

## CHAPTER I COMPANY NAME, DOMICILE AND PURPOSE

### Article 1

The name of the Company is Össur hf. The Company is a limited liability company.

### Article 2

The domicile of the Company is Grjótháls 5, Reykjavík.

### Article 3

The purpose of the Company is research, development, manufacturing and sale of medical devices as well as ancillary services, investment and participation in other companies and other related business.

## CHAPTER II SHARE CAPITAL OF THE COMPANY

### Article 4

The share capital of the Company amounts to ISK 430,808,063 – fourhundredandthirtymillion-eighthundredandeighthousandandsixtythreeIcelandicrónur – and is divided into the same number of shares with a nominal value of ISK 1 each.

A Shareholders' Meeting alone can decide on an increase of the share capital in the Company, either by means of subscription to new shares or the issue of compensation shares, cf. however Article 5 below.

The share capital increase shall follow rules set by a Shareholders' Meeting each time.

Shareholders have pre-emptive rights to all new share capital in proportion to their registered holdings, unless a decision has been made to deviate from this provision in accordance with the Icelandic Act No. 2/1995 on Limited Liability Companies.

If a shareholder does not exercise pre-emptive rights, other shareholders have increased rights to subscription.

New shares carry rights as of the date of registration.

### Article 5

In connection with acquisitions, the Board of Directors of the Company is authorized to increase the share capital of the Company in stages over five years by an amount of up to ISK 67,000,000 – sixtysevenmillionIcelandicrónur – in nominal value, through the sale of new shares without the provision on pre-emptive rights of Article 34 of the Icelandic Act No. 2/1995 on Limited Liabilities Companies being applicable. The Board of Directors determines the offer price of these shares, the terms of sale, the subscription deadline and deadline for payment. The Board of Directors may decide that subscribers pay for the new shares partly or fully with other valuables than cash.

The Board of Directors is authorized to increase the share capital of the Company in stages over five years by up to ISK 8,000,000 – eightmillionIcelandickrónur – in nominal value. The authorization shall only be utilized to fulfill share option agreements with employees et al. in accordance with the Company's share incentive schemes. The pre-emptive rights provision of Article 34 of the Icelandic Act No. 2/1995 on Limited Liabilities Companies is not applicable. The share price and the rules governing the purchase of shares shall be in accordance with the terms of the option agreements.<sup>1</sup>

## Article 6

The Board of Directors is authorized to determine the issue of the Company's share capital in another currency than ISK (Icelandic króna), cf. Paragraph 4 of Article 1 of the Icelandic Act No. 2/1995 on Limited Liability Companies. Conversion to another currency shall be in conformity with the provisions of the Icelandic Act No. 3/2006 on Annual Accounts, cf. Paragraph 5 of Article 1 of the Icelandic Act No. 2/1995 on Limited Liability Companies. The Board of Directors is authorized to make necessary amendments to the Company's Articles of Association resulting from the issue, including amendments to the amounts in Articles 4 and 5 of the Company's Articles of Association regarding the amendment, applying the same method of calculation.

## Article 7

The Board of Directors shall maintain a share register in accordance with law and shall ensure the share register includes correct information at each given time.

The share register shall be kept at the Company's office and all shareholders shall have access to it and may acquaint themselves with its content.

The Company's shares shall be issued in an electronic manner.

The share register shall be regarded as full proof of ownership of shares in the Company.

## Article 8

There are no restrictions on the disposal of shares in the Company.

No privileges are attached to any shares in the Company.

## Article 9

Shareholders are bound, without specific undertaking on their part, to abide by the Company's Articles of Association in their current form or as lawfully amended at any time. However, shareholders will never be obligated to increase their holdings or suffer redemption of their shares on the basis of the Company's Articles of Association or amendments made to them. Shareholders are not liable for the Company's obligations beyond their share in the Company, unless they assume such obligations under a separate legal instrument. This provision cannot be amended nor deleted by any resolution of a Shareholders' Meeting.

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<sup>1</sup> The authorizations were amended and renewed at the Annual General Meeting on 10 March 2016.

## Article 10

The Company shall not grant loans against shares in the Company.

The Company shall not grant any loans to shareholders, members of the Board of Directors or the Chief Executive Officer (CEO), nor provide them with guarantees.

The provisions of this Article do not, however, apply to normal business loans.

