Announcement no. 01/2022
25 January 2022

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

Coloplast A/S
Holtedam 1
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Denmark

Company reg. (CVR)
no. 69749917

Q1 2021/22

Interim financial results, Q1 2021/22

1 October 2021 - 31 December 2021

Coloplast delivers a solid Q1 with 6% organic growth and 32% EBIT margin before special items. Organic growth guidance unchanged. Financial guidance for 2021/22 updated to reflect the Atos Medical acquisition.

- Coloplast delivered 6% organic growth in the first quarter. Reported revenue in DKK was up by 9% to DKK 5,169 million. Organic growth rates by business area: Ostomy Care 6%, Continence Care 5%, Interventional Urology 5% and Wound & Skin Care 12%.
- Chronic Care delivered a satisfactory first quarter driven by solid growth in Europe due to a normalised growth in new patients as well as continued strong performance in Emerging markets ex. China. China remains impacted by COVID-19 and weaker consumer sentiment. As expected, the US posted a slow start to the year impacted by a high baseline in Q1 last year and continued lower growth in new patients in Continence Care due to COVID-19.
- Growth in the Interventional Urology business was impacted by a high baseline in Men's Health in Q1 last year. The underlying growth was solid in Men's and Women's Health in the US as well as the Endourology business in Europe.
- The Wound & Skin Care business delivered a strong quarter, with Wound Care delivering 17% organic growth, driven by solid momentum in Europe and the Biatain® Silicone portfolio.
- EBIT before special items was DKK 1,649 million, a 7% increase from last year, corresponding to an EBIT margin before special items of 32% against 32% last year. EBIT after special items was DKK 1,615 million, a 5% increase from last year, corresponding to an EBIT margin after special items of 31% (special items were DKK 34 million related to Atos Medical).
- ROIC after tax before special items was 43% against 44% last year. Diluted earnings per share (EPS) before special items increased by 8% to DKK 5.78.
- In Q2 2021/22, a new share buy-back programme is expected to be launched, totalling DKK 500 million and to be completed by the end of the 2021/22 financial year.
- On November 8, 2021, Coloplast announced the acquisition of Atos Medical, the global market leader in laryngectomy. Atos Medical is expected to grow 8-10% organically, with an EBITDA margin in the mid-30s level, and contribute to Coloplast's Strive25 financial guidance of 7-9% organic growth and +30% EBIT margin.

2021/22 financial guidance updated to reflect the acquisition of Atos Medical, targeted to close on January 31, 2022.

- Organic revenue growth guidance is unchanged, expected around 7% at constant exchange rates. Reported growth in DKK excluding Atos Medical is expected to be around 9% from previously around 8% due to FX movements. The impact of the Atos Medical acquisition on reported growth is expected to be around 6%-points (8 months impact). In total, reported growth in DKK is expected to be around 15%.
- Reported EBIT margin before special items is expected around 31% from previously around 32%, due to around DKK 200 million in amortization charges related to the Atos Medical acquisition (8 months impact). Reported EBIT margin after special items is expected to be around 30%, impacted by special items of around DKK 150 million, related to one-off transaction and integration costs related to Atos Medical.
- Capital expenditures expected to be around DKK 1.3 billion, from previously DKK 1.2 billion, increase reflecting the impact from Atos Medical capex and integration capex related to the acquisition. The effective tax rate is expected to be around 23% from previously 22-23%, reflecting impact from the Atos Medical acquisition.

