

Q3 2022

Interim Report Q3 2022

Announcement no. 61/2022

Sveinn Sölvason, President and CEO, Comments:

“Sales amounted to 177 million and EBITDA margin before special items was 20% in Q3 2022. Growth was very strong in APAC as both China and Australia are regaining ground and sales were stronger in Americas this quarter. We continue to face supply chain challenges and emphasize delivering our products and solutions to patients. Interest in the Power Knee remains high, and patient and provider satisfaction fuels our ongoing dedication to improving people’s mobility. We acquired Naked Prosthetics in the quarter, a market leader in mechanical finger prostheses, which strengthens our upper limb product offering. We have made organizational changes and initiated cost savings as we remain focused on future growth and profitability.”

Highlights Q3 2022

- Sales amounted to USD 177 million. Sales growth was 6% in local currency and increased by 4% organic. In 9M 2022, sales amounted to USD 528 million, sales growth was 6% in local currency and increased by 3% organic.
- Prosthetics grew by 4% organic and Bracing & Supports (B&S) grew by 2% organic in Q3 2022. Prosthetics grew by 3% in 9M 2022 and B&S by 2%.
- Sales were negatively impacted by USD 14 million due to currency movements in Q3 2022 compared to Q3 2021, which corresponds to about an 8%-point negative effect on the reported growth rate.
- In Q3 2022, Össur made organizational changes and initiated cost savings to support further growth and profitability, and simplified operations to better leverage key strategic locations. Total annual cost savings amount to USD 15 million and are expected to materialize from the beginning of 2023. In Q3 2022, net special items cost amounted to USD 14 million, mainly due to the cost saving initiatives.
- Gross profit margin was 61% in Q3 2022 compared to 62% in Q3 2021. Gross profit margin in Q3 2022 was 63% excluding special items, mainly in connection to the cost saving initiatives. Gross profit was 61% in 9M 2022 or 62% excluding special items, compared to 63% in 9M 2021.
- EBITDA before special items amounted to USD 35 million in Q3 2022, and the EBITDA margin was 20% compared to 21% in Q3 2021.
- Net profit in Q3 2022 amounted to USD 7 million or 4% of sales compared to USD 17 million or 10% of sales in Q3 2021, also affected by the before mentioned special items. Net profit in 9M 2022 amounted to USD 30 million compared to USD 48 million in 9M 2021.
- Cash generated by operations amounted to USD 21 million or 12% of sales in Q3 2022 and amounted to USD 53 million or 10% of sales in 9M 2022.
- NIBD/EBITDA was 2.8x at the end of Q3 2022, within the target ratio of 2.0-3.0x. In line with Össur’s Capital Structure and Capital Allocation Policy, Össur has temporarily paused share buybacks as NIBD/EBITDA is now at the upper end of the target leverage range.
- In Q3 2022, Össur acquired Naked Prosthetics, a leading provider of mechanical finger prostheses for finger and partial hand amputees, with FY 2021 sales of USD 9 million.
- The financial guidance for the full year 2022 is 4-6% organic sales growth, 18-20% EBITDA margin before special items, 3-4% CAPEX of sales, and an effective tax rate of 23-24%. Currently, management estimates that organic sales growth and EBITDA margin before special items for FY 2022 will be at the lower end of the guidance range.

Key Financials and Guidance	9M 2022	9M 2021	Q3 2022	Q3 2021	Guidance FY 2022
Net sales in USD million	528	531	177	180	
Sales growth, organic	3%	12%	4%	4%	4-6%
EBITDA margin	15%	20%	12%	21%	
EBITDA margin before special items	18%	20%	20%	21%	18-20%
CAPEX as % of sales	4%	3%	3%	4%	3-4%
Effective tax rate	24%	24%	22%	24%	23-24%

