Net profit</b>		<b>68,874</b>	<b>79,823</b>	<b>17,628</b>	<b>33,932</b>
Attributable to:					
Owners of the Company		66,040	79,754	16,987	33,953
Non-controlling interests		2,834	69	641	(21)
<b>Net profit</b>		<b>68,874</b>	<b>79,823</b>	<b>17,628</b>	<b>33,932</b>
<b>Earnings per share</b>					
Earnings per share (US cent)		16.3	18.8	4.2	8.0
Diluted earnings per share (US cent)		16.2	18.7	4.2	8.0

\* The Company applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

## Consolidated Statement of Comprehensive Income

All amounts in USD '000	2019	2018 *	Q4 2019	Q4 2018 *
<b>Net profit</b>	68,874	79,823	17,628	33,932
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Change in cash flow hedges	1,428	(86)	(343)	(163)
Exchange differences on translating foreign operations	(317)	(13,071)	8,334	(3,889)
Effect of implementation of IFRS 15	0	(1,900)	0	(1,900)
Income tax relating to components of other comprehensive income	(716)	(620)	156	265
<b>Other comprehensive income, net of income tax</b>	<b>395</b>	<b>(15,677)</b>	<b>8,147</b>	<b>(5,687)</b>
<b>Total comprehensive income</b>	<b>69,269</b>	<b>64,146</b>	<b>25,775</b>	<b>28,245</b>
Attributable to:				
Owners of the Company	66,435	64,077	25,134	28,266
Non-controlling interests	2,834	69	641	(21)
<b>Total comprehensive income</b>	<b>69,269</b>	<b>64,146</b>	<b>25,775</b>	<b>28,245</b>

\* The Company applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

## Consolidated Balance Sheet

### Assets

All amounts in USD '000	Notes	31.12.2019	31.12.2018 *
Property, plant and equipment	6	65,194	63,032
Right of use assets	7	98,218	0
Goodwill	8	521,046	500,842
Other intangible assets	9	62,658	49,110
Investment in associates		6,099	5,998
Other financial assets		2,998	2,727
Deferred tax assets		27,081	17,839
<b>Non-current assets</b>		<b>783,294</b>	<b>639,548</b>
Inventories		112,013	95,863
Accounts receivables		106,588	103,923
Other assets		30,168	18,515
Bank balances and cash equivalents		58,611	55,706
<b>Current assets</b>		<b>307,380</b>	<b>274,007</b>
<b>Total assets</b>		<b>1,090,674</b>	<b>913,555</b>

\* The Company applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

**Consolidated Balance Sheet**
**Equity and liabilities**

All amounts in USD '000	Notes	31.12.2019	31.12.2018 *
Issued capital and share premium		77,813	93,767
Reserves		(47,108)	(46,396)
Retained earnings		533,661	487,090
Equity attributable to owners of the Company		564,366	534,461
Non-controlling interest		4,590	3,076
<b>Total equity</b>		<b>568,956</b>	<b>537,537</b>
Borrowings		243,928	222,049
Lease liabilities	10	93,010	0
Deferred tax liabilities		29,670	22,906
Provisions		6,535	7,596
Deferred income		6,801	3,776
Other financial liabilities		698	2,127
<b>Non-current liabilities</b>		<b>380,642</b>	<b>258,454</b>
Borrowings	10	7,193	13,434
Lease liabilities		16,089	0
Accounts payable		26,675	28,142
Income tax payable		13,054	6,156
Provisions		9,438	6,103
Accrued salaries and related expenses		41,244	39,037
Other liabilities		27,383	24,692
<b>Current liabilities</b>		<b>141,076</b>	<b>117,564</b>
<b>Total equity and liabilities</b>		<b>1,090,674</b>	<b>913,555</b>

