



Interim report Q3 2021

Announcement no. 17/2021

Jon Sigurdsson, President & CEO, Comments:

“EMEA and APAC continued to perform well, in line with expectations, while the COVID-19 Delta variant primarily impacted sales in Americas, which is our largest market. Although organic growth was impacted by softer sales in Americas, the performance in other key markets strengthens our belief that the long-term prospects and underlying fundamental drivers of the Prosthetics and B&S markets are not expected to change and that we are well on our way. As innovation and technological leadership remain at the forefront of our 50-year history, we celebrated when para-athletes who wear Össur prosthetics, won 28 medals at the 2020 Tokyo Paralympic Games and Team Össur athletes set four new World Records and three new Paralympic records. I am grateful for the continuing efforts of all Össur employees around the world and thankful for our long-standing relationship with our customers and end-users.”

Highlights Q3 2021

- Sales amounted to USD 180 million in Q3 2021. Sales growth was 4% in local currency and increased by 4% organic compared to an increase in local currency of 1% and a decline of 5% organic in Q3 2020.
- Prosthetics sales grew by 7% organic compared to a 4% decline in Q3 2020. Bracing & Supports (B&S) sales were constant organically compared to a decline of 7% in Q3 2020. Prosthetics sales increased by 13% organic and B&S sales increased by 10% in the first nine months of 2021.
- In Q3 2021, Össur experienced further supply chain related cost increases on freight and raw material prices. Gross profit margin amounted to 62% in the quarter, compared to 63% in Q3 2020. Gross profit margin was 63% in 9M 2021 compared to 61% in 9M 2020.
- EBITDA amounted to USD 37 million in Q3 2021 and the EBITDA margin was 21%, the same as the EBITDA margin in Q3 2020.
- Net profit in Q3 2021 amounted to USD 17 million or 10% of sales compared to USD 15 million in Q3 2020 or 9% of sales. Net profit in 9M 2021 amounted to USD 48 million compared to USD 4 million in 9M 2020.
- Cash generated by operations amounted to USD 31 million or 17% of sales in Q3 2021 and amounted to USD 89 million or 17% of sales in 9M 2021.
- NIBD/EBITDA was 2.9x at the end of Q3 2021, within the target level of 2.0x-3.0x, in the Capital Structure and Dividend Policy.
- The financial guidance for the full year 2021 has been narrowed to the lower end of the organic sales growth guidance range (10-15%), at around 10% organic sales growth and the lower end of the EBITDA margin guidance range (21-23%), at around 21% EBITDA margin before special items. Other items are unchanged, 3-4% CAPEX of sales, and an effective tax rate of 23-24%.

Key Financials and Guidance	9M 2021	9M 2020	Q3 2021	Q3 2020	Guidance 2021
Net sales in USD million	531	460	180	172	
Sales growth/(decline), organic	12%	(13%)	4%	(5%)	~10%
EBITDA margin before special items	20%	15%	21%	21%	~21%
CAPEX as % of sales	3%	4%	4%	2%	3-4%
Effective tax rate	24%	55%	24%	27%	23-24%

USD million	9M 2021	9M 2020	Q3 2021	Q3 2020	FY 2020	FY 2019	FY 2018	FY 2017
Income Statement								
Net sales	531	460	180	172	630	686	613	569
Gross profit	335	282	112	108	391	439	387	355
Operating expenses (excl. other income/expenses)	264	248	87	82	338	341	304	280
EBITDA	108	69	37	36	93	141	107	97
EBITDA before special items	108	69	37	36	93	150	115	103
EBIT	71	18	25	25	28	98	79	75
Net profit	48	4	17	15	8	69	80	58
Sales Growth								
Sales growth USD	%	15	(9)	5	2	(8)	12	9
Organic growth	%	12	(13)	4	(5)	(10)	5	5
Currency effect	%	4	(1)	1	2	0	(4)	0
Acquired/divested business	%	(1)	4	(1)	6	2	11	4
Balance Sheet								
Total assets	1,254	1,148	1,254	1,148	1,214	1,091	914	793
Equity	613	557	613	557	577	569	538	500
Net interest-bearing debt (NIBD)	386	322	386	322	381	302	180	121
Cash Flow								
Cash generated by operations	89	92	31	32	119	120	92	90
Free cash flow	43	64	13	29	68	63	39	55
Key Ratios								
Gross profit margin	%	63	61	62	63	62	64	62
EBIT margin	%	13	4	14	14	4	14	13
EBITDA margin	%	20	15	21	21	15	21	17
EBITDA margin before special items	%	20	15	21	21	15	22	18
Equity ratio	%	49	49	49	49	48	52	63
NIBD to EBITDA*		2.9	3.0	2.9	3.0	4.1	2.0	1.2
Effective tax rate	%	24	55	24	27	38	24	16
Return on equity *	%	9	3	9	3	1	12	12
CAPEX to net sales	%	3.4	4.0	4.0	2.4	3.8	4.6	3.4
Market								
Market value of equity	2,957	2,993	2,957	2,993	3,380	3,340	2,055	1,871
Number of shares in millions	423	423	423	423	423	425	431	437
Diluted EPS in US cents	11.4	1.0	4.1	3.5	1.9	16.2	18.7	13.3