USD millions	9M 2022	9M 2021	Q3 2022	Q3 2021	FY 2021	FY 2020	FY 2019	FY 2018
Income Statement								
Net sales	528	531	177	180	719	630	686	613
Gross profit	324	335	108	112	455	391	439	387
Operating expenses (excl. other income / exp.)	277	264	95	87	360	338	341	304
EBITDA	81	108	21	37	149	93	141	107
EBITDA before special items	95	108	35	37	149	93	150	115
EBIT	44	71	9	25	97	28	98	79
Net profit	30	48	7	17	66	8	69	80
Sales Growth								
Sales growth USD	% (1)	15	(2)	5	14	(8)	12	8
Growth breakdown:								
Organic growth	% 3	12	4	4	10	(10)	5	5
Currency effect	% (6)	4	(8)	1	3	0	(4)	1
Acquired/divested business	% 3	(1)	2	(1)	1	2	11	2
Balance Sheet								
Total assets	1,275	1,254	1,275	1,254	1,247	1,214	1,091	914
Equity	608	613	608	613	627	577	569	538
Net interest-bearing debt (NIBD)	382	386	382	386	363	381	302	180
Cash Flow								
Cash generated by operations	53	89	21	31	128	119	120	92
Free cash flow	18	43	12	13	74	68	63	39
Key Ratios								
Gross profit margin	% 61	63	61	62	63	62	64	63
EBIT margin	% 8	13	5	14	14	4	14	13
EBITDA margin	% 15	20	12	21	21	15	21	18
EBITDA margin before special items	% 18	20	20	21	21	15	22	19
Equity ratio	% 48	49	48	49	50	48	52	59
Net debt to EBITDA before special items*	2.8	2.9	2.8	2.9	2.4	4.1	2.0	1.6
Effective tax rate	% 24	24	22	24	24	38	24	18
Return on equity*	% 8	9	8	9	11	1	12	15
CAPEX / Net sales	% 3.5	3.4	3.0	4.0	3.7	3.8	4.6	5.0
Market								
Market value of equity	1,652	2,957	1,652	2,957	2,724	3,380	3,340	2,055
Number of shares in millions	423	423	423	423	423	423	425	431
Diluted EPS in US cents	7.3	11.4	1.6	4.1	15.5	1.9	16.2	18.7

* 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 2022

Sales in 9M 2022 amounted to USD 528 million, compared to USD 531 million in 9M 2021, corresponding to a 3% increase organic, a 6% increase including acquisitions (local currency growth) and a 1% reported decline (USD growth). Sales in Q3 2022 amounted to USD 177 million compared to USD 180 million in Q3 2021, corresponding to 4% organic growth, a 6% increase including acquisitions (local currency growth) and a 2% reported decline (USD growth).

Acquired sales amounted to USD 4 million in Q3 2022

Impact on sales from acquisitions amounted to USD 4 million in Q3 2022 corresponding to about a 2%-point positive effect on the reported growth rate. Currency movements in Q3 2022 impacted sales negatively by USD 14 million, which corresponds to about an 8%-point negative effect on the reported growth rate. The adverse FX impact is mainly due to the strengthening of the USD against the EUR and other key currencies.

Sales By Geographical Segment (USD million)	Q3 2022	Organic growth*	Δ Acq. / div.	Δ Curr. Effect	USD growth*	9M 2022	Organic growth*	Δ Acq. / div.	Δ Curr. Effect	USD growth*
Americas	91	2%	1%	0%	2%	255	0%	2%	0%	2%
EMEA	69	1%	4%	-16%	(10%)	226	5%	5%	-12%	(3%)
APAC	17	25%	0%	-11%	14%	46	5%	0%	-8%	(3%)
Total	177	4%	2%	-8%	(2%)	528	3%	3%	-6%	(1%)

Sales By Product Segment (USD million)	Q3 2022	Organic growth*	Δ Acq. / div.	Δ Curr. Effect	USD growth*	9M 2022	Organic growth*	Δ Acq. / div.	Δ Curr. Effect	USD growth*
Prosthetics	114	4%	2%	-7%	(1%)	333	3%	2%	-6%	(0%)
Bracing & Supports	63	2%	3%	-9%	(3%)	194	2%	4%	-7%	(1%)
Total	177	4%	2%	-8%	(2%)	528	3%	3%	-6%	(1%)

*growth/(decline)

Prosthetics sales amounted to USD 333 million in 9M 2022 and increased by 3% organic. In Q3 2022, prosthetics sales amounted to USD 114 million and increased by 4% organic. In the quarter, sales of bionic products accounted for 22% of prosthetics component sales compared to 20% in Q3 2021. Össur continued to experience supply chain challenges in the quarter, including shortages of certain raw materials and components, and is still experiencing back orders. Bracing and Supports (B&S) sales amounted to USD 194 million in 9M 2022 and increased organically by 2%. B&S sales amounted to USD 63 million in Q3 2022 and increased by 2% organic. Lower patient volumes adversely affected B&S sales in Americas in the quarter.

