

Sveinn Sölvason, President and CEO, comments:

“Sales amounted to 193 million, with 7% organic growth, and the EBITDA margin was 19% in Q3 2023. Organic growth was 9% in the first nine months, driven by a strong contribution in all our business segments and regions. We continue to be on track to deliver on our ambition to grow 7-10% in average local currency growth in 2023-2027, in line with our recently launched Growth’27 strategy. We see strong volume growth within Prosthetics and Patient Care, and I am pleased to see our high-end solutions such as our recently launched Power Knee™ being fitted on more patients in need of powered prosthetic devices. Bionics as a percentage of total prosthetics sales continues to remain among the highest ratios we’ve had historically, demonstrating our ability to fit patients with the best solutions available.”

Highlights Q3 2023

- Sales amounted to USD 193 million in Q3 2023. Sales growth was 8% in local currency and increased by 7% organic.
- Prosthetics sales grew by 12% organic, Bracing & Supports (B&S) sales grew by 1% organic and Patient Care sales grew by 5% organic. Growth is attributed to strong volume growth and positive product mix with strong performance in our high-end solutions, in addition to price increases.
- Net profit grew by 107% and amounted to USD 14 million or 7% of sales. It should be noted that the comparable period is impacted by the expense of special items in Q3 2022.
- Gross profit margin was 62% compared to 61% in Q3 2022 (63% excluding special items). The gross profit margin was positively impacted by strong sales growth, positive product mix, and lower freight cost but adversely impacted by higher unit cost, time-lag in reimbursement, and investments in Össur Leg.
- EBITDA amounted to USD 36 million, and the EBITDA margin was 19% compared to an EBITDA margin before special items of 20% in Q3 2022. EBITDA margin remains stable at 18% year-to-date compared to last year.
- Cash generated by operations amounted to USD 34 million or 17% of sales compared to 12% of sales in Q3 2022. Solid cash generation but inventories remain high due to build-up of bionic components in line with sales performance.
- Free cash flow amounted to USD 17 million or 9% of sales compared to 7% of sales in Q3 2022. Free cash flow impacted by CAPEX investments due to expansions in key locations and higher interest payments than in the comparable quarter last year.
- NIBD/EBITDA before special items was 2.9x at the end of Q3 2023, within the target ratio of 2.0-3.0x. Össur continues to pause share buybacks.
- The financial guidance is unchanged or 7-8% organic sales growth, 17-20% EBITDA margin before special items, ~5% CAPEX as % of sales, and 23-24% effective tax rate.

Key financials and guidance	9M 2023	9M 2022	Q3 2023	Q3 2022	Guidance (current)	Guidance (as of July)
Net sales in USD million	575	528	193	177		
Sales growth, organic	9%	3%	7%	4%	7-8%	7-8%
EBITDA margin	18%	15%	19%	12%		
EBITDA margin before special items	18%	18%	19%	20%	17-20%	17-20%
CAPEX as % of sales	6%	4%	5%	3%	~5%	~5%
Effective tax rate	23%	24%	23%	22%	23-24%	23-24%

USD millions	Q3 2023	Q3 2022	9M 2023	9M 2022	FY 2022	FY 2021	FY 2020	FY 2019
Income Statement								
Net sales	193	177	575	528	719	719	630	686
Gross profit	119	108	357	324	440	455	391	439
Operating expenses (excl. other income / exp.)	95	95	294	277	373	360	338	341
EBITDA	36	21	102	81	114	149	93	141
EBITDA before special items	36	35	102	95	128	149	93	150
EBIT	24	9	65	44	65	97	28	98
Net profit	14	7	40	30	43	66	8	69
Sales Growth								
Sales growth USD	% 9	(2)	9	(1)	0	14	(8)	12
Growth breakdown:								
Organic growth	% 7	4	9	3	4	10	(10)	5
Currency effect	% 2	(8)	(1)	(6)	(7)	3	0	(4)
Acquired/divested business	% 1	2	2	3	3	1	2	11
Balance Sheet								
Total assets	1,338	1,275	1,338	1,275	1,325	1,247	1,214	1,091
Equity	675	608	675	608	636	627	577	569
Net interest-bearing debt (NIBD)	387	382	387	382	404	363	381	302
Cash Flow								
Cash generated by operations	34	21	80	53	92	128	119	120
Free cash flow	17	12	26	18	35	74	68	63
Key Ratios								
Gross profit margin	% 62	61	62	61	61	63	62	64
EBIT margin	% 12	5	11	8	9	14	4	14
EBITDA margin	% 19	12	18	15	16	21	15	21
EBITDA margin before special items	% 19	20	18	18	18	21	15	22
Equity ratio	% 50	48	50	48	48	50	48	52
Net debt to EBITDA before special items*	2.9	2.8	2.9	2.8	3.2	2.4	4.1	2.0
Effective tax rate	% 23	22	23	24	23	24	38	24
Return on equity*	% 8	8	8	8	7	11	1	12
CAPEX / Net sales	% 5.0	3.0	5.6	3.5	3.6	3.7	3.8	4.6
Market								
Market value of equity	1,705	1,652	1,705	1,652	2,035	2,724	3,380	3,340
Number of shares in millions	421	423	421	423	423	423	423	425
EPS in US cents	3.3	1.6	9.5	7.3	10.3	15.6	1.9	16.3
Diluted EPS in US cents	3.3	1.6	9.5	7.3	10.3	15.5	1.9	16.2