Conference call
Coloplast will host a conference call on Tuesday, 25 January 2022 at 15.00 CET.
The call is expected to last about one hour.
To actively participate in the Q&A session please call +45 3544 5577, +44 3333 000 804 or +1 631 913 1422. The participant PIN code is 37433177#

Access the conference call webcast directly here:
https://getvisualtv.net/stream/register/?coloplast-x5yv2g5dpa

Financial highlights and key ratios

1 October 2021 – 31 December 2021, unaudited

Consolidated	2021/22 Q1	2020/21 Q1	Change
Income statement, DKK million			
Revenue	5,169	4,738	9%
Research and development costs	-205	-186	10%
Operating profit before interest, tax, depr. and amort. (EBITDA) before special items	1,824	1,738	5%
Operating profit before interest, taxes and amortization (EBITA) before special items	1,670	1,576	6%
Operating profit (EBIT) before special items	1,649	1,536	7%
Special items	-34	-	N/A
Operating profit (EBIT)	1,615	1,536	5%
Net financial income and expenses	-58	-41	41%
Profit before tax	1,557	1,495	4%
Net profit for the period	1,207	1,136	6%
Revenue growth, %			
Period growth in revenue	9	1	
Growth break down:			
Organic growth	6	5	
Currency effect	3	-4	
Balance sheet, DKK million			
Total assets	16,188	14,926	8%
Capital invested	11,887	11,039	8%
Net interest-bearing debt	4,172	3,973	5%
Equity end of period	6,419	5,770	11%
Cash flow and investments, DKK million			
Cash flows from operating activities	1,131	1,212	-7%
Cash flows from investing activities	-201	-1,226	-84%
Investments in property, plant and equipment, gross	-175	-255	-31%
Free cash flow	930	-14	N/A
Cash flows from financing activities	-745	125	N/A
Key ratios			
Average number of employees, FTEs	12,805	12,497	
Operating margin (EBIT margin) before special items, %	32	32	
Operating margin (EBIT margin), %	31	32	
Operating margin before interest, tax, depr. and amort., (EBITDA margin), %	35	37	
Return on average invested capital before tax (ROIC), %[1)]	56	58	
Return on average invested capital after tax (ROIC), %[1)]	43	44	
Return on equity, %	66	69	
Equity ratio, %	40	39	
Net asset value per outstanding share, DKK	30	27	11%
Share data			
Share price, DKK	1,151	930	24%
Share price/net asset value per share	38.2	34.3	11%
Average number of outstanding shares, millions	212.8	212.7	0%
PE, price/earnings ratio	50.7	43.5	17%
Earnings per share (EPS), diluted	5.66	5.33	6%
Earnings per share (EPS) before special items, diluted	5.78	5.33	8%
Free cash flow per share	4.4	-0.1	N/A

[1)] Before special items. After special items, ROIC before tax was 55% (2020/21: 59%), and ROIC after tax was 43% (2020/21: 45%).

Sales performance

The Q1 organic growth was 6%, impacted by a high baseline in Q1 last year, especially in the US Chronic Care and Interventional Urology businesses. Lower growth in new patients in the US Continence Care business due to COVID-19 continued to have an adverse impact on the performance. Outside of the US and China, growth in new patients is to a large extent normalised.
Reported revenue in DKK was up by 9% to DKK 5,169 million. Exchange rate developments increased revenue by 3%-points, mainly related to a significant increase in the value of GBP, USD and CNY against DKK.

Sales performance by business areas	DKK million		Growth composition (3 mths)			
	2021/22 (3 mths)	2020/21 (3 mths)	Organic growth	Acquired operations	Exchange rates	Reported growth
Ostomy Care	2,098	1,932	6%	-	3%	9%
Continence Care	1,844	1,705	5%	1%	2%	8%
Interventional Urology	579	536	5%	-	3%	8%
Wound & Skin Care	648	565	12%	-	3%	15%
Revenue	**5,169**	**4,738**	**6%**	**0%**	**3%**	**9%**

Sales performance by region	DKK million		Growth composition (3 mths)			
	2021/22 (3 mths)	2020/21 (3 mths)	Organic growth	Acquired operations	Exchange rates	Reported growth
European markets	2,959	2,737	6%	-	2%	8%
Other developed markets	1,285	1,174	5%	1%	3%	9%
Emerging markets	925	827	8%	-	4%	12%
Revenue	**5,169**	**4,738**	**6%**	**0%**	**3%**	**9%**

Ostomy Care

Ostomy Care generated 6% organic sales growth in the first quarter of the 2021/22 financial year, with reported revenue in DKK growing by 9% to DKK 2,098 million.