Strong growth in APAC

Sales in APAC were particularly strong in Q3 2022, as both China and Australia performed well. Sales in Americas are strengthening while, after many strong quarters, sales in EMEA were softer this quarter. In Q3 2022, sales growth in Americas and EMEA was particularly affected by the discontinuation of the outsourcing contract with the Department of Defense (DOD) in the US (announced in the Q4 2021 Company Announcement) and the continuous suspension of sales to Russia due to the ongoing war.

Sales to Russia amounted to around 1% of sales in FY 2021. Össur continues to provide humanitarian aid in the form of donated products and clinical expertise to medical professionals in Ukraine.

Operations

Gross profit margin of 63% in Q3 excluding special items

Gross profit for 9M 2022 amounted to USD 324 million or 61% of sales compared to USD 335 million or 63% of sales for 9M 2021. In Q3 2022, gross profit amounted to USD 108 million or 61% of sales compared to USD 112 million or 62% of sales in Q3 2021. Gross profit margin in Q3 2022 was 63% excluding special items, mainly in connection to cost saving initiatives in the quarter. Supply chain challenges, including a shortage of certain raw materials and components, continued to have a short-term negative effect on productivity. Higher freight cost and inflation in raw material prices are estimated to increase cost of goods sold by USD 14 million on a full year basis in FY 2022 from pre-pandemic levels in FY 2019. Thereof, the increase in freight cost was around USD 5 million and around USD 3 million in raw materials in 1H 2022 and around USD 3 million in freight and around USD 1 million in raw materials in Q3 2022. The estimated increase in freight cost for FY 2022 has risen by USD 1 million as freight rates declined more slowly than anticipated last quarter. Higher freight rates and increased use of air and expedited sea freight to support production and demand continue to be the main drivers for higher freight cost. Management estimates that most of this increase in cost of goods sold is temporary in nature.

COGS increases vs. pre-pandemic levels in FY 2019 (USD million)		Initial Estimate (Q4 2021)	Previous Estimate (Q1 2022)	Previous Estimate (Q2 2022)	Updated Estimate (Q3 2022)
	FY 2021	FY 2022	FY 2022	FY 2022	FY 2022
Freight	7	5	8	9	10
Raw material	3	4	5	6	4
Total	10	9	13	15	14

Price increases of 2.5% in Q1 2022

Price increases were implemented with an approximately 2.5% price increase for Prosthetics and B&S product sales, effective in most markets mid Q1 2022. Sales price increases in 2022, and predominantly in 2023, are estimated to largely absorb the before mentioned cost increases. However, some unpredictability can be expected in terms of sales price increases covering further inflation.

OPEX of 50% in Q3 2022 excluding special items

Operating expenses amounted to USD 99 million or 56% of sales in Q3 2022 compared to USD 87 million or 48% of sales in Q3 2021. One-time restructuring cost in connection to organizational changes and cost savings initiatives were the main drivers for higher OPEX in the quarter. Excluding special items, OPEX was 50% of sales in Q3 2022.

In Q3 2022, Össur made organizational changes and initiated cost savings to support further growth and profitability and identified opportunities to increase efficiency by consolidating and simplifying operations to better leverage key strategic locations. Total annual cost savings amount to USD 15 million and are expected to materialize from the beginning of 2023. Össur plans to reinvest around one third of the cost savings into Össur's Emerging Markets platform and digital initiatives. The implementation costs amounted to USD 15 million and were fully expensed in Q3 2022.

In Q3 2022, a settlement in connection with a legal dispute resulted in other income of USD 4 million. In addition, Össur expensed special items of USD 3 million in relation to M&A activity in the quarter. Hence, net special items amounted to USD 14 million in Q3 2022.

Energy prices are on the rise, particularly in Europe due to the ongoing war in Ukraine. However, Össur's manufacturing is mainly located in Iceland, Mexico and China. In Iceland, the energy cost has been unaffected as Össur makes use of renewable energy sources which limits the effect of rising energy prices for the production in Europe. Higher energy prices will though have an impact on energy costs for Össur's offices and other entities in Europe.