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

Management's report

Financial performance

Sales

Sales increased by 7% organic in Q3 2023

Sales in 9M 2023 amounted to USD 575 million, compared to USD 528 million in 9M 2022, corresponding to 9% organic growth, a 10% increase including acquisitions (local currency growth) and a 9% reported growth (USD growth). Sales in Q3 2023 amounted to USD 193 million compared to USD 177 million in Q3 2022, corresponding to 7% organic growth, an 8% increase including acquisitions (local currency growth) and a 9% reported growth (USD growth).

Positive FX impact of USD 3M in Q3 2023

Impact on sales from acquisitions amounted to USD 2 million in Q3 2023 corresponding to about a 1%-point positive effect on the reported growth rate. Reported sales were USD 3 million higher in Q3 2023 due to changes in FX when comparing to Q3 2022, which corresponds to about a 2%-point positive effect on the reported growth rate.

Sales by geographical segment (USD million)	Q3 2023	Organic growth	Δ Acq. / div.	Δ Curr. effect	USD growth	9M 2023	Organic growth	Δ Acq. / div.	Δ Curr. effect	USD growth
Americas	98	6%	2%	0%	8%	283	9%	3%	(0%)	11%
EMEA	79	9%	0%	5%	14%	244	9%	1%	(2%)	8%
APAC	16	(3%)	0%	(4%)	(6%)	48	10%	0%	(6%)	4%
Total	193	7%	1%	2%	9%	575	9%	2%	(1%)	9%

Sales by business segment (USD million)	Q3 2023	Organic growth	Δ Acq. / div.	Δ Curr. effect	USD growth	9M 2023	Organic growth	Δ Acq. / div.	Δ Curr. effect	USD growth
Prosthetics	101	12%	2%	2%	16%	296	14%	3%	(1%)	16%
Bracing & Supports	37	1%	0%	1%	2%	110	4%	0%	(1%)	2%
Internal product sales	(10)	29%	0%	(1%)	28%	(29)	31%	0%	(3%)	28%
External sales	128	7%	1%	2%	11%	377	10%	2%	(1%)	11%
Patient Care	65	5%	0%	1%	6%	198	7%	1%	(2%)	6%
Total	193	7%	1%	2%	9%	575	9%	2%	-1%	9%

Strong growth in Prosthetics and Patient Care

Sales were strong in Prosthetics and Patient Care in Q3 2023, largely driven by volume growth and positive product mix with increased sales and fittings of high-end solutions, in addition to some impact of price increases. Sales were modest in Bracing & Supports in Q3 2023. Sales growth in Americas and EMEA continue to be strong, but reported growth declined in APAC, mainly due to an extraordinary strong comparable quarter, but also some signs of an economic slowdown in China.

Continued strong performance in high-end solutions

In Q3 2023, prosthetics sales amounted to USD 101 million and grew by 12% organic. In the quarter, sales of Bionic products accounted for 25% of prosthetics sales compared to 22% in Q3 2022. Growth in Prosthetics was mainly driven by volume growth and positive product mix, in addition to price increases. Performance of our high-end solutions continues to be strong, such as the recently launched Power Knee™, but we are also seeing strong performance from the remainder of our Bionic portfolio. Bracing and Supports (B&S) sales amounted to USD 37 million in Q3 2023 and grew by 1% organic. Growth in B&S in EMEA and APAC was good in the quarter but growth in the Americas was soft. The soft performance in Americas was mainly related to changes made to our e-commerce channel. In the first nine months, growth in all regions was good. Patient Care sales amounted to USD 65 million in Q3 2023 and grew by 5% organic. Strong performance in Americas, attributed to volume growth and positive solution mix. Growth in EMEA was good with strong growth in some countries whereas other countries were temporarily impacted by delays in reimbursement approvals. Sales in APAC were soft but work in progress is healthy and outlook is good.