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

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

Management's Report

Financial Performance

Sales

Sales increased by 4% organic in Q3

Sales in EMEA and APAC were strong in Q3 2021, apart from Australia. However, the COVID-19 Delta variant primarily impacted sales in Americas. Sales in 9M 2021 amounted to USD 531 million compared to USD 460 million in 9M 2020, corresponding to a 12% increase organic, 11% increase including acquisitions (local currency growth) and a 15% increase reported (USD growth). Sales in Q3 2021 amounted to USD 180 million compared to USD 172 million in Q3 2020, corresponding to a 4% organic increase, 4% including acquisitions/divestments (local currency growth) and a 5% reported increase (USD growth).

Net divested sales amounted to USD 1 million in Q3

Net impact on sales from acquisitions and divestments was negative by USD 1 million in Q3 2021 corresponding to a 1%-point negative effect on the reported growth rate. Currency movements in Q3 2021 impacted sales growth positively by USD 2 million, which corresponds to about a 1%-point positive effect on the reported growth rate. Further information on impact from acquired and divested sales can be found in the Company Announcements from Q2 2021, Q1 2021 and Q4 2020.

Sales By Region (USD million)	9M 2021	Organic growth	Δ Acq. / div.	Δ Curr. effect	USD growth	Q3 2021	Organic growth	Δ Acq. / div.	Δ Curr. effect	USD growth
Americas	251	11%	3%	0%	14%	88	5%	2%	0%	6%
EMEA	233	14%	-6%	8%	17%	77	7%	-3%	2%	5%
APAC	48	8%	0%	10%	18%	15	-7%	0%	3%	-4%
Total	531	12%	-1%	4%	15%	180	4%	-1%	1%	5%

Sales By Segment (USD million)	9M 2021	Organic growth	Δ Acq. / div.	Δ Curr. effect	USD growth	Q3 2021	Organic growth	Δ Acq. / div.	Δ Curr. effect	USD growth
Prosthetics	335	13%	9%	4%	26%	115	7%	7%	1%	15%
Bracing and Supports	197	10%	-14%	5%	1%	65	0%	-11%	2%	-9%
Total	531	12%	-1%	4%	15%	180	4%	-1%	1%	5%

Sales growth in Prosthetics and B&S

Prosthetics sales amounted to USD 335 million in 9M 2021 and increased by 13% organic. In Q3 2021, Prosthetics sales amounted to USD 115 million and increased by 7% organic. In Q3 2021, sales of bionic products accounted for 20% of Prosthetics component sales, compared to 19% in Q3 2020. Bionic products have been impacted more by COVID-19 than mechanical products due to the more intensive bionic sales and fitting procedure. In addition, the reimbursement process for bionic products is more elaborate resulting in a lengthy approval process that have caused approval delays. However, the demand for bionic products has not changed and the product pipeline is strong. Bionics sales growth was strong in EMEA in Q3 2021. Bracing and Supports (B&S) sales amounted to USD 197 million in 9M 2021 and increased organically by 10%. B&S sales amounted to USD 65 million in Q3 2021 and were constant organically.

Sales vary by geography

EMEA and APAC continued to perform well and in line with expectations, with the exception of Australia, which was impacted by COVID-19 related lock-down measures. In addition, sales were softer in Americas due to effects from the COVID-19 Delta variant in the quarter. Some volatility can be expected, due to the uncertain situation around COVID-19.

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

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

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

Operations

Gross profit margin 62% in Q3 Gross profit for 9M 2021 amounted to USD 335 million or 63% of sales compared to USD 282 million or 61% of sales for 9M 2020. In Q3 2021, gross profit amounted to USD 112 million or 62% of sales compared to USD 108 million or 63% of sales in Q3 2020. The gross profit margin in Q3 2021 was mainly affected by temporary variable cost increases and related negative impact on productivity. Össur's manufacturing sites and warehouses are operating at normal capacity but supply chain challenges have had a short term negative effect on productivity. In the Q2 2021 Company Announcement, higher freight cost and inflation in raw material prices were estimated to affect cost of goods sold negatively by USD 4-6 million on a full year basis. However, in Q3 2021, cost of goods sold was further adversely affected by higher freight cost and inflation in raw material prices. Extraordinarily high ocean freight rates, increased use of air and expedited sea freight to support demand as well as increased shipment volume to build up inventory are the main drivers for higher freight cost in the quarter. Therefore, the supply chain cost increase is expected to affect cost of goods sold negatively by USD 9-11 million on a full-year basis compared to the estimate of USD 4-6 million communicated in Q2 2021.