## CHAPTER III ORGANIZATIONAL STRUCTURE

### Article 11

The Company is managed by:

1. Shareholders' Meetings;
2. The Board of Directors;
3. The Chief Executive Officer.

## CHAPTER IV SHAREHOLDERS' MEETINGS

### Article 12

The supreme authority in all affairs of the Company is in the hands of lawful Shareholders' Meetings, within the limits provided for by the Company's Articles of Association and law.

### Article 13

Shareholders' Meetings shall be convened at the discretion of the Board of Directors. Shareholders' Meetings shall also be convened if the Company's Auditor or shareholders holding at least 1/20 of the Company's shares request so in writing and state the business of the Meeting.

The Board of Directors may determine to hold a Shareholders' Meeting at a different location than the Company's office, including outside Iceland.

### Article 14

Shareholders' Meetings shall be convened with a minimum of three weeks' notice and a maximum of four weeks' notice.

The convocation shall be issued by electronic means to ensure fast access to it on a non-discriminatory basis. Reliable media shall be used to ensure effective dissemination of information to the public throughout the European Economic Area.

The convocation shall at least provide information on:

1. Where and when the Meeting is to take place and the proposed agenda. If a proposal to amend the Company's Articles of Association is to be taken for consideration at the Meeting, the main subject of the motion shall be specified in the convocation.
2. Clear and precise rules on participation and voting in the Meeting, including:
  - a. shareholders' rights to have items added to the agenda, and submit proposals and make enquiries for the Meeting, as well as the deadline by which such rights may be exercised;
  - b. rules on proxy voting and, as applicable, forms for proxy holders to use when casting votes, and to what extent the Company will recognize electronic notifications of appointment of proxy holders; and
  - c. as applicable, rules on casting votes in writing or electronically.
3. Where and how the following full, unabridged documents can be obtained:
  - a. documents to be submitted to the Meeting;
  - b. proposals and/or remarks from the Board of Directors or its sub-committees on each item of the draft agenda of the Meeting;
  - c. proposals the Company has received from the shareholders if any.
4. Website which has information the shareholders shall have access to in relation to the Meeting according to law.

A Shareholders' Meeting is valid, regardless of attendance, if the Meeting has been lawfully convened.

## Article 15

For three weeks prior to a Shareholders' Meeting the following information shall be available to shareholders on the Company's website:

1. The convocation.
2. The total number of shares and votes on the date of the convocation.
3. Documents that will be submitted to the Shareholders' Meeting.
4. Proposals and remarks from the Board of Directors or its sub-committees, as applicable, on each item of the draft agenda of the Meeting. Proposals the Company has received from shareholders shall also be added to the Company's website as soon as possible.
5. As applicable, forms which proxy holders shall use upon the casting of votes or shall be used upon casting of votes in writing, or how such forms can be obtained in writing.

No later than one week before a Shareholders' Meeting (no later than two weeks before the Annual General Meeting) the agenda and final proposals, cf. however paragraph 3 below, shall be published on the Company's website and made available to shareholders at the Company's office. In addition, the following documents shall be published on the Company's website and made available to shareholders at the Company's office two weeks before the Annual General Meeting: The annual accounts (the consolidated financial statements); the Board of Directors' report; the Company's Auditor's report, and; the Board of Directors' proposed Remuneration Policy for the Company.

Each shareholder is entitled to have a specific item of business included on the agenda of a Shareholders' Meeting, provided that the shareholder submits a request in writing or electronically to the Board of Directors with sufficient advance notice for the item to be included on the agenda, however, no later than 10 days before an Annual General Meeting. The request shall include reasoning or draft resolution to the Board of Directors. Information on the request shall be published on the Company's website and made available to shareholders no later than three days before the Meeting, as well as the proposal itself and a revised agenda, as applicable.

Items which are not included on the agenda of a Shareholders' Meeting may not be brought to a conclusion at the Meeting without the consent of all the shareholders in the Company, but resolutions may be passed on such matters for the purpose of providing guidance to the Board of Directors.

Lawfully submitted proposals for amendments may be placed before the Shareholders' Meeting itself even if they have not been made available to shareholders prior to the Meeting.

## Article 16

The Company's shareholders, proxy holders, members of the Board of Directors, the CEO and the Company's Auditor have the right to attend Shareholders' Meetings.

A shareholder is allowed to attend a Shareholders' Meeting with an advisor. The advisor neither has the right to submit proposals nor to vote, but the shareholder is allowed to let the advisor speak on his/her behalf.