Limited reimbursement rate increases in Patient Care

Around 90% of Össur product sales and services are reimbursed by public and private payers. Össur has implemented price increases in 2023 for Prosthetics and B&S products in line with regional development in reimbursement and/or inflation. Price increases in Patient Care are however decided by public and private payers, and in 2022, most payers did not increase their rates. In 2023 only some payers in some markets have increased reimbursement rates and, for example, selected markets in EMEA where Össur has substantial Patient Care operations, there have not been any material changes to reimbursement rates in 2023, temporarily impacting growth and margin development in those markets.

Operations

Gross profit margin of 62% in Q3 2023

Gross profit in 9M 2023 amounted to USD 357 million or 62% of sales compared to USD 324 million or 61% of sales in 2022 (62% of sales when excluding special items). In Q3 2023, gross profit amounted to USD 119 million or 62% of sales compared to USD 108 million or 61% of sales in Q3 2022 (63% of sales when excluding special items). The gross profit margin was positively impacted by lower freight cost, product mix, and strong sales growth, but outweighed by higher unit cost in the quarter, time-lag in reimbursement in Patient Care, and investing in the Össur Leg manufacturing site.

Inflationary effects are evident in both labor and raw material cost, but it is estimated that freight cost will decline by approximately USD 6-7 million in FY 2023 compared to FY 2022. In Q3 2023, freight cost declined in line with expectations, driven by lower freight rates and reduced volume shipped from Asia, but offset by temporary use of more expensive means of freight for some raw materials in line with strong sales performance.

Unit cost has been increasing at a faster rate than price increases in recent years, due to inflation and supply chain challenges. However, with lower freight cost and increasing productivity, unit cost is already starting to normalize year-to-date, although it is still above normalized levels.

OPEX ratio of 49% in Q3 2023

Operating expenses, excluding other income/(expense), amounted to USD 294 million or 51% of sales in 9M 2023, compared to USD 277 million or 52% of sales in 9M 2022 (51% of sales excluding special items). Operating expenses, excluding other income/(expense), amounted to USD 95 million or 49% of sales in Q3 2023, compared to USD 95 million or 54% of sales in Q3 2022 (50% of sales excluding special items).

Main driver of OPEX in the quarter are inflation and labor cost, including merit and variable compensation in line with strong sales performance, but those were offset by cost saving initiatives announced in Q3 2022 to support further growth and profitability. Total annual cost savings amount to USD 15 million which started to materialize from the beginning of 2023, of which one-third was reinvested in emerging markets and digital initiatives.

Operating profit

EBITDA margin of 19% in Q3 2023

In 9M 2023, EBITDA amounted to USD 102 million or 18% of sales compared to EBITDA before special items of USD 95 million or 18% of sales in 9M 2022. In Q3 2023, EBITDA amounted to USD 36 million or 19% of sales compared to EBITDA before special items of USD 35 million or 20% of sales in Q3 2022. Currency impact on the EBITDA margin including hedge was negative by about 40 basis points in the quarter. EBITDA grew despite inflation driven OPEX growth and adverse impact from currency changes.

Financial items, income tax and net profit

Net financial expenses in 9M 2023 amounted to USD 14 million, compared to USD 4 million in 9M 2022. Net financial expenses in Q3 2023 amounted to USD 6 million, compared to USD 0.4 million in Q3 2022. Higher financial expenses are partly due to a globally higher interest rate environment.