OPEX 48% of sales in Q3 Operating expenses (OPEX) increased by 5% in Q3 2021 and amounted to USD 87 million or 48% of sales compared to USD 83 million or 48% of sales in Q3 2020. The main driver for OPEX growth in Q3 2021 is variable sales & marketing cost, as customer activities and variable payroll is higher compared to the same period last year. In addition, cost in relation to further investments in the Emerging Markets platform and digital initiatives are impacting OPEX growth.

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

Operating profit

EBITDA margin of 21% in Q3 Profitability in Q3 2021 was affected by softer sales in relation to the COVID-19 Delta variant and further supply chain related cost increases on freight and raw material prices. EBITDA in 9M 2021 amounted to USD 108 million or 20% of sales compared to USD 69 million or 15% of sales in 9M 2020. In Q3 2021, EBITDA amounted to USD 37 million or 21% of sales compared to USD 36 million or 21% of sales in Q3 2020. Currency impact on the EBITDA margin including hedge was neutral in the quarter.

The EBITDA margin is slightly below a normalized level, mainly due to the slow down in sales as a result of the COVID-19 Delta variant impact on sales in Q3 2021, in addition to the supply chain related cost increase. Furthermore, Össur has continued to invest in R&D, made investments in digitalization initiatives and growing the infrastructure in Emerging Markets throughout the COVID-19 impacted period.

Financial Items, Income Tax and Net Profit

Net financial expenses in Q3 2021 amounted to USD 2 million, compared to USD 5 million in Q3 2020, due to changes in net exchange rate differences between the quarters. Net financial expenses for 9M 2021 amounted to USD 8 million, compared to USD 9 million in 9M 2020.

Effective tax rate of 24% in Q3 Income tax amounted to USD 6 million in Q3 2021, corresponding to a 24% effective tax rate. Income tax amounted to USD 15 million in 9M 2021, also corresponding to a 24% effective tax rate.

Net profit in Q3 2021 amounted to USD 17 million or 10% of sales compared to a net profit of USD 15 million in Q3 2020. Diluted earnings per share in Q3 2021 amounted to 4.1 US cents compared to 3.5 US cents in Q3 2020. In 9M 2021, net profit amounted to USD 48 million compared to a net profit of USD 4 million in 9M 2020. Diluted earnings per share in 9M 2021 amounted to 11.4 US cents compared to 1.0 US cents in 9M 2020.

Cash Flow

Cash generated by operations and capital expenditures

Cash generation 17% of sales in Q3 Cash generated by operations amounted to USD 31 million or 17% of sales in Q3 2021 compared to USD 32 million or 18% of sales in Q3 2020. Cash generated by operations amounted to USD 89 million or 17% of sales in 9M 2021 compared to USD 92 million or 20% of sales in 9M 2020.

CAPEX was 4% of sales in Q3 Capital expenditures for Q3 2021 amounted to USD 7 million or 4% of sales, compared to USD 4 million or 2% of sales for Q3 2020.

Bank balances and cash equivalents

Cash and undrawn facilities amounted to USD 172 million Bank balances and cash equivalents amounted to USD 83 million at the end of Q3 2021 and USD 89 million of existing credit facilities are undrawn. Therefore, bank balances and cash equivalents, in addition to undrawn credit facilities, amounted to USD 172 million at the end of Q3 2021.

Capital Structure

Net-interest bearing debt

NIBD/EBITDA at 2.9x Net interest-bearing debt, including lease liabilities, amounted to USD 386 million at the end of Q3 2021 compared to USD 381 million at year-end 2020. Net interest-bearing debt to EBITDA corresponded to 2.9x at the end of Q3 2021.

Share buybacks

NIBD/EBITDA within the target range of 2.0x-3.0x The share buyback program was temporarily put on hold on 17 March 2020 due to the impact of the COVID-19 pandemic, as the net interest-bearing debt to EBITDA ratio was temporarily above the level in the Capital Structure and Dividend policy. In Q2 2021, Össur's Capital Structure and Dividend Policy was updated to a target level of 2.0x-3.0x net interest-bearing debt to EBITDA from a prior level of 1.5x-2.5x, to reflect the current capital structure and support further growth opportunities. The net interest-bearing debt to EBITDA was within the target range in Q3 2021, at 2.9x. The purpose of the share buyback programs is to adjust the capital structure in line with the desired capital level. At the end of Q3 2021, treasury shares totaled 792,280.