The Board of Directors may also invite experts to attend Shareholders' Meetings, if their opinion or assistance may be required.

## Article 17

The Board of Directors may decide to hold a Shareholders' Meeting electronically, either partly or fully, provided the appropriate equipment available is adequately secure.

The decision to hold an electronic Shareholders' Meeting shall be mentioned specifically in the convocation. The convocation shall include information on the necessary technical equipment, how shareholders shall notify of their participation, how voting is carried out and where shareholders can obtain information about the implementation of electronic participation at the Shareholders' Meeting, password to participate in the Meeting as well as other relevant information. A password used in the appropriate electronic equipment shall be equivalent to the signature of the shareholder in question and is considered a confirmation of his/her participation in the Shareholders' Meeting.

If a Shareholders' Meeting is held electronically, either partly or fully, shareholders who intend to attend the Meeting electronically shall notify the Company no later than five days before the Meeting. The same time limit applies to written enquires regarding the agenda or submitted documents the shareholders want answer to at the Meeting.

## Article 18

Shareholders shall be given the opportunity of casting votes on items on the agenda of a Shareholders' Meeting in writing or electronically. Instructions on the voting shall be included in the convocation. Shareholders can request to have their ballots sent to them provided that they have sent a written request thereof to the Company five days before the Shareholders' Meeting.

Shareholders may also claim their ballots and cast votes at the Company's office within the aforementioned time limit.

## Article 19

A shareholder may appoint a proxy to attend a Shareholders' Meeting on his/her behalf. The proxy holder must submit a written or electronic proxy which shall be dated.

A proxy shall not be valid for longer than 1 year from its date of issue.

## Article 20

The Annual General Meeting shall be held before the end of April each year.

The Annual General Meeting shall be convened in the same manner as other Shareholders' Meetings.

The agenda of the Annual General Meeting shall include the following:

1. The report of the Board of Directors on the activities of the Company in the preceding year.
2. Decision on the disposal of the profit or loss of the Company over the accounting year.
3. Confirmation of the annual accounts (the consolidated financial statements) of the Company for the preceding year.
4. The Board of Directors report on remuneration and benefits.
5. The Company's Remuneration Policy.
6. Decision on remuneration of the Members of the Board of Directors.
7. Elections to the Board of Directors.
8. Election of the Company's Auditor.
9. Any other business lawfully submitted or approved for discussion by the Meeting.

If shareholders controlling at least 1/3 of the share capital so request in writing at the Annual General Meeting, decisions on items 2 and 3 in Paragraph 3 above shall be postponed to an adjourned meeting, which shall be held not earlier than one month later and not more than two months later. Further postponement cannot be requested.

## Article 21

The Chairman of the Board of Directors calls a Shareholders' Meeting to order and controls the election of the Chairman of the Meeting. The Chairman of the Meeting controls the election of the Secretary of the Meeting.

The Chairman of the Meeting presides over the Shareholders' Meeting, resolves all issues relating to the validity of the Meeting according to the Company's Articles of Association, and decides the form of discussion, as well as the treatment of issues and voting procedures. Voting shall be by ballot if any attendant so requests, unless it seems obvious to the Chairman of the Meeting that it will not have any effect on the voting results. The Annual General Meeting may establish special rules of procedure for Shareholders' Meetings.

The Secretary of the Meeting shall keep the Minutes of the Meeting. All decisions and voting results shall be entered into the Minutes. Register of shareholders and proxy holders, who attended the Meeting, shall be attached to the Minutes. The Chairman of the Shareholders' Meeting and the Secretary shall sign the Minutes after they have been read aloud and

approved. The recorded Minutes shall constitute conclusive proof of the proceedings of a Shareholders' Meeting.

The recorded Minutes, or a certified copy thereof, shall be available to shareholders for viewing at the Company's offices no later than two weeks after a Shareholders' Meeting.

## Article 22

At Shareholders' Meetings, each króna of share capital shall carry one vote.

A simple majority will decide issues at Shareholders' Meetings, unless otherwise stipulated in the Company's Articles of Association or law.

In case of even votes at elections at Shareholders' Meetings, lots shall be cast to determine the results.

## CHAPTER V THE BOARD OF DIRECTORS

### Article 23

The Board of Directors is the supreme authority in the affairs of the Company between Shareholders' Meetings.