\* The Company applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

## Consolidated Statement of Cash Flow

All amounts in USD '000	Notes	2019	2018 *	Q4 2019	Q4 2018 *
Earnings before interests and tax (EBIT)		97,724	78,916	25,264	21,567
Depreciation, impairment and amortization	6,7,8,9	43,556	28,391	11,890	10,793
Loss / (gain) on disposal of assets		308	181	271	102
Change in provisions and deferred income		3,386	1,965	(285)	650
Change in inventories		(14,667)	(13,910)	857	(4,353)
Change in receivables		(11,226)	(1,776)	(13,041)	(1,165)
Change in payables		898	(1,643)	(2,045)	3,331
<b>Cash generated by operations</b>		<b>119,979</b>	<b>92,124</b>	<b>22,911</b>	<b>30,925</b>
Interest received		1,533	2,145	110	873
Interest paid		(10,129)	(6,194)	(2,833)	(2,234)
Income tax paid		(16,104)	(18,635)	(3,568)	(6,575)
<b>Net cash provided by operating activities</b>		<b>95,279</b>	<b>69,440</b>	<b>16,620</b>	<b>22,989</b>
Purchase of fixed and intangible assets	6, 9	(31,850)	(30,860)	(9,301)	(7,508)
Acquisition of subsidiaries, net of cash in acquired entities		(30,447)	(65,713)	(17,699)	(46,755)
Dividend received		134	4,847	75	0
Other investing activities		(201)	(417)	(218)	(386)
<b>Cash flows to investing activities</b>		<b>(62,364)</b>	<b>(92,143)</b>	<b>(27,143)</b>	<b>(54,649)</b>
Proceeds from long-term borrowings		55,202	55,608	54,470	314
Repayments of long-term borrowings		(21,580)	(30,056)	(7,064)	(4,358)
Changes in revolving credit facility		(31,685)	47,681	(26,866)	55,905
Payment of dividends		(9,058)	(9,184)	0	0
Increase in subsidiaries that does not affect control		(258)	(422)	0	0
Dividends from subsidiaries paid to non-controlling interests		(1,318)	0	0	0
Change in treasury shares		(20,601)	(19,256)	(9,123)	(3,281)
<b>Cash flows from / (to) financing activities</b>		<b>(29,298)</b>	<b>44,371</b>	<b>11,417</b>	<b>48,580</b>
<b>Net change in cash</b>		<b>3,617</b>	<b>21,668</b>	<b>894</b>	<b>16,920</b>
Effects of exchange rate changes on:					
Balance of cash held in foreign currencies		(677)	(1,753)	1,156	(386)
Other items held in foreign currencies		(35)	(1,481)	679	(657)
<b>Cash at beginning of period</b>		<b>55,706</b>	<b>37,272</b>	<b>55,882</b>	<b>39,829</b>
<b>Cash at end of period</b>		<b>58,611</b>	<b>55,706</b>	<b>58,611</b>	<b>55,706</b>