Other Matters

Launch of the Power Knee

Össur's next generation Power Knee has been introduced in a limited launch and is receiving good feedback. The Power Knee is the world's first and only actively powered prosthetic knee. This new version of the knee, is ideal for amputees seeking increased assistance from their prosthetic device and those who require better symmetry, more natural gait, and increased participation in the daily activities they enjoy. Össur has championed actively powered knee technology for over 15 years, understanding that the added benefit of power improves patient's short and long-term outcomes.

The introduction of the new Power Knee marks a new era in powered prosthetics and is the result of years of R&D expertise as well as patient and clinician feedback.

Team Össur

A global team of para-athletes who wear Össur prosthetics won 28 medals at the 2020 Tokyo Paralympic Games. The Össur Cheetah sports blades, easily identified by their yellow stripe, dominated several categories of competition, particularly Athletics. The majority of competitors in the women's and men's T62/T64 Long Jump, and 100m, 200m and 400m sprints, were wearing the Company's renowned carbon fiber sports feet.

Össur athletes set four new World Records and three new Paralympic records, including a complete sweep of the Women's T62-64 Long Jump, led by gold medalist Fleur Jong of The Netherlands, who also set a new World Record in the event. Marie-Amélie Le Fur from France, won the silver medal and Marlene van Gansewinkel, also from The Netherlands, won the bronze medal. Marlene also set two new Paralympic Records while winning gold in both the T64 100m and 200m events.

Össur athletes also swept the Men's T61 200m, led by gold medalist Ntando Mahlangu of South Africa, followed by the UK's Richard Whitehead. Ntando also set a new World Record and took gold in T61/T63 Long Jump. Germany's Markus Rehm continued his winning streak in T64 Long Jump, winning his fourth consecutive gold medal and leading a total sweep by Össur athletes in that category.

If Össur athletes were counted as a country, gold medal wins would have ranked it as 13th overall among all 162 participating nations.

Carbon Neutral in 2021

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

Financial Guidance

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

The financial guidance for the full year 2021 has been narrowed to the lower end of the organic sales growth guidance range (10-15%), at around 10% organic sales growth, and the lower end of the EBITDA margin guidance range (21-23%), at around 21% EBITDA margin before special items. Other items are unchanged, 3-4% CAPEX of sales, and an effective tax rate of 23-24%.

In the Q2 2021 Company Announcement, management estimated that organic sales growth would be around the middle of the 10-15% guidance range. The full year financial guidance assumed that Q3 and Q4 2021 would be mostly unaffected by impact from COVID-19. However, in Q3, the COVID-19 Delta variant affected sales primarily in Americas, Össur's largest market, as well as Australia.

The full year 2021 EBITDA margin guidance of around 21%, takes the estimated organic sales growth into account and assumes that cost of goods sold will adversely be affected by USD 9-11 million on a full year basis.

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

Foreign Exchange

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

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

Currency Overview USD	EUR	ISK
Average exchange rate FY 2020	1.1412	0.0074
Average exchange rate Q1 2021	1.2056	0.0078
Average exchange rate Q2 2021	1.2045	0.0081
Average exchange rate Q3 2021	1.1791	0.0079
Closing rate 25 October 2021	1.1604	0.0077
Estimated average exchange rate for 2021*	1.1874	0.0079
Change in estimated exchange rate 2021 compared to last year's average	4%	7%

* Estimated average exchange rate is calculated as the exchange rate of Q1 2021, Q2 2021 and Q3 2021 combined with the closing rate on 25 October 2021 for the remainder of the year.

Financial Calendar and Conferences

Q3 2021 Conference Call Details

Össur will host a conference call on 26 October 2021 at 9:00 CEST / 7:00 GMT / 3:00 EDT. To participate in the call please dial:

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

The United States: + 1 631 913 1422

Iceland: +354 800 7437

The PIN CODE to access the call is 99592602#. A webcast can be followed on the Össur website: www.ossur.com/investors.

Financial Calendar

Interim Report Q4 2021 and Annual Report 2021	1 February 2022
Annual General Meeting	8 March 2022

Conferences

Jefferies London Healthcare Conference (virtual)	18 – 19 November 2021
Nordea Innovation Seminar (virtual)	24 November 2021
Danske Bank Copenhagen Winter Seminar (DK)	1 - 2 December 2021
DNB Nordic Healthcare Conference (NO)	16 December 2021
SEB Nordic Seminar (DK)	10 – 12 January 2022
Carnegie Nordic Healthcare Seminar (SE/virtual)	16 March 2022
ABGSC Small & Mid Cap Seminar (DK)	21 April 2022
Goldman Sachs European Medtech Conference (UK)	7 – 8 September 2022

For Further Information

Contact Details

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About Össur

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

Forward-Looking Statements

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

Össur hf.