### Article 24

The Board of Directors shall be composed of five individuals elected at the Annual General Meeting for a term of one year (until the end of the next Annual General Meeting). No alternate directors are elected.

The Board of Directors shall be represented by at least 40% of each gender. When electing the Board of Directors the two candidates of each gender who receive the most votes are duly elected as well as the candidate that has received the most votes of the remaining candidates.

The Board of Directors shall be elected by a majority election between individuals. Elections to the Board of Directors shall be in writing or electronic if the number of candidates exceeds the number to be elected.

If shareholders controlling at least 1/10 of the share capital should so request, the Board of Directors shall be elected by proportional or multiple voting. The request shall be submitted to the Board of Directors at least five days prior to the Meeting. If both a multiple and a proportional voting has been requested, a multiple voting shall be applied.

The Board of Directors shall ensure that the above requirements are fulfilled.

### Article 25

Notice of candidature to the Board of Directors shall be given in writing at least five days before the Shareholders' Meeting electing the Board of Directors.

The notice shall include the name of the candidate, his/her ID number and address, information on main occupation, other directorships, education, experience, shareholdings in the Company,

as well as interest links with the Company's main business partners, competitors and shareholders holding more than 10% of the share capital.

The Board of Directors shall review the notices submitted. If there are any shortcomings in a notice, the Board of Directors shall give the respective candidate an opportunity, in a verifiable manner, to improve the shortcomings within a specific time, not exceeding twenty-four hours. If the shortcomings have not been improved within the time limit set, the Board of Directors shall decide upon the validity of the candidature. The Board of Directors' decision may be referred to the Shareholders' Meeting that has the final decision on the validity of the candidature.

Information on candidates to the Board of Directors shall be published on the Company's website and made available to shareholders at the Company's office no later than two days before the Shareholders' Meeting electing the Board of Directors.

## Article 26

Each Member of the Board of Directors shall at all times fulfil the applicable qualifications of the Icelandic Act No. 2/1995 on Limited Liability Companies.

A Member of the Board of Directors may give notice of termination at any time.

If a Member of the Board of Directors leaves the Board before the term end, the Board of Directors may decide either to hold an election of a new Member of the Board for the remaining time of the term, or postpone the election until the next Annual General Meeting, provided the Board of Directors continues to be quorum.

A Shareholders' Meeting may at all times dismiss all the Members of the Board of Directors and elect a new Board.

## Article 27

The Board of Directors is responsible for the Company's affairs between Shareholders' Meetings and shall ensure the Company's organization and operations are in good order.

The Board of Directors shall ensure adequate supervision of the accounting and financial management of the Company.

The Board of Directors represents the Company.

The Board of Directors signs for the Company and its resolutions and agreements are binding for the Company.

The Board of Directors may grant Members of the Board, the CEO and others an authorization to sign on behalf the Company. The Board may also grant Powers of Procuration.

The signatures of a majority of the Members of the Board are required to bind the Company.

## Article 28

The Board of Directors shall elect a Chairman. In case of even votes, lots shall be cast to determine the results.

The Chairman convenes Board Meetings and sees to it that other Members of the Board of Directors are notified. Board Meetings shall also be convened if so requested by a Member of the Board of Directors or the CEO.



The CEO shall attend Board Meetings and shall have the right to participate in discussions and put forward proposals, unless otherwise decided by the Board of Directors in specific instances.

The Secretary to the Board of Directors shall keep Minutes of Board Meetings. All decisions, resolutions and voting results shall be entered into the Minutes. If a Member of the Board of Directors or the CEO is not in agreement with a decision or resolution made by the Board, they are entitled to have their dissenting opinion entered in the Minutes. The Board of Directors, the CEO and the Secretary shall sign the Minutes. The recorded Minutes shall constitute conclusive proof of the proceedings of a Board Meeting.

The Board of Directors shall adopt its own rules of procedure, which stipulate further the Board of Directors' roles and responsibilities.

## Article 29

The presence of the majority of the Members of the Board of Directors at a Board Meeting constitutes a quorum. Important decisions may, however, not be taken unless all Members of the Board of Directors have had the opportunity to discuss the matter, if possible.

A simple majority will decide issues at Board Meetings. In case of even votes, the Chairman of the Board of Directors has the deciding vote.

## CHAPTER VI THE CHIEF EXECUTIVE OFFICER

### Article 30

The Board of Directors shall appoint a CEO to manage the Company's daily operations. The Board shall decide the CEO's salary and terms.