Operating profit

EBITDA margin before special items of 20% in Q3

In 9M 2022, EBITDA before special items amounted to USD 95 million or 18% of sales compared to USD 108 million or 20% of sales in 9M 2021. In Q3 2022, EBITDA before special items amounted to USD 35 million or 20% of sales compared to USD 37 million or 21% of sales in Q3 2021. Currency impact on the EBITDA margin including hedge was negative by about 60 basis points in the quarter.

Financial Items, Income Tax and Net Profit

Net financial expenses in Q3 2022 amounted to USD 0.4 million, compared to USD 2 million in Q3 2021. Net financial expenses in 9M 2022 amounted to USD 4 million, compared to USD 8 million in 9M 2021, whereas the difference is mainly due to net exchange rate differences.

Effective tax rate of 22% in Q3

Income tax amounted to USD 2 million in Q3 2022, corresponding to a 22% effective tax rate compared to USD 6 million in Q3 2021, corresponding to a 24% effective tax rate. In 9M 2022, income tax amounted to USD 10 million, a 24% effective tax rate compared to USD 15 million in 9M 2021, also a 24% effective tax rate.

Net profit in Q3 2022 amounted to USD 7 million, affected by the before mentioned special items, compared to USD 17 million in Q3 2021. Diluted earnings per share in Q3 2022 amounted to 1.6 US cents compared to 4.1 US cents in Q3 2021. In 9M 2022, net profit amounted to USD 30 million compared to USD 48 million in 9M 2021. Diluted earnings per share in 9M 2022 amounted to 7.3 US cents compared to 11.4 US cents in 9M 2021.

Cash Flow

Cash generated by operations and capital expenditures

Cash generation of USD 21 million in Q3

Cash generated by operations amounted to USD 21 million or 12% of sales in Q3 2022 compared to USD 31 million or 17% of sales in Q3 2021. Cash generated by operations amounted to USD 53 million or 10% of sales in 9M 2022 compared to USD 89 million or 17% of sales in 9M 2021. Cash generated by operations was adversely affected by inventory buildup, largely as safety stock due to long lead times and uncertainty in the supply chain.

CAPEX was 3% of sales in Q3

Capital expenditures for Q3 2022 amounted to USD 5 million or 3% of sales, compared to USD 7 million or 4% of sales in Q3 2021.

Capital Structure

Net-interest bearing debt

NIBD/EBITDA at 2.8x

Net interest-bearing debt, including lease liabilities, amounted to USD 382 million at the end of Q3 2022 compared to USD 363 million at year-end 2021. Net interest-bearing debt to EBITDA corresponded to 2.8x at the end of Q3 2022.

Share buybacks

Temporarily pausing share buybacks

On 6 October 2022, Össur completed a share buyback program that was initiated on 14 February 2022, and on 10 October, Össur initiated a new share buyback program. The purpose of the programs was to reduce the Company's share capital and adjust the capital structure with a desired capital level of 2.0-3.0x net interest-bearing debt to EBITDA, by distributing capital to shareholders in line with the Company's Capital Structure and Capital Allocation Policy. As the leverage was 2.8x at the end of Q3 2022, at the upper end of the desired level, Össur has decided to temporarily pause share buybacks from 25 October 2022. At the end of Q3 2022, treasury shares totaled 2,544,876.

Financial Guidance

Guidance	Guidance FY 2022	Actual FY 2021
Sales growth, organic	4-6%	10%
EBITDA margin before special items	18-20%	21%
CAPEX as % of sales	3-4%	4%
Effective tax rate	23-24%	24%

The financial guidance for the full year 2022 is 4-6% organic sales growth and 18-20% EBITDA margin before special items. Currently, management estimates that organic sales growth and EBITDA margin before special items for FY 2022 will be around the lower end of the guidance range. Other items are unchanged, 3-4% CAPEX of sales, and an effective tax rate of 23-24%.

The key factors impacting sales growth will be effect from price increases, stability in product supply, impact from new product launches, successful execution in Emerging Markets, and effect from COVID-19. In addition, at current FX rates, sales are estimated to be negatively affected by ~6%-points in 2022. The estimated adverse FX impact is mainly due to the strengthening of the USD against the EUR and other key currencies.

At current foreign exchange rates, keeping all other factors constant, the EBITDA margin is expected to be negatively impacted by about 50 basis points in 2022 when compared to 2021. Additional information on foreign exchange assumptions can be found in the next section.