**Condensed Interim Consolidated
Financial Statements**

30.9.2021

Össur hf

Grjóthálsi 5

110 Reykjavík

Id-no. 560271-0189

Statement by the Board of Directors and President and CEO

The Condensed Interim Consolidated Financial Statements of Össur hf. for the period from 1 January to 30 September 2021 consist of the Financial Statements of Össur hf. and its subsidiaries. The Condensed Interim Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards for Interim Financial Reporting, IAS 34, as adopted by the EU. The Condensed Interim Consolidated Financial Statements are neither audited nor reviewed by the Company's auditors.

The total sales of the Össur Consolidation amounted to USD 531.1 million and the net profit amounted to USD 48.1 million. Össur's Consolidated total assets amounted to USD 1,254.3 million at the end of period, liabilities were USD 641.7 million, and equity was USD 612.6 million.

It is our opinion that these Condensed Interim Consolidated Financial Statements present all the information necessary to give a true and fair view of the Company's financial position at 30 September 2021 and operating performance of the period ended 30 September 2021.

The Board of Directors and the President and CEO of Össur hf. have today discussed the Condensed Interim Consolidated Financial Statements for the period from 1 January to 30 September 2021 and confirm them by means of their signatures.

Reykjavík, 26 October 2021

Board of Directors

Niels Jacobsen
Chairman of the Board

Arne Boye Nielsen

Alberto Esquenazi

Guðbjörg Edda Eggertsdóttir

Svafa Grönfeldt

President and CEO

Jón Sigurðsson

Consolidated Income Statement

All amounts in USD '000	Notes	9M 2021	9M 2020	Q3 2021	Q3 2020
Net sales	3	531,127	459,932	180,289	171,786
Cost of goods sold		(196,275)	(178,038)	(68,513)	(63,897)
Gross profit		334,852	281,894	111,776	107,889
Other income / (expenses)		594	(16,155)	85	(662)
Sales and marketing expenses		(186,261)	(169,621)	(62,309)	(57,689)
Research and development expenses		(23,338)	(22,583)	(8,011)	(7,731)
General and administrative expenses		(54,479)	(55,330)	(16,845)	(16,987)
Earnings before interest and tax (EBIT)		71,368	18,205	24,696	24,820
Financial income		422	893	232	163
Financial expenses		(9,437)	(8,278)	(2,727)	(2,766)
Net exchange rate difference		785	(1,807)	764	(1,905)
Net financial expenses		(8,230)	(9,192)	(1,731)	(4,508)
Earnings before tax (EBT)		63,138	9,013	22,965	20,312
Income tax		(15,037)	(4,989)	(5,535)	(5,437)
Net profit		48,101	4,024	17,430	14,875
Attributable to:					
Owners of the Company		46,430	2,793	16,727	14,399
Non-controlling interests		1,671	1,231	703	476
Net profit		48,101	4,024	17,430	14,875
Earnings per share					
Earnings per share (US cent)		11.4	1.0	4.1	3.5
Diluted earnings per share (US cent)		11.4	1.0	4.1	3.5

Consolidated Statement of Comprehensive Income

All amounts in USD '000	9M 2021	9M 2020	Q3 2021	Q3 2020
Net profit	48,101	4,024	17,430	14,875
Items that may be reclassified subsequently to profit or loss:				
Change in cash flow hedges	(396)	(1,952)	(1,154)	991
Exchange differences on translating foreign operations	(10,568)	(4,859)	(7,712)	2,872
Acc.transl.diff. reclassified to profit or loss on disposal of foreign operations	0	1,894	0	1,894
Income tax relating to components of other comprehensive income	(1,222)	1,898	(152)	681
Other comprehensive income, net of income tax	(12,186)	(3,019)	(9,018)	6,438
Total comprehensive income	35,915	1,005	8,412	21,313
Attributable to:				
Owners of the Company	34,244	(226)	7,709	20,837
Non-controlling interests	1,671	1,231	703	476
Total comprehensive income	35,915	1,005	8,412	21,313

Consolidated Balance Sheet

Assets			
All amounts in USD '000	Notes	30.09.2021	31.12.2020
Property, plant and equipment	5	55,419	58,466
Right of use assets	6	116,587	112,909
Goodwill	7	645,120	612,191
Other intangible assets	8	58,095	59,502
Investment in associates		13,296	13,352
Other financial assets		3,414	3,941
Deferred tax assets		27,429	27,512
Non-current assets		919,360	887,873
Inventories		102,225	93,231
Accounts receivables		108,157	98,353
Other assets	9	41,161	32,511
Bank balances and cash equivalents		83,426	102,363
Current assets		334,969	326,458
Total assets		1,254,329	1,214,331