\* The Company applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

**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	Attributable to owners of the parent	Non-controlling interests	Total equity	
<b>Balance at 1 January 2018</b>	<b>4,849</b>	<b>108,675</b>	<b>1,267</b>	<b>2,968</b>	<b>(718)</b>	<b>(36,453)</b>	<b>419,334</b>	<b>499,922</b>	<b>539</b>	<b>500,461</b>
Net profit						91	79,754	79,754	69	79,823
Change in cash flow hedges							91	91		91
Effect of implementation of IFRS 15							(1,900)	(1,900)		(1,900)
Transl. diff. of shares in subsidiaries						(13,868)		(13,868)		(13,868)
Total comprehensive income	0	0	0	0	91	(13,868)	77,854	64,077	69	64,146
Payment of dividends							(9,184)	(9,184)		(9,184)
Share option charge for the period				1,322				1,322		1,322
Share option vested during the period	14	6,141		(1,005)			(577)	4,573		4,573
Change in non-controlling interests							(337)	(337)	(61)	(398)
Non controlling interest arising on acquisition							0	2,529		2,529
Purchase of treasury shares	(52)	(25,860)						(25,912)		(25,912)
<b>Balance at 31 December 2018</b>	<b>4,811</b>	<b>88,956</b>	<b>1,267</b>	<b>3,285</b>	<b>(627)</b>	<b>(50,321)</b>	<b>487,090</b>	<b>534,461</b>	<b>3,076</b>	<b>537,537</b>
Effect of implementation of IFRS 16							(7,797)	(7,797)		(7,797)
<b>Adjusted balance at 1 January 2019</b>	<b>4,811</b>	<b>88,956</b>	<b>1,267</b>	<b>3,285</b>	<b>(627)</b>	<b>(50,321)</b>	<b>479,293</b>	<b>526,664</b>	<b>3,076</b>	<b>529,740</b>
Net profit						1,143	66,040	66,040	2,834	68,874
Change in cash flow hedges								1,143		1,143
Transl. diff. of shares in subsidiaries						(748)		(748)		(748)
Total comprehensive income	0	0	0	0	1,143	(748)	66,040	66,435	2,834	69,269
Payment of dividends							(9,058)	(9,058)	(1,318)	(10,376)
Share option charge for the period				1,063				1,063		1,063
Share option vested during the period	21	14,102		(2,170)			(2,356)	9,597		9,597
Change in non-controlling interests							(258)	(258)	(2)	(260)
Purchase of treasury shares	(38)	(30,039)						(30,077)		(30,077)
<b>Balance at 31 December 2019</b>	<b>4,794</b>	<b>73,019</b>	<b>1,267</b>	<b>2,178</b>	<b>516</b>	<b>(51,069)</b>	<b>533,661</b>	<b>564,366</b>	<b>4,590</b>	<b>568,956</b>

## Notes to the Consolidated Financial Statements

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### 1. Summary of Significant Accounting Policies

#### 1.1 Statement of compliance

The Condensed Interim Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards for Interim Financial Reporting, IAS 34 as adopted by the EU. The Condensed Interim Consolidated Financial Statements are presented in accordance with the new and revised standards (IFRS / IAS) and new interpretations (IFRIC), applicable in the period. New and amended IFRS Standards that are effective for the current year are disclosed in note 2. The Company has not early applied new and revised IFRS standards that have been issued but are not yet effective. The Financial Statements are presented in USD, which is the Company's functional currency. They do not include all of the information required for full Annual Financial Statements and should be read in conjunction with the Company's Annual Financial Statements for the period ended 31 December 2019. The Company's Annual Financial Statements can be found on the Company's website [www.ossur.com](http://www.ossur.com).

#### 1.2 Basis of preparation

The Consolidated Financial Statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The accounting policies adopted are consistent with those followed in the preparation of the Company's Annual Financial Statements for the period ended 31 December 2019.

### 2. Adoption of new and revised standards

#### 2.1 New and amended IFRS Standards that are effective for the current year

##### IFRS 16 Leases

###### General impact of application of IFRS 16 Leases

In the current year, the Company adopted IFRS 16 Leases. IFRS 16 introduces new or amended requirements with respect to lease accounting. IFRS 16 introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease requirements and by requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets.

The Company has applied IFRS 16 using the Modified Retrospective Approach, with no restatement of comparative information. The Company has elected to apply the practical expedient to grandfather the definition of a lease on transition, and thereby applying IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4. The cumulative effect of adopting IFRS 16 is recognized as an adjustment to the opening balance of retained earnings at 1 January 2019. For more details on application refer to the Company's 2018 Annual Financial Statements.

The impact of the adoption of IFRS 16 on the Company's Condensed Interim Consolidated Financial Statements is shown in the following section. Refer to 2019 Condensed Interim Financial statements for effects of implementation for prior quarters. Refer to the Company's 2019 Annual Financial Statements for effect for the whole year.