The SenSura® Mio portfolio and the Brava® range of supporting products continued to be the main drivers of revenue growth. At the product level, SenSura Mio Convex was the main contributor to growth driven by Europe, in particular Germany and the UK, as well as the US. SenSura Mio Concave also continued to contribute to growth driven mostly by Europe, especially the UK and Germany, and the US. The SenSura and Assura/Alterna® portfolios also contributed to growth in Emerging markets, where they are being actively promoted. Sales of the Brava range of supporting products continue to contribute to growth driven by Emerging markets, especially China and Russia, as well as the UK and the US.

From a geographical perspective, Europe was the main contributor to growth, led by the UK, France and Spain. The US also contributed to growth. In the Emerging markets region, Russia and LATAM were the main growth contributors. China also posted growth but continued to be impacted by a lower average value per patient as a result of economic uncertainty which has impacted consumer sentiment.

During Q1 2021/22, growth in new patients remained largely normalised at pre-COVID levels across all regions. In China, we continued to see flare-ups and lockdowns on provincial level, however with limited impact on the growth in new patients.

Continence Care

Continence Care generated 5% organic sales growth for the first quarter of 2021/22, with reported revenue in DKK growing by 8% to DKK 1,844 million. Acquired growth contributed with 1%.

The SpeediCath® intermittent catheters were the main drivers of revenue growth. The growth in sales of the SpeediCath portfolio was driven by compact and flexible catheters, all of which are ready-to-use hydrophilic coated catheters. The growth in compact and flexible catheters was driven by good momentum in Europe, in particular in France and the UK, as well as in the US. SpeediCath Navi, a hydrophilic catheter specifically designed for Emerging markets and lower priced developed markets, continues to contribute nicely to growth.

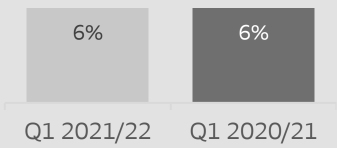
Sales of the anal irrigation system Peristeen® made a solid contribution to growth, driven by broad-based solid performance in Europe, as well as the US.

From a geographical perspective, growth was driven by Europe, in particular France and the UK, as well as the US and LATAM.

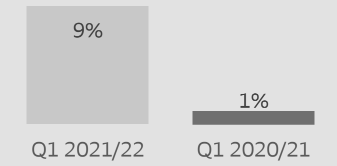
During Q1 2021/22, growth in new patients in Europe was largely normalised at pre-COVID levels. In the US, growth in new patients continues to be below pre-COVID levels.

Ostomy Care

Organic growth

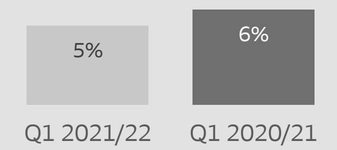


Reported growth

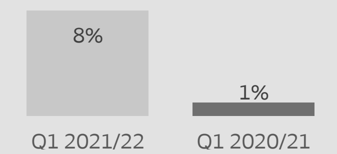


Continence Care

Organic growth



Reported growth



Interventional Urology

Interventional Urology generated 5% organic sales growth in the first quarter of 2021/22, with reported revenue in DKK growing by 8% to DKK 579 million.

Growth in the quarter was driven by Women's Health, primarily in the US. The Endourology portfolio also contributed nicely to growth, mainly driven by Europe. Growth in Men's Health was slightly negative, impacted by a high baseline in Q1 last year. Procedural volumes remained healthy in Men's Health, and the underlying growth in the quarter was solid, with some impact from the spread of the Omicron variant towards the end of the quarter.

From a geographical perspective, the growth contribution in the quarter was solid in both the US and Europe, in particular in France.

Wound & Skin Care

Wound & Skin Care generated 12% organic sales growth in the first quarter of 2021/22, with reported revenue in DKK growing by 15% to DKK 648 million.