Financial 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 2.8-3.3 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 2021	1.1832	0.0079
Average exchange rate Q1 2022	1.1223	0.0078
Average exchange rate Q2 2022	1.0653	0.0077
Average exchange rate Q3 2022	1.0077	0.0072
Closing rate 24 October 2022	0.9851	0.0069
Estimated average exchange rate for 2022*	1.0451	0.0074
Change in estimated exchange rate 2022 compared to last year's average	-12%	-6%

* Estimated average exchange rate is calculated as the exchange rate of Q1 2022, Q2 2022 and Q3 2022 combined with the closing rate on 24 October 2022 for the remainder of the year.

Other Matters

Acquisition of Naked Prosthetics

In Q3 2022, Össur acquired Naked Prosthetics, a leading provider of durable, custom and functional finger prostheses for finger and partial hand amputees, with effect from 26 August 2022. The mechanical devices are individually designed to mimic the natural motion of the finger.

The acquisition addresses a critical need for patients with finger and partial hand loss, traditionally an underserved yet growing population. It is a welcome addition to the Össur product portfolio as it strengthens Össur's upper limb product offering globally and allows Össur to address a broader group of individuals seeking to live a Life Without Limitations.

The Company has around 70 employees and is located in the US, in Olympia, Washington. In 2021, Naked Prosthetics' sales amounted to USD 9 million.

Financial Calendar and Conferences

Q3 2022 conference call details

Össur will host a conference call on 25 October 2022 at **9:00 CEST / 7:00 GMT / 3:00 ET**. To participate in the call please click on this link: [Össur Conference Call](#).

A webcast can be followed on the Össur website: www.ossur.com/investors.

Financial Calendar

Interim Report Q4 2022 and Annual Report 2022	31 January 2023
Annual General Meeting	10 March 2023

Conferences

SEB Nordic Seminar (virtual)	21-23 November 2022
Danske Bank Copenhagen Winter Seminar (Copenhagen)	29-30 November 2022
SEB Nordic Seminar (Copenhagen)	9-11 January 2023
Carnegie Nordic Healthcare Seminar 2023 (Copenhagen)	14-16 March 2023

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 became Carbon Neutral in 2021. Össur operates globally and employs around 4,000 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**

30.9.2022

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 2022 to 30 September 2022 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 528 million and the net profit amounted to USD 30 million. Össur's Consolidated total assets amounted to USD 1,275 million at the end of period, liabilities were USD 666 million, and equity was USD 608 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 2022 and operating performance of the period ended 30 September 2022.

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 2022 to 30 September 2022 and confirm them by means of their signatures.

Reykjavík, 25 October 2022

Board of Directors

Niels Jacobsen
Chairman of the Board

Svafa Grönfeldt

Alberto Esquenazi

Arne Boye Nielsen

Guðbjörg Edda Eggertsdóttir

President and CEO

Sveinn Sölvason

Consolidated Income Statement

All amounts in USD '000	Notes	9M 2022	9M 2021	Q3 2022	Q3 2021
Net sales	3	527,706	531,127	176,701	180,289
Cost of goods sold		(203,893)	(196,275)	(68,587)	(68,513)
Gross profit		323,813	334,852	108,114	111,776
Other income / (expenses)		(3,548)	594	(3,757)	85
Sales and marketing expenses		(198,007)	(186,261)	(66,734)	(62,309)
Research and development expenses		(25,160)	(23,338)	(8,262)	(8,011)
General and administrative expenses		(53,481)	(54,479)	(20,339)	(16,845)
Earnings before interest and tax (EBIT)		43,617	71,368	9,022	24,696
Financial income		1,367	422	574	232
Financial expenses		(9,161)	(9,437)	(3,468)	(2,727)
Net exchange rate difference		4,177	785	2,484	764
Net financial expenses		(3,617)	(8,230)	(410)	(1,731)
Earnings before tax (EBT)		40,000	63,138	8,612	22,965
Income tax		(9,549)	(15,037)	(1,912)	(5,535)
Net profit		30,451	48,101	6,700	17,430
Attributable to:					
Owners of the Company		29,609	46,430	6,760	16,727
Non-controlling interests		842	1,671	(60)	703
Net profit		30,451	48,101	6,700	17,430
Earnings per share					
Earnings per share (US cent)		7.3	11.4	1.6	4.1
Diluted earnings per share (US cent)		7.3	11.4	1.6	4.1