## Notes to the Consolidated Financial Statements

### Consolidated Income Statement and Comprehensive Income

	Q4 2019			Q4 2018
	As reported	Impact of IFRS 16	Excluding IFRS 16	As reported
All amounts in USD '000				
Net sales	179,505	0	179,505	167,828
Cost of goods sold	(66,576)	324	(66,900)	(61,063)
<b>Gross profit</b>	<b>112,929</b>	<b>324</b>	<b>112,605</b>	<b>106,765</b>
Other income / (expenses)	(105)	0	(105)	(4,228)
Sales and marketing expenses	(61,741)	162	(61,903)	(55,237)
Research and development expenses	(7,555)	97	(7,652)	(7,550)
General and administrative expenses	(18,264)	230	(18,494)	(18,183)
<b>Earnings before interest and tax (EBIT)</b>	<b>25,264</b>	<b>812</b>	<b>24,452</b>	<b>21,567</b>
Net financial income / (expenses)	(1,966)	(814)	(1,152)	(1,636)
Effects of associates	60	0	60	17,375
<b>Earnings before tax (EBT)</b>	<b>23,358</b>	<b>(2)</b>	<b>23,360</b>	<b>37,306</b>
Income tax	(5,730)	64	(5,794)	(3,374)
<b>Net profit</b>	<b>17,628</b>	<b>62</b>	<b>17,566</b>	<b>33,932</b>
<b>Total comprehensive income</b>	<b>25,775</b>	<b>62</b>	<b>25,713</b>	<b>28,245</b>
<b>EBITDA</b>	<b>37,154</b>	<b>4,713</b>	<b>32,441</b>	<b>32,360</b>
<b>EBITDA margin</b>	<b>21%</b>		<b>18%</b>	<b>19%</b>

### Consolidated Balance Sheet

	31.12.2019			31.12.2018
	As reported	Impact of IFRS 16	Excluding IFRS 16	As reported
All amounts in USD '000				
<b>Assets</b>				
Right of use assets	98,218	98,218	0	0
Deferred tax assets	27,081	2,675	24,406	17,839
Other non-current assets	657,995	0	657,995	621,709
<b>Non-current assets</b>	<b>783,294</b>	<b>100,893</b>	<b>682,401</b>	<b>639,548</b>
<b>Current assets</b>	<b>307,380</b>	<b>0</b>	<b>307,380</b>	<b>274,007</b>
<b>Total assets</b>	<b>1,090,674</b>	<b>100,893</b>	<b>989,781</b>	<b>913,555</b>
<b>Equity and liabilities</b>				
<b>Total equity</b>	<b>568,956</b>	<b>(7,792)</b>	<b>576,748</b>	<b>537,537</b>
Lease liabilities	93,010	93,010	0	0
Other non-current liabilities	287,632	0	287,632	258,454
<b>Non-current liabilities</b>	<b>380,642</b>	<b>93,010</b>	<b>287,632</b>	<b>258,454</b>
Lease liabilities	16,089	16,089	0	0
Other current liabilities	124,987	(414)	125,401	117,564
<b>Current liabilities</b>	<b>141,076</b>	<b>15,675</b>	<b>125,401</b>	<b>117,564</b>
<b>Total equity and liabilities</b>	<b>1,090,674</b>	<b>100,893</b>	<b>989,781</b>	<b>913,555</b>