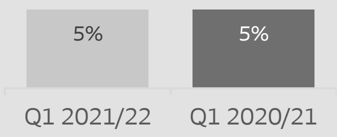
The wound care business delivered 17% organic growth in the first quarter of 2021/22. The Biatain® Silicone portfolio was the main contributor to growth. Biatain® Fiber continues to perform well and also contributed to growth.

From a geographical perspective, Europe was the main growth contributor, driven by Germany, France and Spain, showing solid momentum. Emerging markets also contributed nicely to growth.

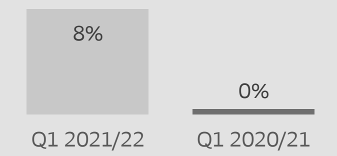
The Compeed contract manufacturing business contributed to growth, impacted by a lower baseline in Q1 last year.
The Skin Care business detracted from growth, impacted by lower demand due to COVID-19.

Interventional Urology

Organic growth

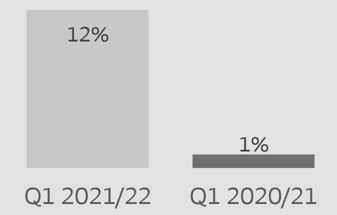


Reported growth

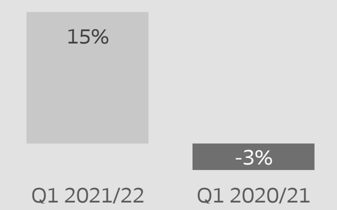


Wound & Skin Care

Organic growth



Reported growth



Earnings

Income statement, DKK million	Q1 2021/22	Index
Revenue	**5,169**	**109**
Production costs	-1,639	107
Gross profit	**3,530**	**110**
Distribution costs	-1,492	114
Administrative expenses	-195	105
Research and development costs	-205	110
Other operating income	14	93
Other operating expenses	-3	75
Operating profit (EBIT) before special items	**1,649**	**107**
Special items	-34	n/a
Operating profit (EBIT)	**1,615**	**105**
Financial income	19	106
Financial expenses	-77	131
Profit before tax	**1,557**	**104**
Tax on profit for the period	-350	97
Net profit for the period	**1,207**	**106**

Gross profit

Gross profit was DKK 3,530 million compared to DKK 3,206 million last year. The gross margin was 68%, on par with last year. The gross margin included a positive impact from currencies, mainly related to the appreciation of the USD, GBP and CNY against DKK. The depreciation of the HUF against DKK also contributed positively. Around 80% of the company's production volumes are in Hungary.

The gross profit was positively impacted by operating leverage savings from the Global Operations Plan 5. On the other hand, the gross margin was negatively impacted by double-digit wage inflation in Hungary, increasing prices for raw materials and energy, as well as ramp-up costs in Costa Rica.

Costs

Distribution costs amounted to DKK 1,492 million, a DKK 182 million increase (14%) from DKK 1,310 million last year. Distribution costs amounted to 29% of revenue compared to 28% last year. The higher distribution costs reflect increased travel expenses and sales & marketing activities as COVID-19 restrictions were eased across several countries, as well as continued commercial investments in the US, Interventional Urology, and consumer and digital initiatives.

Administrative expenses amounted to DKK 195 million, up DKK 10 million (5%) from DKK 185 million last year. Administrative expenses accounted for 4% of revenue which was on par with last year.

The R&D costs were DKK 205 million, a DKK 19 million (10%) increase compared to last year due to an increased activity level. R&D costs amounted to 4% of revenue on par with last year.

Other operating income and other operating expenses amounted to a net income of DKK 11 million, the same level as last year.

Special items

During Q1, Coloplast incurred special items expenses of DKK 34 million. The expenses are related to one-off legal and advisory fees, in connection with the acquisition of Atos Medical. Please see "Other matters" for further details.