Consolidated Statement of Comprehensive Income

All amounts in USD '000	9M 2022	9M 2021	Q3 2022	Q3 2021
Net profit	30,451	48,101	6,700	17,430
Items that may be reclassified subsequently to profit or loss:				
Change in cash flow hedges	(109)	(396)	(579)	(1,154)
Exchange differences on translating foreign operations	(39,453)	(10,568)	(17,483)	(7,712)
Income tax relating to components of other comprehensive income	(1,576)	(1,222)	(435)	(152)
Other comprehensive income, net of income tax	(41,138)	(12,186)	(18,497)	(9,018)
Total comprehensive income	(10,687)	35,915	(11,797)	8,412
Attributable to:				
Owners of the Company	(11,529)	34,244	(11,737)	7,709
Non-controlling interests	842	1,671	(60)	703
Total comprehensive income	(10,687)	35,915	(11,797)	8,412

Consolidated Balance Sheet

Assets

All amounts in USD '000	Notes	30.9.2022	31.12.2021
Property, plant and equipment	5	52,403	55,349
Right of use assets	6	112,313	126,731
Goodwill	7	675,070	644,153
Other intangible assets	8	64,467	58,836
Investment in associates		13,564	13,647
Other financial assets		5,448	2,924
Deferred tax assets		30,761	27,044
Non-current assets		954,026	928,684
Inventories		122,722	103,985
Accounts receivables		104,279	102,768
Other assets		26,675	26,281
Bank balances and cash equivalents		66,798	85,197
Current assets		320,474	318,231
Total assets		1,274,500	1,246,915

Consolidated Balance Sheet

Equity and liabilities

All amounts in USD '000		30.9.2022	31.12.2021
Issued capital and share premium		66,919	75,571
Reserves		(86,333)	(45,917)
Retained earnings		621,690	591,932
Equity attributable to owners of the Company		602,276	621,586
Non-controlling interest		5,851	5,009
Total equity		608,127	626,595
Borrowings	9	130,790	262,190
Lease liabilities		102,361	118,674
Deferred tax liabilities		34,113	29,027
Provisions		27,811	8,788
Deferred income		5,293	6,250
Other financial liabilities		22,367	8,935
Non-current liabilities		322,735	433,864
Borrowings	9	196,014	46,043
Lease liabilities		20,098	21,244
Accounts payable		26,832	26,720
Income tax payable		8,379	7,350
Provisions		26,079	10,674
Accrued salaries and related expenses		37,678	42,341
Other liabilities		28,560	32,084
Current liabilities		343,638	186,456
Total equity and liabilities		1,274,500	1,246,915

Consolidated Statement of Cash Flow

All amounts in USD '000	Notes	9M 2022	9M 2021	Q3 2022	Q3 2021
Earnings before interests and tax (EBIT)		43,617	71,368	9,022	24,696
Depreciation, amortization and impairment	5, 6, 7, 8	36,983	36,973	11,963	12,614
Change in inventories		(25,492)	(11,522)	(12,691)	(3,864)
Change in receivables		(13,686)	(20,256)	(2,102)	(4,186)
Change in payables		31	10,084	(1,151)	712
Change in provisions		14,233	1,968	18,365	1,207
Other operating activities		(2,881)	382	(1,941)	238
Cash generated by operations		52,805	88,997	21,465	31,417
Interest received		1,382	314	591	116
Interest paid		(7,236)	(8,095)	(2,258)	(1,591)
Income tax paid		(10,364)	(20,544)	(2,621)	(10,086)
Net cash provided by operating activities		36,587	60,672	17,177	19,856
Purchase of fixed and intangible assets	5, 8	(18,726)	(17,950)	(5,276)	(7,202)
Acquisition of subsidiaries, net of cash in acquired entities		(40,888)	(37,999)	(28,786)	(1,549)
Other investing activities		1,118	36	360	340
Cash flows to investing activities		(58,496)	(55,913)	(33,702)	(8,411)
Proceeds from long-term borrowings		0	694	0	164
Repayments of long-term borrowings		(6,251)	(10,739)	(128)	(209)
Changes in revolving credit facility		46,504	7,789	29,066	(7,869)
Payments of lease liabilities		(15,873)	(14,823)	(5,171)	(5,125)
Dividends from subsidiaries paid to non-controlling interests		0	(1,402)	0	(1,402)
Purchases of treasury shares		(9,217)	0	(2,172)	0
Cash flows from / (to) financing activities		15,163	(18,481)	21,595	(14,441)
Net change in cash		(6,746)	(13,722)	5,070	(2,996)
Exchange rate effects on cash held in foreign currencies		(11,653)	(5,215)	(6,009)	(3,368)
Cash at beginning of period		85,197	102,363	67,737	89,790
Cash at end of period		66,798	83,426	66,798	83,426