Effective tax rate of 23% in Q3 2023	Income tax amounted to USD 12 million in 9M 2023, corresponding to a 23% effective tax rate compared to USD 10 million in 9M 2022, corresponding to a 24% effective tax rate. Income tax amounted to USD 4 million in Q3 2023, corresponding to a 23% effective tax rate compared to USD 2 million in Q3 2022, corresponding to a 22% effective tax rate.
Net profit margin of 7% in Q3 2023	Net profit in 9M 2023 amounted to USD 40 million or 7% of sales compared to USD 30 million in 9M 2022 or 6% of sales. Diluted earnings per share in 9M 2023 amounted to 9.5 US cents compared to 7.3 in 9M 2022. Net profit in Q3 2023 amounted to USD 14 million or 7% of sales compared to USD 7 million in Q3 2022 or 4% of sales. Diluted earnings per share in Q3 2023 amounted to 3.3 US cents compared to 1.6 in Q3 2022.
Cash flow	
Cash generated by operations	
Cash generation of USD 34 million in Q3 2023	Cash generated by operations amounted to USD 80 million or 14% of sales in 9M 2023 compared to USD 53 million or 10% of sales in 9M 2022. Cash generated by operations amounted to USD 34 million or 17% of sales in Q3 2023 compared to USD 21 million or 12% of sales in Q3 2022.
	Cash generation is increasing but remains adversely impacted by investments in working capital. This is due to inventory levels which remain high, mainly consisting of bionic raw material to secure production of Bionics in addition to build-up of high-volume, low-cost, B&S products in the last two years due to the worldwide supply chain challenges. Inventory levels are currently being lowered in Bracing & Supports, and overall inventory is expected to gradually normalize.
Capital expenditures	
CAPEX was 5% of sales in Q3 2023	Capital expenditures in 9M 2023 amounted to USD 32 million or 6% of sales, compared to USD 19 million or 4% of sales in 9M 2022. Capital expenditures in Q3 2023 amounted to USD 10 million or 5% of sales, compared to USD 5 million or 3% of sales in Q3 2022.
	CAPEX in the quarter and first nine months are above a normalized level as investments are being made in the Össur Leg concept and expanding in some key locations to support further growth.
Free cash flow	
	Free cash flow in 9M 2023 amounted to USD 26 million or 4% of sales, compared to USD 18 million or 3% of sales in 9M 2022. Free cash flow in Q3 2023 amounted to USD 17 million or 9% of sales, compared to USD 12 million or 7% of sales in Q3 2022.
	Free cash flow is increasing but was temporary adversely impacted by inventory which remains high, CAPEX investments in manufacturing facility upgrades, and higher interest payments than in the comparable quarter last year.
Bank balances and cash equivalents	
Cash and undrawn facilities amounted to USD 125 million	Bank balances and cash equivalents amounted to USD 70 million at the end of Q3 2023 and USD 55 million of existing facilities were undrawn. Bank balances and cash equivalents in addition to undrawn credit facilities at the end of Q3 2023, therefore, amounted to USD 125 million.

Capital structure

Net-interest bearing debt

**NIBD/EBITDA
before special
items at 2.9x**

Net interest-bearing debt, including lease liabilities, amounted to USD 387 million at quarter-end Q3 2023 compared to USD 404 million at year-end 2022. Net interest-bearing debt to EBITDA before special items corresponded to 2.9x at quarter-end Q3 2023, within the target range of 2.0-3.0x.

Share buybacks and treasury shares

**Share buybacks
continue to be
paused**

The purpose of the program is 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 before special items, 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 decided to temporarily pause share buybacks from 25 October 2022. Össur continues to pause the share buybacks as the leverage was 2.9x, at the upper end of the desired level, at the end of Q3 2023.

At the end of Q3 2023, treasury shares totaled 701,647.

Financial guidance

Guidance FY 2023	Current	As of July	As of April	As of January
Sales growth, organic	7-8%	7-8%	4-8%	4-8%
EBITDA margin before special items	17-20%	17-20%	17-20%	17-20%
CAPEX as % of sales	~5%	~5%	3-4%	3-4%
Effective tax rate	23-24%	23-24%	23-24%	23-24%

Growth in all business segments and regions has been strong in the first nine months of the year with total organic growth of 9%. The strong performance can be attributed to a good momentum in sales of high-end innovative solutions and good market acceptance of recently launched products such as the Power Knee™ and Proprio Foot®. Growth has further been driven by strong volume growth in Prosthetics and Patient Care, positive solutions mix by fitting and selling more high-end solutions, and some impact of price increases. Even so, the comparable quarters in the second half of the year are stronger than in the first half of the year and therefore the financial guidance for the full year remains unchanged at 7-8% organic growth.

EBITDA margin in the first nine months of the year is 18%, same as in the comparable period in 2022. EBITDA margin has been positively impacted by strong organic growth, positive solution mix, operating leverage, and lower freight cost although adversely impacted by unit cost which is still above normalized level, inflationary cost increases, time-lag in reimbursement in some Patient Care markets, and currency headwinds. The net result is that the guidance for EBITDA margin before special items remains unchanged at 17-20%. All else equal, given current outlook, the expectation is to be around the middle of the range.

Capital expenditures (CAPEX) in the first nine months of 2023 amounted 6% of sales. CAPEX in 2023 is above a normalized level as investments are being made in the Össur Leg concept and expansions in some key locations to support further growth. CAPEX guidance remains unchanged at ~5% of sales in 2023. It should be noted that CAPEX relative to sales is expected to be higher in 2023 than the normalized average historical level of 3-4%.