Operating profit (EBIT)

EBIT before special items amounted to DKK 1,649 million, a DKK 113 million (7%) increase from DKK 1,536 million last year. The EBIT margin before special items was 32% compared to 32% last year. The EBIT margin includes a positive impact from currencies, mainly related to the appreciation of USD, GBP and CNY against DKK.

EBIT after special items was DKK 1,615 million, including special items of DKK 34 million related to the acquisition of Atos Medical. The EBIT margin after special items was 31%.

Financial items and tax

Financial items were a net expense of DKK 58 million, compared to a net expense of DKK 41 million last year. The net expense of DKK 58 million was primarily due to losses on currency hedges of DKK 37 million, on mainly GBP and USD, and fees of DKK 31 million, of which DKK 23 million are loan fees in relation to the Atos Medical acquisition. This was only partly offset, mainly by gains on balance sheet items denominated in several foreign currencies, including CNY and USD, of DKK 12 million.

The tax rate was 22.5%, around 1.5%-points lower than last year. The tax rate last year was impacted by the Nine Continents acquisition. The tax expense amounted to DKK 350 million against DKK 359 million last year.

Net profit
Net profit before special items was DKK 1,233 million, a DKK 97 million increase from DKK 1,136 million last year. Diluted earnings per share (EPS) before special items increased by 8% from DKK 5.33 last year to DKK 5.78.

Net profit after special items was DKK 1,207 million and diluted earnings per share (EPS) after special items was DKK 5.66.

Cash flows and investments

Cash flows from operating activities
Cash flows from operating activities amounted to DKK 1,131 million, against DKK 1,212 million last year. The negative development in cash flows from operating activities was mainly due to a decrease in trade payables and financial items, partly offset by income tax paid and an increase in operating profit (EBIT). The positive development in income tax paid was due to timing of tax payments.

Investments
Coloplast made investments of DKK 201 million in the first quarter of 2021/22 or 4% of revenue, compared with DKK 1,230 million last year. Investments in Q1 last year included the acquisition of Nine Continents Medical of DKK 950 million. Excluding acquisitions, investments last year amounted to DKK 280 million or 6% of revenue.

Total cash flows from investing activities were a DKK 201 million outflow, against a DKK 1,226 million outflow in the same period last year, due to the above-mentioned acquisition last year.

Free cash flow
As a result, the free cash flow was an inflow of DKK 930 million compared to an outflow of DKK 14 million in the same period last year. Adjusted for the acquisition of Nine Continents Medical, the free cash flow was DKK 936 million, corresponding to a decrease of 1%.

Capital resources
At 31 December 2021, Coloplast had net interest-bearing debt, including securities, of DKK 4,172 million, against DKK 2,112 million at 30 September 2021. The increase in net interest-bearing debt was mainly due to the payment of dividends in December 2021.

Statement of financial position and equity

Balance sheet
At 31 December 2021, total assets amounted to DKK 16,188 million, an increase of DKK 347 million compared to 30 September 2021. The increase was mainly due to an increase in cash and cash equivalents.

Working capital was 25% of revenue, compared to 24% at 30 September 2021. Inventories increased by DKK 69 million to DKK 2,497 million and trade receivables increased by DKK 3 million to DKK 3,215 million.
Trade payables decreased by DKK 439 million relative to 30 September 2021 to stand at DKK 597 million.

Equity
Equity decreased by DKK 1,749 million relative to 30 September 2021 to DKK 6,419 million. Total comprehensive income for the period of DKK 1,212 million, share-based remuneration of DKK 11 million and the net effect of treasury shares bought and sold of DKK 7 million. were offset by the payment of dividends amounting to DKK 2,979 million.

Treasury shares
At 31 December 2021, Coloplast's holding of treasury shares consisted of 3,181,604 B shares, which was 17,745 fewer than at 30 September 2021. The decrease was due to the exercise of share options.