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 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
Balance at 1 January 2022	4,795	70,776	1,267	4,093	113	(51,390)	591,932	621,586	5,009	626,595
Net profit							29,609	29,609	842	30,451
Change in cash flow hedges					(87)			(87)		(87)
Transl. diff. of shares in subsidiaries						(41,051)		(41,051)		(41,051)
Total comprehensive income	0	0	0	0	(87)	(41,051)	29,609	(11,529)	842	(10,687)
Share option charge for the period				1,702				1,702		1,702
Share option vested during the period	1	564		(980)			149	(266)		(266)
Purchase of treasury shares	(15)	(9,203)						(9,217)		(9,217)
Balance at 30 September 2022	4,782	62,137	1,267	4,815	26	(92,441)	621,690	602,276	5,851	608,127

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 2021. The Company's Annual Consolidated 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 Condensed Interim 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 2021.

Notes to the Consolidated Financial Statements

2. Quarterly statements

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Net sales	176,701	180,945	170,060	187,542	180,289
Cost of goods sold	(68,587)	(69,843)	(65,463)	(67,007)	(68,513)
Gross profit	108,114	111,102	104,597	120,535	111,776
Gross profit margin	61%	61%	62%	64%	62%
Other income / (expenses)	(3,757)	61	149	1,093	85
Sales and marketing expenses	(66,734)	(65,980)	(65,293)	(67,624)	(62,309)
Research and development expenses	(8,262)	(7,616)	(9,283)	(8,397)	(8,011)
General and administrative expenses	(20,339)	(17,048)	(16,093)	(19,664)	(16,845)
EBIT	9,022	20,519	14,077	25,943	24,696
Net financial expenses	(2,894)	(2,449)	(2,451)	(2,775)	(2,495)
Net exchange rate difference	2,484	1,009	684	334	764
EBT	8,612	19,079	12,310	23,502	22,965
Income tax	(1,912)	(4,665)	(2,973)	(5,947)	(5,535)
Net profit	6,700	14,414	9,337	17,555	17,430
EBITDA	20,984	32,883	26,732	40,613	37,310
EBITDA margin	12%	18%	16%	22%	21%
EBITDA before special items	34,941	32,883	26,732	40,613	37,310
EBITDA margin before special items	20%	18%	16%	22%	21%
Organic sales growth	4%	(1%)	6%	5%	4%
LCY sales growth	6%	2%	10%	11%	4%

3. Net Sales

	9M 2022	9M 2021	Q3 2022	Q3 2021
Specified according to geographical segments:				
Americas	255,359	250,667	90,570	88,458
EMEA	225,884	232,801	68,745	76,613
APAC	46,463	47,659	17,385	15,218
Total	527,706	531,127	176,701	180,289
Specified according to product lines:				
Prosthetics	333,231	334,614	113,956	115,325
Bracing and Supports	194,475	196,513	62,745	64,964
Total	527,706	531,127	176,701	180,289

Notes to the Consolidated Financial Statements

4. Sales and expenses split by main currencies

	9M 2022			Q3 2022		
	LCY	USD	%	LCY	USD	%
Sales						
USD	231,521	231,521	44%	82,636	82,636	47%
EUR	112,861	120,255	23%	36,516	36,799	21%
ISK	229,416	1,731	0%	81,862	590	0%
Nordic curr. (SEK, NOK, DKK)		68,485	13%		20,014	11%
Other (GBP, AUD, CAD & Other)		105,714	20%		36,662	21%
Total		527,706	100%		176,701	100%
COGS and OPEX						
USD	227,626	227,626	47%	97,731	97,731	58%
EUR	80,276	86,036	18%	17,306	17,440	10%
ISK	6,406,608	48,490	10%	2,069,066	14,915	9%
Nordic curr. (SEK, NOK, DKK)		62,561	13%		17,662	11%
Other (GBP, MXN, CAD & Other)		59,376	12%		19,931	12%
Total		484,089	100%		167,679	100%