Guidance for effective tax rate remains unchanged in the range of 23-24%.

Foreign exchange

Sales are particularly exposed to fluctuations in the EUR against the USD. In addition to the EUR, the ISK has a relatively high impact on operating results as a substantial part of manufacturing, R&D and some corporate functions are based in Iceland whereas sales in ISK are minor. Split of sales and costs by main currencies can be found in note 4 of the accompanying Condensed Interim 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 2.4-3.0 million when unhedged. The same movement in ISK/USD is estimated to have an annual impact on EBITDA in the range of +/- USD 3.1-3.7 million when unhedged. Össur utilizes forward contracts to hedge approximately 50% of the estimated net currency exposure in ISK.

	EUR	ISK
Currency overview USD		
Average exchange rate FY 2022	1.0540	0.0074
Average exchange rate Q1 2023	1.0721	0.0070
Average exchange rate Q2 2023	1.0893	0.0073
Average exchange rate Q3 2023	1.0932	0.0075
Closing rate 23 October 2023	1.0666	0.0072
Estimated average exchange rate for FY 2023*	1.0803	0.0073
Change in estimated exchange rate FY 2023 compared to last year's average	2%	-2%

*Estimated average exchange rate is calculated as the exchange rate of Q1, Q2 and Q3 2023 combined with the closing rate on 23 October 2023 for the remainder of the year.

Financial calendar and conferences

Q3 2023 conference call details

Össur will host a conference call on 24 October 2023 at 9:00 CET / 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 2023 and Annual Report 2023	30 January 2024
Annual General Meeting 2024	13 March 2024

Conferences

Danske Bank's Winter Seminar (Copenhagen)	30 November 2023
SEB Nordic Seminar (Copenhagen)	8-10 January 2024
GS European Medtech and Healthcare Services Conference (London)	4-5 September 2024

For further information

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About Össur

Össur (Nasdaq Copenhagen: OSSR) is a leading global provider of innovative mobility solutions that help people live a Life Without Limitations®. For over 50 years, Össur has had a strong purpose rooted in positively impacting people's health and well-being. A recognized "Technology Pioneer", Össur focuses on improving people's mobility through the delivery of solutions that advance patient care. Significant investment in research and development has led to over 2,000 patents, award-winning designs, successful clinical outcomes, and steady growth. Össur is committed to sustainable business practices and is signatory to the UN Global Compact, UN Women's Empowerment Principles, and contributes to the UN Sustainable Development Goals. Össur operates globally and has 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**

30.09.2023

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 2023 to 30 September 2023 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 575.5 million and the net profit amounted to USD 39.8 million. Össur's Consolidated total assets amounted to USD 1,337.9 million at the end of period, liabilities were USD 662.8 million, and equity was USD 675.1 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 2023 and financial performance and cash flow for the period ended 30 September 2023.

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 2023 to 30 September 2023 and confirm them by means of their signatures.

Reykjavík, 24 October 2023

Board of Directors

Niels Jacobsen
Chairman of the Board

Svafa Grönfeldt
Vice Chairman

Alberto Esquenazi

Arne Boye Nielsen

Guðbjörg Edda Eggertsdóttir

President and CEO

Sveinn Sölvason

Consolidated Income Statement

All amounts in USD '000	Notes	9M 2023	9M 2022	Q3 2023	Q3 2022
Net sales	3	575,486	527,706	192,920	176,701
Cost of goods sold		(218,463)	(203,893)	(73,890)	(68,587)
Gross profit		357,023	323,813	119,030	108,114
Other income / (expenses)		1,625	(3,548)	137	(3,757)
Sales and marketing expenses		(216,148)	(198,007)	(71,712)	(66,734)
Research and development expenses		(28,032)	(25,160)	(8,884)	(8,262)
General and administrative expenses		(49,713)	(53,481)	(14,577)	(20,339)
Earnings before interest and tax (EBIT)		64,755	43,617	23,994	9,022
Financial income		3,658	1,097	521	588
Financial expenses		(15,720)	(9,161)	(4,496)	(3,468)
Net exchange rate difference		(1,453)	4,177	(1,948)	2,484
Net financial expenses		(13,515)	(3,887)	(5,923)	(396)
Effects of associates		599	270	(67)	(14)
Earnings before tax (EBT)		51,839	40,000	18,004	8,612
Income tax		(12,052)	(9,549)	(4,131)	(1,912)
Net profit		39,786	30,451	13,873	6,700
Attributable to:					
Owners of the Company		39,395	29,609	13,894	6,760
Non-controlling interests		392	842	(21)	(60)
Net profit		39,786	30,451	13,873	6,700
Earnings per share					
Earnings per share (US cent)		9.5	7.3	3.3	1.6
Diluted earnings per share (US cent)		9.5	7.3	3.3	1.6