Update on sustainability strategy and performance

Priority	Unit	2025 Ambition	Q1 2021/22	Q1 2020/21	Change	FY 20/21
Improving products and packaging						
Recyclable packaging[1]	% of total	90%	-	-	-	75%
Renewable materials in packaging[1]	% of total	80%	-	-	-	70%
Production waste recycling	% of total	75%	65%	55%	10%-p	58%
Reducing emissions[2]						
Scope 1 & 2 emissions	Tonnes, CO_2	Net-zero	6,498	6,532	-1%	23,100
Renewable energy use	% of total	100%	60%	59%	1%-p	67%
Electric company cars[1,3]	% of total	50%	-	-	-	2%
Scope 3 emissions[1]	Tonnes, CO_2	-50% per product (2030)	-	-	-	32,725
Business travel by air[1]	Tonnes, CO_2	-10%	-	-	-	575
Goods transported by air[1]	Tonnes, CO_2	Max. 5% of total	-	-	-	2%
Responsible operations						
Loss time injury frequency	Per million working hours	2.0	2.3	2.2	5%	2.2
Code of Conduct training[1]	% of white collars	100%	-	-	-	99%
Female senior leaders (VP+ level)[1]	% of total	30%	-	-	-	24%
Diverse teams[1]	% share of total teams	75%	-	-	-	50%
Employee satisfaction[1,4]	Engagement score	Above benchmark	-	-	-	8.2

Waste recycling
Production waste recycling increased to 65% in Q1 21/22, compared to 58% at the end of FY 20/21. The increase is a result of scaling up the recycling partnership for production waste in Hungary, which was initiated in Q2 20/21. As a result, all the production waste that was incinerated at the Tatabanya site in Hungary is now recycled.

To reach the ambition of recycling 75% of waste by 2025, Coloplast will continue to pursue potential partnerships, as well as investigate new recycling technologies such as chemcycling and dry agglomeration.

Renewable energy use
Renewable energy use was 60% of the total energy use in Q1 21/22, compared to 67% at the end of FY 20/21. The small improvement compared to Q1 last year was driven by the new manufacturing facility in Costa Rica, which uses renewable energy from the grid. For heating during the winter months, Coloplast uses primarily natural gas, which is a non-renewable energy source. As a result, the renewable energy share of total electricity used is subject to seasonal fluctuations.

The 2025 ambition is to use 100% renewable energy, which includes phasing out natural gas usage.

Loss-time injury frequency
Loss time injury frequency in Q1 21/22 was 2.3 ppm, which is equivalent to 12 accidents, mostly accidental trips and falls or heavy lifting. To address employee safety, a new SafePlan (2.0) was launched globally in FY 20/21 for all employees, including the sales organisation, with the purpose of changing the mindset and enforcing safety behaviours.

1 Metric will only be reported on a semi-annual or full-year basis
2 Reduction from 18/19 as a base year
3 Ambition beyond 2025 is 100% of company cars to be converted to electrical vehicles by 2030
4 Employee survey conducted twice a year. Latest industry benchmark from October 2021 was 7.9

Other matters

COVID-19 update
Coloplast continues to take all necessary precautionary measures globally to protect all employees and will continue to comply with and support local, national and global guidelines from health care authorities. The company continues to monitor developments surrounding COVID-19 closely, including the outbreak of the Omicron variant, across all markets and business areas.

Coloplast continues to fully meet demand, with all global manufacturing sites operating normally in terms of production and supply chain. The operating environment is not yet back to normal, but the situation has significantly improved. Growth in new patients in Chronic Care is back to pre-covid levels across most markets. In Continence Care, growth in new patients is taking longer to recover in the US. Across markets, the level of access remains a mix of in-person and virtual interactions. Towards the end of the quarter, we have seen increased access restrictions across geographies, related to the spread of the Omicron variant.

In summary and looking further ahead, we remain confident that the long-term market growth rate of 4-5%, excluding any COVID-19 impact, remains intact.