The CEO shall at all times fulfill the applicable qualifications of the Icelandic Act No. 2/1995 on Limited Liability Companies.

The CEO is responsible for the day-to-day operation of the Company and shall follow the policies and directions of the Board of Directors, within the limits provided for by the Company's Articles of Association and law. The day-to-day operations do not include measures which are unusual or extraordinary. The CEO may at all times represent the Company in matters within the aforementioned scope. If the Board of Directors has granted the CEO an authorization to sign for the Company and/or granted the CEO with Powers of Procuration, such authorizations are not limited by the foregoing.

The CEO shall ensure that the Company's accounts are prepared in accordance with law and accepted practices and the Company's assets are handled in a secure manner.

## CHAPTER VII ACCOUNTS AND AUDITING

### Article 31

The fiscal year of the Company shall be the calendar year. Each fiscal year, the annual accounts (the consolidated financial statements) of the Company shall be prepared, containing

a profit and loss statement, balance sheet and notes, as applicable, in accordance with the Icelandic Act No. 145/1994 on Accounting.

## Article 32

An Auditor, which shall be an auditing firm, shall be elected at the Annual General Meeting for a term of one year (until the end of the next Annual General Meeting). The Auditor shall be independent of the Company.

## Article 33

The Company's Auditor shall examine the Company's annual accounts (the consolidated financial statements) in accordance with generally accepted accounting standards, and shall for this purpose inspect the Company's account records and other material relating to the operation and financial position of the Company in accordance with the Icelandic Act No. 3/2006 on Annual Accounts.

The Company's Auditor shall at all times have access to the Company's accounts to carry out such inspections and surveys as the Auditor deems necessary. The Company shall provide the Company's Auditor with documents, information and assistance as requested by the Auditor.

## CHAPTER VIII TREASURY SHARES

### Article 34

The Company may only hold own shares (treasury shares) up to a limit of 10% of the Company's total share capital, unless otherwise permitted by the Icelandic Act No. 2/1995 on Limited Liability Companies.

The Company may only acquire treasury shares pursuant to an authorization granted by a Shareholders' Meeting to the Board of Directors, unless otherwise permitted by the Icelandic Act No. 2/1995 on Limited Liability Companies. The authorization to the Board of Directors shall be within the limits set by the said Act.

No voting rights are attached to treasury shares.

## CHAPTER IX AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

### Article 35

Amendments to the Company's Articles of Association shall only be made at a valid Shareholders' Meeting, unless otherwise permitted in the Icelandic Act No. 2/1995 on Limited Liability Companies.

Amendments to the Company's Articles of Association shall be made in accordance with Article 93 or Article 94 of the Icelandic Act No. 2/1995 on Limited Liability Companies, as applicable. As a general rule, a decision to amend the Company's Articles of Association is only valid if it obtains the approval of at least 2/3 of the votes cast and also the approval of shareholders controlling at least 2/3 of the share capital represented at the Shareholders' Meeting.

Proposals to reduce the share capital of the Company shall be treated as amendments to the Company's Articles of Association.

## CHAPTER X DISSOLUTION OF THE COMPANY

### Article 36

The dissolution or liquidation of the Company shall be governed by the provisions of Chapter XIII of the Icelandic Act No. 2/1995 on Limited Liability Companies.

## CHAPTER XI MISCELLANEOUS

### Article 37

The Company is authorized to use electronic communications and emails when communicating with the Company's shareholders instead of sending or submitting documents on paper. The authorization extends to all notifications and communications between the Company and its shareholders, including convocations for Shareholders' Meetings, payment of dividends and other notifications to shareholders at the discretion of the Board of Directors. Such electronic communications are equivalent to communications on paper. Information on the application of electronic communications and the software requirements shall be accessible to shareholders on the Company's website.

### Article 38

To the extent a matter is not addressed in the Company's Articles of Association, the matter shall be governed by the provisions of the Icelandic Act No. 2/1995 on Limited Liability Companies.

If the Company's Articles of Association contradicts mandatory law provisions at any time, the law shall prevail.

Reykjavík, 8 March 2018,

Jón Sigurðsson  
Chief Executive Officer  
with Powers of Procurator

THIS IS A TRANSLATION OF THE ORIGINAL ICELANDIC ARTICLES OF ASSOCIATION  
IN CASE OF DISCREPANCIES, THE OFFICIAL ICELANDIC VERSION SHALL PREVAIL.