## Notes to the Consolidated Financial Statements

### Consolidated statement of Cash Flow

	Q4 2019		Q4 2018	
	As reported	Impact of IFRS 16	Excluding IFRS 16	As reported
All amounts in USD '000				
Earnings before interests and tax (EBIT)	25,264	812	24,452	21,567
Depreciation, impairment and amortization	11,890	3,901	7,989	10,793
Other operation activities	(14,243)	0	(14,243)	(1,435)
<b>Cash generated by operations</b>	<b>22,911</b>	<b>4,713</b>	<b>18,198</b>	<b>30,925</b>
Interest received	110	0	110	873
Interest paid	(2,833)	(1,469)	(1,364)	(2,234)
Income tax paid	(3,568)	0	(3,568)	(6,575)
<b>Net cash provided by operating activities</b>	<b>16,620</b>	<b>3,244</b>	<b>13,376</b>	<b>22,989</b>
<b>Cash flows to investing activities</b>	<b>(27,143)</b>		<b>(27,143)</b>	<b>(92,143)</b>
Proceeds from long-term borrowings	54,470	0	54,470	314
Repayments of long-term borrowings	(7,064)	(3,244)	(3,820)	(4,358)
Other financing activities	(35,989)	0	(35,989)	52,624
<b>Cash flows from / (to) financing activities</b>	<b>11,417</b>	<b>(3,244)</b>	<b>14,661</b>	<b>48,580</b>
<b>Net change in cash</b>	<b>894</b>	<b>0</b>	<b>894</b>	<b>(20,574)</b>
Effects of exchange rate changes	1,835	0	1,835	(1,043)
<b>Cash at beginning of period</b>	<b>55,882</b>	<b>0</b>	<b>55,882</b>	<b>39,829</b>
<b>Cash at end of period</b>	<b>58,611</b>	<b>0</b>	<b>58,611</b>	<b>18,212</b>

### 3. Quarterly statements

	Full year 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Net sales	686,264	179,505	167,625	179,063	160,071
Cost of goods sold	(247,614)	(66,576)	(59,568)	(64,277)	(57,193)
<b>Gross profit</b>	<b>438,650</b>	<b>112,929</b>	<b>108,057</b>	<b>114,786</b>	<b>102,878</b>
Gross profit margin	64%	63%	64%	64%	64%
Other income / (expenses)	196	(105)	134	123	44
Sales and marketing expenses	(233,746)	(61,741)	(55,953)	(58,852)	(57,200)
Research and development expenses	(31,326)	(7,555)	(7,411)	(8,453)	(7,907)
General and administrative expenses	(76,050)	(18,264)	(23,802)	(15,907)	(18,077)
<b>EBIT</b>	<b>97,724</b>	<b>25,264</b>	<b>21,025</b>	<b>31,697</b>	<b>19,738</b>
Net financial income / (expenses)	(8,982)	(2,697)	(1,940)	(2,105)	(2,240)
Net exchange rate difference	1,269	731	(399)	22	915
Effects of investments in associates	258	60	59	26	113
<b>EBT</b>	<b>90,269</b>	<b>23,358</b>	<b>18,745</b>	<b>29,640</b>	<b>18,526</b>
Income tax	(21,395)	(5,730)	(4,227)	(7,024)	(4,414)
<b>Net profit</b>	<b>68,874</b>	<b>17,628</b>	<b>14,518</b>	<b>22,616</b>	<b>14,112</b>
EBITDA	141,280	37,154	31,883	42,276	29,967
EBITDA margin	21%	21%	19%	24%	19%
EBITDA before special items	149,622	37,154	40,225	42,276	29,967
EBITDA margin before special items	22%	21%	24%	24%	19%

## Notes to the Consolidated Financial Statements

### 4. Net sales

	2019	2018	Q4 2019	Q4 2018
Specified according to geographical segments:				
Americas	327,503	266,169	86,357	77,914
EMEA	304,002	298,523	78,810	77,709
APAC	54,759	48,184	14,338	12,205
<b>Total</b>	<b>686,264</b>	<b>612,876</b>	<b>179,505</b>	<b>167,828</b>
Specified according to product lines:				
Prosthetics	378,072	315,634	97,287	88,816
Bracing and Supports	308,192	295,941	82,218	79,012
Other products	0	1,301	0	0
<b>Total</b>	<b>686,264</b>	<b>612,876</b>	<b>179,505</b>	<b>167,828</b>