	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%

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

Notes to the Consolidated Financial Statements

5. Property, plant and equipment

2022	Buildings & sites	Machinery & equipment	Fixtures & office equip.	Computer equipment	Total
Cost					
At 1 January	1,606	72,331	46,081	17,359	137,377
Reclassification	57	148	1,268	(1,473)	0
Additions	50	5,383	2,924	3,204	11,561
Business Combinations	771	1,212	266	4	2,253
Eliminated on disposal	0	(89)	(340)	(261)	(690)
Exchange rate differences	(305)	(1,995)	(3,873)	(1,027)	(7,200)
Fully depreciated assets	0	(538)	(656)	(51)	(1,245)
At 30 September 2022	2,179	76,452	45,670	17,755	142,056
Depreciation					
At 1 January	412	44,326	25,360	11,930	82,028
Charge for the period	172	6,847	3,975	2,236	13,230
Eliminated on disposal	0	(58)	(251)	(229)	(538)
Exchange rate differences	(170)	(1,078)	(1,909)	(665)	(3,822)
Fully depreciated assets	0	(538)	(656)	(51)	(1,245)
At 30 September 2022	414	49,499	26,519	13,221	89,653
At 30 September 2022	1,765	26,953	19,151	4,534	52,403
Depreciation classified by functional category:		9M 2022	9M 2021	Q3 2022	Q3 2021
Cost of goods sold		6,701	6,446	2,281	2,118
Sales and marketing expenses		3,621	3,539	1,227	1,241
Research and development expenses		574	654	173	196
General and administrative expenses		2,334	3,046	663	977
Total		13,230	13,685	4,344	4,532

Notes to the Consolidated Financial Statements

6. Leases

Right of use assets

2022	Buildings & sites	Machinery & equipment	Total
At 1 January	123,992	2,739	126,731
Additions and renewals	8,363	1,754	10,117
Depreciation charge for the period	(14,491)	(1,398)	(15,889)
Eliminated on disposal	(324)	0	(324)
Exchange rate differences	(7,899)	(423)	(8,322)
At 30 September 2022	109,641	2,672	112,313

Depreciation classified by functional category:	9M 2022	9M 2021	Q3 2022	Q3 2021
Cost of goods sold	6,513	6,174	2,147	2,052
Sales and marketing expenses	3,257	3,087	1,073	1,026
Research and development expenses	1,954	1,852	644	616
General and administrative expenses	4,165	4,565	1,314	1,676
Total	15,889	15,678	5,178	5,370

7. Goodwill

	30.9.2022	31.12.2021
At 1 January	644,153	612,191
Business combinations	67,018	48,456
Exchange rate differences	(36,101)	(16,379)
Impairment	0	(115)
At end of period	675,070	644,153

Notes to the Consolidated Financial Statements

8. Other intangible assets

2022	Cust./distrib. relationships	Patents	Trademarks	Software and other	Total
Cost					
At 1 January	38,278	19,460	1,863	48,839	108,440
Additions	109	1,731	69	493	2,402
Additions - internally generated	0	0	0	4,763	4,763
Business Combinations	4,081	4,925	750	11	9,767
Eliminated on disposal	0	0	0	(227)	(227)
Exchange rate differences	(2,916)	(1,766)	(58)	(230)	(4,970)
Fully amortized assets	(300)	0	0	0	(300)
At 30 September 2022	39,252	24,350	2,624	53,649	119,875
Amortization					
At 1 January	25,319	5,986	300	17,999	49,604
Charge for the period	2,669	803	64	4,328	7,864
Eliminated on disposal	0	0	0	(74)	(74)
Exchange rate differences	(1,332)	(195)	(20)	(139)	(1,686)
Fully amortized assets	(300)	0	0	0	(300)
At 30 September 2022	26,356	6,594	344	22,114	55,408
At 30 September 2022	12,896	17,756	2,280	31,535	64,467
Amortization classified by functional category:					
	9M 2022	9M 2021	Q3 2022	Q3 2021	
Cost of goods sold	110	89	36	30	
Sales and marketing expenses	5,130	4,726	1,861	1,696	
Research and development expenses	982	1,092	335	361	
General and administrative expenses	1,642	1,588	209	625	
Total	7,864	7,495	2,441	2,712	

9. Borrowings

Refinancing of loan agreements with USD 131 million outstanding is ongoing and will be finalized before year-end 2022.