Consolidated Statement of Comprehensive Income

All amounts in USD '000	9M 2023	9M 2022	Q3 2023	Q3 2022
Net profit	39,786	30,451	13,873	6,700
Items that may be reclassified subsequently to profit or loss:				
Change in cash flow hedges	1,605	(109)	383	(579)
Exchange differences on translating foreign operations	(2,727)	(39,453)	(2,239)	(17,483)
Income tax relating to components of other comprehensive income	(628)	(1,576)	(852)	(435)
Other comprehensive income, net of income tax	(1,750)	(41,138)	(2,708)	(18,497)
Total comprehensive income	38,036	(10,687)	11,165	(11,797)
Attributable to:				
Owners of the Company	37,645	(11,529)	11,186	(11,737)
Non-controlling interests	392	842	(21)	(60)
Total comprehensive income	38,036	(10,687)	11,165	(11,797)

Consolidated Balance Sheet

Assets

All amounts in USD '000	Notes	30.09.2023	31.12.2022
Property, plant and equipment	5	62,135	54,189
Right of use assets	6	112,656	125,131
Goodwill	7	679,462	680,400
Other intangible assets	8	63,473	62,003
Deferred tax assets		36,918	37,320
Investment in associates		14,157	13,751
Other financial assets		3,334	3,719
Non-current assets		972,135	976,514
Inventories		138,492	132,127
Accounts receivables		123,068	112,372
Other assets		33,833	27,717
Bank balances and cash equivalents		70,356	76,631
Current assets		365,749	348,847
Total assets		1,337,884	1,325,361

Consolidated Balance Sheet

Equity and liabilities

All amounts in USD '000		30.09.2023	31.12.2022
Issued capital and share premium		66,260	66,211
Reserves		(71,444)	(70,467)
Retained earnings		680,053	639,961
Equity attributable to owners of the Company		674,869	635,704
Non-controlling interest		197	(194)
Total equity		675,066	635,510
Borrowings		302,313	277,709
Lease liabilities	6	105,255	116,376
Deferred tax liabilities		29,150	29,596
Other financial liabilities		14,981	17,314
Provisions		7,272	5,808
Deferred income		6,786	6,042
Non-current liabilities		465,759	452,844
Borrowings		30,196	62,068
Lease liabilities	6	20,048	24,770
Accounts payable		31,823	28,653
Income tax payable		12,827	11,012
Provisions		10,873	19,325
Accrued salaries and related expenses		44,105	42,005
Other financial liabilities		15,260	18,524
Other liabilities		31,928	30,651
Current liabilities		197,060	237,007
Total equity and liabilities		1,337,884	1,325,361

Consolidated Statement of Cash Flow

All amounts in USD '000	Notes	9M 2023	9M 2022	Q3 2023	Q3 2022
Earnings before interests and tax (EBIT)		64,755	43,617	23,994	9,022
Depreciation and amortization	5, 6, 8	37,065	36,983	12,277	11,963
Change in inventories		(7,221)	(25,492)	(594)	(12,691)
Change in receivables		(15,434)	(13,686)	(2,323)	(2,102)
Change in payables		5,943	31	1,632	(1,151)
Change in provisions		(6,926)	14,233	(2,246)	18,365
Other operating activities		1,351	(2,881)	1,009	(1,941)
Cash generated by operations		79,534	52,805	33,749	21,465
Interest received		4,418	1,382	1,129	591
Interest paid		(15,206)	(7,236)	(4,067)	(2,258)
Income tax paid		(11,199)	(10,364)	(3,758)	(2,621)
Net cash generated from operating activities		57,547	36,587	27,053	17,177
Purchase of fixed and intangible assets	5, 8	(31,989)	(18,726)	(9,731)	(5,276)
Acquisition of subsidiaries, net of cash in acquired entities		(5,171)	(40,888)	(342)	(28,786)
Other investing activities		508	1,118	(53)	360
Cash flows to investing activities		(36,652)	(58,496)	(10,126)	(33,702)
Repayments of long-term borrowings		(7,036)	(6,251)	(272)	(128)
Changes in revolving credit facility		1,433	46,504	(11,593)	29,066
Payments of lease liabilities	6	(20,092)	(15,873)	(5,226)	(5,171)
Purchased treasury shares		0	(9,217)	0	(2,172)
Cash flows from / (to) financing activities		(25,695)	15,163	(17,091)	21,595
Net change in cash		(4,801)	(6,746)	(164)	5,070
Exchange rate effects on cash held in foreign currencies		(1,474)	(11,653)	(750)	(6,009)
Cash at beginning of period		76,631	85,197	71,270	67,737
Cash at end of period		70,356	66,798	70,356	66,798