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

	2019			Q4 2019		
	LCY	USD	%	LCY	USD	%
<b>Sales</b>						
USD	311,841	311,841	45%	84,251	84,251	47%
EUR	144,979	162,345	24%	36,555	40,493	23%
ISK	240,947	1,966	0%	61,237	496	0%
Nordic curr. (SEK, NOK, DKK)	96,374	14%		25,850	14%	
Other (GBP, AUD, CAD & Other)	113,738	17%		28,415	16%	
<b>Total</b>	<b>686,264</b>	<b>100%</b>		<b>179,505</b>	<b>100%</b>	
<b>COGS and OPEX</b>						
USD	264,326	264,326	45%	71,672	71,672	47%
EUR	101,972	114,185	19%	25,457	28,193	18%
ISK	7,780,363	63,493	11%	2,098,735	17,022	11%
Nordic curr. (SEK, NOK, DKK)	85,345	15%		23,048	15%	
Other (GBP, MXN, CAD & Other)	61,191	10%		14,306	9%	
<b>Total</b>	<b>588,540</b>	<b>100%</b>		<b>154,241</b>	<b>100%</b>	

	2018			Q4 2018		
	LCY	USD	%	LCY	USD	%
<b>Sales</b>						
USD	250,142	250,142	41%	74,810	74,810	45%
EUR	143,108	169,068	28%	37,581	42,884	26%
ISK	237,639	2,189	0%	67,907	565	0%
Nordic curr. (SEK, NOK, DKK)	84,897	14%		23,773	14%	
Other (GBP, AUD, CAD & Other)	106,580	17%		25,795	15%	
<b>Total</b>	<b>612,876</b>	<b>100%</b>		<b>167,828</b>	<b>100%</b>	
<b>COGS and OPEX</b>						

	2018			Q4 2018		
	LCY	USD	%	LCY	USD	%
<b>Sales</b>						
USD	214,425	214,425	40%	70,179	70,179	48%
EUR	95,803	113,351	21%	22,921	26,155	18%
ISK	6,668,049	61,995	12%	1,667,029	13,879	10%
Nordic curr. (SEK, NOK, DKK)	78,167	15%		19,029	13%	
Other (GBP, MXN, CAD & Other)	66,022	12%		17,018	12%	
<b>Total</b>	<b>533,960</b>	<b>100%</b>		<b>146,261</b>	<b>100%</b>	
<b>COGS and OPEX</b>						

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

## Notes to the Consolidated Financial Statements

### 6. Property, plant and equipment

2019	Buildings & sites	Machinery & equipment	Fixtures & office equip.	Computer equipment	Total
<b>Cost</b>					
At 1 January	12,711	93,436	45,212	16,313	167,671
Reclassification	0	(1,734)	1,707	27	0
Additions	0	10,339	6,410	3,140	19,889
Acquired on acquisition of subsidiary	0	126	443	14	583
Exchange rate differences	(210)	(647)	(16)	(156)	(1,029)
Eliminated on disposal	(3)	(2,266)	(956)	(1,331)	(4,556)
Fully depreciated assets	0	(9,614)	(3,931)	(1,918)	(15,463)
At 31 December 2019	12,498	89,640	48,869	16,089	167,095
<b>Depreciation</b>					
At 1 January	9,464	59,532	25,043	10,600	104,639
Reclassification	0	(1,304)	1,266	38	0
Charge for the period	291	9,424	5,055	2,726	17,496
Exchange rate differences	(190)	(507)	(57)	146	(608)
Eliminated on disposal	(2)	(1,921)	(931)	(1,309)	(4,163)
Fully depreciated assets	0	(9,614)	(3,931)	(1,918)	(15,463)
At 31 December 2019	9,563	55,610	26,445	10,283	101,901
<b>At 31 December 2019</b>	<b>2,935</b>	<b>34,030</b>	<b>22,424</b>	<b>5,806</b>	<b>65,194</b>
Depreciation classified by functional category:					
Cost of goods sold	9,303	9,052	2,139	2,231	
Sales and marketing expenses	3,551	3,160	1,368	1,446	
Research and development expenses	1,219	1,102	298	369	
General and administrative expenses	3,423	2,864	752	721	
<b>Total</b>	<b>17,496</b>	<b>16,178</b>	<b>4,557</b>	<b>4,767</b>	