Consolidated Balance Sheet

Equity and liabilities			
All amounts in USD '000	Notes	30.09.2021	31.12.2020
Issued capital and share premium		75,344	74,871
Reserves		(42,521)	(31,514)
Retained earnings		574,881	529,155
Equity attributable to owners of the Company		607,704	572,512
Non-controlling interest		4,946	4,678
Total equity		612,650	577,190
Borrowings	9	276,819	339,978
Lease liabilities		108,766	108,013
Deferred tax liabilities		26,932	26,053
Provisions		9,535	7,955
Deferred income		6,444	6,739
Other financial liabilities		12,701	1,098
Non-current liabilities		441,197	489,836
Borrowings	9	62,889	17,545
Lease liabilities		20,766	17,857
Accounts payable		30,102	20,024
Income tax payable		5,713	4,160
Provisions		11,483	11,369
Accrued salaries and related expenses		39,261	38,226
Other liabilities		30,268	38,124
Current liabilities		200,482	147,305
Total equity and liabilities		1,254,329	1,214,331

Consolidated Statement of Cash Flow

All amounts in USD '000	Notes	9M 2021	9M 2020	Q3 2021	Q3 2020
Earnings before interests and tax (EBIT)		71,368	18,205	24,696	24,820
Depreciation, amortization and impairment	5, 6, 7, 8	36,973	51,138	12,614	10,729
Change in inventories		(11,522)	12,959	(3,864)	11,279
Change in receivables		(20,256)	8,885	(4,186)	(11,841)
Change in payables		10,084	(1,063)	712	(6,432)
Other operating activities		2,350	1,420	1,445	3,086
Cash generated by operations		88,997	91,544	31,417	31,641
Interest received		314	753	116	151
Interest paid		(8,095)	(8,233)	(1,591)	(2,724)
Income tax paid		(20,544)	(8,623)	(10,086)	(3,183)
Net cash provided by operating activities		60,672	75,441	19,856	25,885
Purchase of fixed and intangible assets	5, 8	(17,950)	(18,216)	(7,202)	(4,108)
Acquisition of subsidiaries, net of cash in acq. entities		(37,999)	(41,807)	(1,549)	(4,868)
Disposal of subsidiaries, net of cash in disp. entities		0	7,108	0	7,108
Other investing activities		36	952	340	973
Cash flows to investing activities		(55,913)	(51,963)	(8,411)	(895)
Proceeds from long-term borrowings		694	74,265	164	0
Repayments of long-term borrowings		(10,739)	(6,783)	(209)	(59)
Payments of lease liabilities		(14,823)	(12,626)	(5,125)	(3,717)
Changes in revolving credit facility		7,789	(5,439)	(7,869)	(58,411)
Payment of dividends		0	(9,276)	0	0
Dividends from subsidiaries paid to non-controlling interests		(1,402)	(46)	(1,402)	(46)
Change in treasury shares		0	(4,486)	0	1,173
Cash flows from / (to) financing activities		(18,481)	35,609	(14,441)	(61,060)
Net change in cash		(13,722)	59,087	(2,996)	(36,070)
Effects of exchange rate changes on:					
Balance of cash held in foreign currencies		(2,443)	233	(1,410)	881
Other items held in foreign currencies		(2,772)	(114)	(1,958)	369
Cash at beginning of period		102,363	58,611	89,790	152,637
Cash at end of period		83,426	117,817	83,426	117,817

Consolidated Statement of Changes in Equity

All amounts in USD '000	Share capital	Share premium	Statutory reserve	Share option reserve	Fair value reserve	Translation reserve	Accumulated profits	Attributable to owners of the parent	Non-controlling interests	Total equity
Balance at 1 January 2020	4,794	73,019	1,267	2,178	516	(51,069)	533,661	564,366	4,590	568,956
Net profit							2,793	2,793	1,231	4,024
Change in cash flow hedges					(1,562)			(1,562)		(1,562)
Transl. diff. of shares in subsidiaries						(3,351)		(3,351)		(3,351)
Loss on disposal of subsidiaries						1,894		1,894		1,894
Total comprehensive income	0	0	0	0	(1,562)	(1,457)	2,793	(226)	1,231	1,005
Payment of dividends							(9,276)	(9,276)	(46)	(9,322)
Share option charge for the period				958				958		958
Share option vested during the period	10	5,447		(904)			272	4,825		4,825
Purchase of treasury shares	(11)	(9,300)						(9,311)		(9,311)
Balance at 30 September 2020	4,793	69,166	1,267	2,232	(1,046)	(52,526)	527,450	551,336	5,774	557,110
Balance at 1 January 2021	4,794	70,077	1,267	2,507	196	(35,484)	529,155	572,512	4,678	577,190
Net profit							46,430	46,430	1,671	48,101
Change in cash flow hedges					(468)			(468)		(468)
Transl. diff. of shares in subsidiaries						(11,718)		(11,718)		(11,718)
Total comprehensive income	0	0	0	0	(468)	(11,718)	46,430	34,244	1,671	35,915
Payment of dividends								0	(1,402)	(1,402)
Share option charge for the period				1,345				1,345		1,345
Share option vested during the period	1	472		(166)			(704)	(397)		(397)
Balance at 30 September 2021	4,795	70,549	1,267	3,686	(272)	(47,202)	574,881	607,704	4,946	612,650

Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Statement of compliance

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

Basis of preparation

The Condensed Interim Consolidated Financial Statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The Consolidated Financial Statements are presented in US dollars and all values are rounded to the nearest thousand ('000), except when otherwise indicated. The accounting policies adopted are consistent with those followed in the preparation of the Company's Annual Consolidated Financial Statements for the period ended 31 December 2020.

Notes to the Consolidated Financial Statements

2. Quarterly statements

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Net sales	180,289	189,992	160,846	169,571	171,786
Cost of goods sold	(68,513)	(69,513)	(58,249)	(60,230)	(63,897)
Gross profit	111,776	120,479	102,597	109,341	107,889
Gross profit margin	62%	63%	64%	64%	63%
Other income / (expenses)	85	236	273	(8,823)	(662)
Sales and marketing expenses	(62,309)	(64,017)	(59,935)	(59,664)	(57,689)
Research and development expenses	(8,011)	(8,055)	(7,272)	(8,435)	(7,731)
General and administrative expenses	(16,845)	(18,690)	(18,944)	(22,336)	(16,987)
EBIT	24,696	29,953	16,719	10,083	24,820
Net financial expenses	(2,495)	(3,700)	(2,820)	(2,303)	(2,603)
Net exchange rate difference	764	(1,127)	1,148	(4,073)	(1,905)
EBT	22,965	25,126	15,047	3,707	20,312
Income tax	(5,535)	(5,846)	(3,656)	190	(5,437)
Net profit	17,430	19,280	11,391	3,897	14,875
EBITDA	37,310	42,382	28,649	23,644	35,549
EBITDA margin	21%	22%	18%	14%	21%
Organic sales growth	4%	32%	2%	-4%	-5%
LCY sales growth	4%	33%	0%	-8%	1%

3. Net sales

	9M 2021	9M 2020	Q3 2021	Q3 2020
Specified according to geographical segments:				
Americas	250,667	220,079	88,458	83,144
EMEA	232,801	199,481	76,613	72,803
APAC	47,659	40,372	15,218	15,839
Total	531,127	459,932	180,289	171,786
Specified according to product lines:				
Prosthetics	334,614	265,644	115,325	100,499
Bracing and Supports	196,513	194,288	64,964	71,287
Total	531,127	459,932	180,289	171,786

Notes to the Consolidated Financial Statements

4. Sales and expenses split by main currencies

	9M 2021			Q3 2021		
	LCY	USD	%	LCY	USD	%
Sales						
USD	229,009	229,009	43%	81,272	81,272	45%
EUR	102,129	122,181	23%	34,253	40,388	22%
ISK	230,601	1,832	0%	86,113	682	0%
Nordic curr. (SEK, NOK, DKK)		75,456	14%		23,447	13%
Other (GBP, AUD, CAD & Other)		102,650	19%		34,500	19%
Total		531,127	100%		180,289	100%
COGS and OPEX						
USD	227,415	227,415	50%	82,122	82,122	53%
EUR	67,694	81,003	18%	21,960	25,892	17%
ISK	5,381,268	42,718	9%	1,720,822	13,633	9%
Nordic curr. (SEK, NOK, DKK)		68,134	15%		21,204	14%
Other (GBP, MXN, CAD & Other)		40,488	9%		12,741	8%
Total		459,759	100%		155,593	100%

	9M 2020			Q3 2020		
	LCY	USD	%	LCY	USD	%
Sales						
USD	209,363	209,363	46%	78,332	78,332	46%
EUR	95,363	107,353	23%	34,172	39,943	23%
ISK	201,318	1,488	0%	63,732	463	0%
Nordic curr. (SEK, NOK, DKK)		65,372	14%		23,577	14%
Other (GBP, AUD, CAD & Other)		76,356	17%		29,471	17%
Total		459,932	100%		171,786	100%
COGS and OPEX						
USD	208,636	208,636	47%	74,963	74,963	51%
EUR	86,847	97,266	22%	23,930	27,972	19%
ISK	5,977,147	44,252	10%	1,816,014	13,196	9%
Nordic curr. (SEK, NOK, DKK)		58,061	13%		19,085	13%
Other (GBP, MXN, CAD & Other)		33,512	8%		11,750	8%
Total		441,727	100%		146,966	100%