Consolidated Statement of Changes in Equity

All amounts in USD '000	Share capital	Share premium	Statutory reserve	Share option reserve	Hedging reserve	Translation reserve	Accumulated profits	Attributable to owners of the Company	Non-controlling interests	Total equity
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
Balance at 1 January 2023	4,781	61,430	1,267	5,150	(1,028)	(75,856)	639,961	635,704	(194)	635,510
Net profit							39,395	39,395	392	39,786
Change in cash flow hedges					1,284			1,284		1,284
Transl. diff. of shares in subsidiaries						(3,034)		(3,034)		(3,034)
Total comprehensive income	0	0	0	0	1,284	(3,034)	39,395	37,645	392	38,036
Share option charge for the period				1,562				1,562		1,562
Share option vested during the period	0	49		(789)			697	(42)		(42)
Balance at 30 September 2023	4,781	61,479	1,267	5,924	256	(78,890)	680,053	674,869	197	675,066

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 (IFRS) 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 for the period. New and amended IFRS that are effective for the current year have minor impact on the Company's Financial Statements. The Company has not early applied new and revised IFRS 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 2022. 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. This rounding may have impact on the total sum. 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 2022.

Notes to the Consolidated Financial Statements

2. Quarterly statements

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Net sales	192,920	201,353	181,212	190,944	176,701
Cost of goods sold	(73,890)	(75,409)	(69,164)	(75,008)	(68,587)
Gross profit	119,030	125,944	112,049	115,936	108,114
Gross profit margin	62%	63%	62%	61%	61%
Other income / (expenses)	137	430	1,058	1,252	(3,757)
Sales and marketing expenses	(71,712)	(73,272)	(71,163)	(68,049)	(66,734)
Research and development expenses	(8,884)	(9,414)	(9,734)	(8,864)	(8,262)
General and administrative expenses	(14,577)	(18,666)	(16,470)	(19,047)	(20,339)
EBIT	23,994	25,023	15,739	21,228	9,022
Net financial expenses	(5,923)	(5,128)	(2,466)	(5,143)	(396)
Effects of associates	(67)	682	(16)	87	(14)
EBT	18,004	20,577	13,257	16,172	8,612
Income tax	(4,131)	(4,705)	(3,216)	(3,413)	(1,912)
Net profit	13,873	15,872	10,041	12,759	6,700
EBITDA	36,271	37,372	28,177	33,609	20,984
EBITDA margin	19%	19%	16%	18%	12%
EBITDA before special items	36,271	37,372	28,177	33,609	34,941
EBITDA margin before special items	19%	19%	16%	18%	20%
Organic sales growth	7%	11%	9%	6%	4%
LCY sales growth	8%	13%	11%	9%	6%

3. Net Sales

	9M 2023	9M 2022	Q3 2023	Q3 2022
Sales by geographical segment:				
Americas	283,487	255,359	97,992	90,570
EMEA	243,503	225,884	78,633	68,745
APAC	48,496	46,463	16,296	17,385
Total	575,486	527,706	192,920	176,701
Sales by business segment:				
Prosthetics	295,517	254,680	101,227	87,393
Bracing & Supports	110,384	107,865	36,870	36,019
Internal product sales	(28,821)	(22,564)	(9,733)	(7,616)
External product sales	377,080	339,981	128,364	115,796
Patient Care	198,405	187,725	64,556	60,905
Total	575,486	527,706	192,920	176,701

Presentation of sales by business segment has been changed in 2023, resulting in restatement of comparatives.