## Notes to the Consolidated Financial Statements

### 7. Right of use assets

2019	Buildings & sites	Machinery & equipment	Total
<b>Cost</b>			
At 1 January	84,144	4,316	88,460
Additions	18,802	1,466	20,268
Acquired on acquisition of subsidiary	8,065	0	8,065
Exchange rate differences	(1,845)	(72)	(1,917)
At 31 December 2019	109,166	5,710	114,876
<b>Depreciation</b>			
At 1 January	0	0	0
Charge for the period	14,306	2,272	16,578
Exchange rate differences	69	11	80
At 31 December 2019	14,375	2,283	16,658
<b>At 31 December 2019</b>	<b>94,791</b>	<b>3,427</b>	<b>98,218</b>
Depreciation classified by functional category:			
	2019	2018	Q4 2019
Cost of goods sold	6,625	0	1,558
Sales and marketing expenses	3,312	0	778
Research and development expenses	1,987	0	467
General and administrative expenses	4,654	0	1,098
<b>Total</b>	<b>16,578</b>	<b>0</b>	<b>3,901</b>

### 8. Goodwill

	31.12.2019	31.12.2018
At 1 January	500,842	414,663
Arising on acquisition of subsidiaries	23,732	102,432
Arising on prior year acquisitions	6,366	0
Purchase price allocation	(8,093)	0
Exchange rate differences	(1,801)	(12,008)
Impairment	0	(4,245)
<b>At end of period</b>	<b>521,046</b>	<b>500,842</b>

The initial accounting for the acquisitions has been provisionally determined at balance sheet date. The fair value of assets and liabilities has been provisionally determined based on management's best estimate.

## Notes to the Consolidated Financial Statements

### 9. Other intangible assets

2019	Cust./distrib. relationships	Patents	Trademarks	Software and other	Total
<b>Cost</b>					
At 1 January	37,717	14,009	16,370	47,094	115,190
Additions	0	0	0	3,409	3,409
Additions - internally generated	0	0	0	8,552	8,552
Acquired on acquisition of subsidiary	0	2,461	0	4	2,465
Purchase price allocation	11,063	0	(2,366)	0	8,697
Fully amortized assets	(5,251)	(321)	0	(10,945)	(16,517)
Exchange rate differences	(546)	108	(198)	(41)	(677)
At 31 December 2019	42,983	16,257	13,806	48,073	121,119
<b>Amortization</b>					
At 1 January	31,218	3,508	334	31,020	66,080
Charge for the period	3,305	895	0	5,282	9,482
Fully amortized assets	(5,251)	(321)	0	(10,945)	(16,517)
Exchange rate differences	(215)	18	61	(448)	(584)
At 31 December 2019	29,057	4,100	395	24,909	58,461
<b>At 31 December 2019</b>	<b>13,926</b>	<b>12,157</b>	<b>13,411</b>	<b>23,164</b>	<b>62,658</b>
Amortization classified by functional category:					
		<b>2019</b>	<b>2018</b>	<b>Q4 2019</b>	<b>Q4 2018</b>
Cost of goods sold		814	1,118	90	281
Sales and marketing expenses		4,924	3,532	2,406	605
Research and development expenses		1,521	1,189	398	303
General and administrative expenses		2,223	2,129	538	592
<b>Total</b>		<b>9,482</b>	<b>7,968</b>	<b>3,432</b>	<b>1,781</b>

### 10. Lease liabilities

	31.12.2019		31.12.2018	
	Current	Non-current	Current	Non-current
Lease Liabilities in USD	5,010	44,137	0	0
Lease Liabilities in EUR	4,072	14,555	0	0
Lease Liabilities in other currencies	7,007	34,318	0	0
<b>Total</b>	<b>16,089</b>	<b>93,010</b>	<b>0</b>	<b>0</b>
Aggregated maturities of lease liabilities are as follows:				
In 2020			16,089	0
In 2021			15,155	0
In 2022			13,802	0
In 2023			13,019	0
Later			51,034	0
<b>Total</b>			<b>109,099</b>	<b>0</b>