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

Notes to the Consolidated Financial Statements

5. 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	293	5,985	2,080	3,116	11,474
Acquired on acquisition of subsidiary	0	415	216	22	653
Exchange rate differences	(95)	(770)	(1,392)	(315)	(2,572)
Eliminated on disposal	0	(258)	(640)	(14)	(912)
Fully depreciated assets	0	(1,872)	(298)	(211)	(2,381)
At 30 September 2021	2,019	73,154	45,490	18,398	139,061
Depreciation					
At 1 January	233	41,165	22,196	10,739	74,333
Reclassification	0	0	(59)	59	0
Charge for the period	115	6,656	4,331	2,583	13,685
Exchange rate differences	(2)	(518)	(668)	(244)	(1,432)
Eliminated on disposal	0	(156)	(403)	(4)	(563)
Fully depreciated assets	0	(1,872)	(298)	(211)	(2,381)
At 30 September 2021	346	45,275	25,099	12,922	83,642
At 30 September 2021	1,673	27,879	20,391	5,476	55,419
Depreciation classified by functional category:					
	9M 2021	9M 2020	Q3 2021	Q3 2020	
Cost of goods sold	6,446	7,681	2,118	2,563	
Sales and marketing expenses	3,539	2,171	1,241	717	
Research and development expenses	654	941	196	315	
General and administrative expenses	3,046	3,156	977	1,135	
Total	13,685	13,949	4,532	4,730	

Notes to the Consolidated Financial Statements

6. Right of use assets

2021	Buildings & sites	Machinery & equipment	Total
At 1 January	111,174	1,735	112,909
Additions and renewals	19,206	3,107	22,313
Depreciation charge for the period	(14,432)	(1,246)	(15,678)
Eliminated on disposal	(602)	0	(602)
Exchange rate differences	(2,064)	(291)	(2,355)
At 30 September 2021	113,282	3,305	116,587

Depreciation classified by functional category:	9M 2021	9M 2020	Q3 2021	Q3 2020
Cost of goods sold	6,174	5,501	2,052	1,903
Sales and marketing expenses	3,087	2,751	1,026	952
Research and development expenses	1,852	1,650	616	571
General and administrative expenses	4,565	3,851	1,676	1,333
Total	15,678	13,753	5,370	4,759

7. Goodwill

	30.09.2021	31.12.2020
At 1 January	612,191	521,046
Arising on acquisition of subsidiaries	46,024	87,733
Purchase price allocation	(625)	(6,815)
Exchange rate differences	(12,355)	15,474
Impairment	(115)	(5,247)
At end of period	645,120	612,191

Notes to the Consolidated Financial Statements

8. Other intangible assets

2021	Cust./distrib. relationships	Patents	Trademarks	Software and other	Total
Cost					
At 1 January	40,026	18,363	2,576	44,517	105,482
Additions	0	560	50	748	1,358
Additions - internally generated	0	0	0	5,118	5,118
Purchase price allocation	785	0	0	91	876
Eliminated on disposal	0	(37)	(407)	(310)	(754)
Fully amortized assets	0	0	0	(123)	(123)
Exchange rate differences	(1,034)	(285)	(54)	(192)	(1,565)
At 30 September 2021	39,777	18,601	2,165	49,849	110,392
Amortization					
At 1 January	24,539	4,918	636	15,887	45,980
Charge for the period	3,190	874	59	3,372	7,495
Eliminated on disposal	0	(5)	0	(224)	(229)
Fully amortized assets	0	0	0	(123)	(123)
Exchange rate differences	(605)	(22)	(51)	(148)	(826)
At 30 September 2021	27,124	5,765	644	18,764	52,297
At 30 September 2021	12,653	12,836	1,521	31,085	58,095

Amort. and impairment classified by functional category:	9M 2021	9M 2020	Q3 2021	Q3 2020
Cost of goods sold	89	73	30	24
Other income / (expenses)	0	11,379	0	(1,180)
Sales and marketing expenses	4,726	4,766	1,696	1,576
Research and development expenses	1,092	1,136	361	328
General and administrative expenses	1,588	1,499	625	483
Total	7,495	18,853	2,712	1,231

9. Other information

Included in other assets is income tax receivable amounting to USD 6.7 million.

In Q3 2021, the Company made a conversion of a non-current revolving credit facility to an overdraft facility. This increases short term borrowings.