Notes to the Consolidated Financial Statements

4. Sales and expenses split by main currencies

	9M 2023			Q3 2023		
	LCY	USD	%	LCY	USD	%
Sales						
USD	254,933	254,933	44%	89,045	89,045	46%
EUR	128,297	138,984	24%	41,537	45,195	23%
ISK	357,771	2,610	1%	134,731	1,011	1%
Nordic curr. (SEK, NOK, DKK)		64,264	11%		19,076	10%
Other (GBP, AUD, CAD & Other)		114,695	20%		38,593	20%
Total		575,486	100%		192,920	100%
COGS and OPEX						
USD	232,010	232,010	45%	77,098	77,098	46%
EUR	97,590	105,719	21%	31,741	34,536	20%
ISK	7,112,838	51,625	10%	2,182,150	16,371	10%
Nordic curr. (SEK, NOK, DKK)		60,213	12%		18,764	11%
Other (GBP, MXN, CAD & Other)		61,164	12%		22,157	13%
Total		510,731	100%		168,926	100%

	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%

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

Notes to the Consolidated Financial Statements

5. Property, plant and equipment

2023	Buildings & sites	Machinery & equipment	Fixtures & office equip.	Computer equipment	Total
Cost					
At 1 January	2,257	69,427	46,356	13,928	131,968
Reclassification	(1,680)	0	1,680	0	0
Additions	0	6,768	12,764	3,487	23,019
Business Combinations	0	82	29	0	111
Eliminated on disposal	0	(2,996)	(3,480)	(226)	(6,702)
Fully depreciated assets	0	(221)	(249)	(127)	(597)
Exchange rate differences	(2)	(103)	(57)	(167)	(329)
At 30 September 2023	575	72,957	57,043	16,895	147,470
Depreciation					
At 1 January	474	41,900	26,129	9,276	77,779
Reclassification	(352)	0	352	0	0
Charge for the period	13	6,176	3,976	2,622	12,787
Eliminated on disposal	0	(2,071)	(2,277)	(189)	(4,537)
Fully depreciated assets	0	(221)	(249)	(127)	(597)
Exchange rate differences	2	(33)	39	(105)	(97)
At 30 September 2023	137	45,751	27,970	11,477	85,335
At 30 September 2023	438	27,206	29,073	5,418	62,135
Depreciation classified by functional category:		9M 2023	9M 2022	Q3 2023	Q3 2022
Cost of goods sold		6,472	6,701	2,190	2,281
Sales and marketing expenses		3,386	3,621	1,196	1,227
Research and development expenses		474	574	173	173
General and administrative expenses		2,455	2,334	753	663
Total		12,787	13,230	4,312	4,344

Notes to the Consolidated Financial Statements

6. Leases

Right of use assets

2023	Buildings & sites	Machinery & equipment	Total
At 1 January	122,647	2,484	125,131
Additions and renewals	3,204	2,029	5,233
Depreciation charge for the period	(15,462)	(1,435)	(16,897)
Eliminated on disposal	(268)	0	(268)
Exchange rate differences	(493)	(50)	(543)
At 30 September 2023	109,628	3,028	112,656

Depreciation classified by functional category:	9M 2023	9M 2022	Q3 2023	Q3 2022
Cost of goods sold	6,741	6,513	2,242	2,147
Sales and marketing expenses	3,371	3,257	1,121	1,073
Research and development expenses	2,022	1,954	673	644
General and administrative expenses	4,763	4,165	1,569	1,314
Total	16,897	15,889	5,605	5,178

Lease liabilities

In January 2023, a buyout agreement for one of the Company's main locations was signed and the remaining contractual payment made, totaling USD 5.0 million.

7. Goodwill

	30.09.2023	31.12.2022
At 1 January	680,400	644,153
Business combinations	1,133	54,229
Exchange rate differences	(2,071)	(17,982)
At end of period	679,462	680,400

Notes to the Consolidated Financial Statements

8. Other intangible assets

2023	Cust./distrib. relationships	Patents	Trademarks	Software and other	Total
Cost					
At 1 January	36,939	25,009	2,803	50,242	114,993
Additions	109	2,255	46	337	2,747
Additions - internally generated	0	0	0	6,223	6,223
Exchange rate differences	(347)	107	5	(138)	(373)
At 30 September 2023	36,701	27,371	2,854	56,664	123,590
Amortization					
At 1 January	27,039	6,857	501	18,593	52,990
Charge for the period	1,408	1,019	64	4,890	7,381
Exchange rate differences	(252)	10	2	(14)	(254)
At 30 September 2023	28,195	7,886	567	23,469	60,117
At 30 September 2023	8,506	19,485	2,287	33,195	63,473
Amortization classified by functional category:					
	9M 2023	9M 2022	Q3 2023	Q3 2022	
Cost of goods sold	411	110	265	36	
Sales and marketing expenses	4,384	5,130	1,387	1,861	
Research and development expenses	1,015	982	332	335	
General and administrative expenses	1,571	1,642	376	209	
Total	7,381	7,864	2,360	2,441	