Acquisition of Atos Medical, the global leader in laryngectomy
On November 8, 2021, Coloplast announced an agreement to acquire Atos Medical, the global market leader in laryngectomy, for an enterprise value of EUR 2,155 million (DKK 16 billion). The transaction is targeted to close on January 31, 2022 as all relevant regulatory approvals have been received. With the acquisition, Coloplast gains access to a new chronic care segment with long-term growth potential. Atos Medical will be run as a separate strategic business unit, operating on shared Coloplast infrastructure.
For a summary of the key financial assumptions related to the Atos Medical acquisition, please refer to page 10.
For further details, please see the announcement of the acquisition company announcement no. 9/2021.

New member of the Board of Directors
Annette Brüls, CEO of Medela AG, was elected as a new member of the Board of Directors, at the Annual General Meeting on December 2, 2021.
Annette has considerable executive management experience within global medical device businesses and has in-depth knowledge and understanding of product development and commercialization within the med-tech industry. Annette is considered independent.

Financial guidance for 2021/22

The impact of COVID-19 and the spread of the Omicron variant are continuously monitored and evaluated on a short- and medium-term basis, and the financial guidance is subject to a higher degree of uncertainty. The ongoing COVID-19 pandemic has had a negative impact on the addressable market growth, and for 2021/22 we expect market growth to be at the lower end of the 4-5% range.

Revenue growth
Coloplast's full year guidance is unchanged at around 7% organic growth in constant currencies and assumes:

a) Continued resumption of hospital activity across business areas
b) For the Chronic Care business, the assumptions by region include:
    - Europe – continued improvement in growth, as a result of a normalised growth in new patients in line with pre-COVID levels
    - US – continued improvement in growth driven by a gradual normalisation of growth in new patients to pre-COVID levels, especially in Continence Care
    - Emerging markets – broad-based double-digit growth. China is expected to remain impacted by COVID-19 and economic uncertainty
c) Interventional Urology and Wound & Skin Care deliver in line with Strive25 ambitions
d) No current knowledge of significant health care reforms
e) A stable supply and distribution of products across the company.

Reported growth in DKK excluding Atos Medical is expected to be around 9% from previously around 8% due to FX movements. The impact of the Atos Medical acquisition on reported growth is expected to be around 6%-points (8 months impact). In total, reported growth is expected to be around 15%. Underlying organic growth for Atos Medical is expected to be 8-10%.

The expectation of long-term price pressure of up to 1% annually is unchanged.

EBIT margin
EBIT margin before special items is now expected around 31%, from previously around 32%. EBIT margin after special items is expected around 30%.

The EBIT margin guidance assumes:
Leverage effect on fixed costs and continued efficiency improvements through Global Operations Plan 5
a) Cost inflation on raw materials, freight and energy and double-digit wage inflation in Hungary
b) An increase in operating costs related to the resumption of business activity as the impact of COVID-19 recedes
c) Additional incremental investments of up to 2% of revenue for innovation and marketing purposes.

Related to the Atos Medical acquisition, the EBIT margin guidance assumes:
a) Around DKK 200 million of amortisation charges (8 months)
b) Special items of DKK 150 million (one-off transaction and integration costs).

Capex
Capex is now expected around DKK 1.3 billion, from previously DKK 1.2 billion.

The guidance includes investments in automation initiatives at volume sites in Hungary and China as part of GOP5, establishment of the second volume site in Costa Rica, investments in new machines for existing and new products, and IT and sustainability investments.

The increase of around DKK 100 million in capex guidance reflects the impact from Atos Medical capex and integration capex related to the acquisition.

Effective tax rate
Effective tax rate is now expected to be around 23%, from previously 22-23%.

The tax rate is positively impacted by increased R&D cost deductible in Denmark, partly offset by one-off tax payments related to the acquisition of Atos Medical.

Other assumptions
The provision made to cover costs relating to transvaginal surgical mesh products remains subject to a degree of estimation.

Dividend policy
The Board of Directors intends to distribute excess liquidity to the shareholders through dividends and share buybacks.

Atos Medical financial assumptions

The key financial assumptions for Atos Medical during the Strive25 strategy period are summarized below:

a) Organic growth is expected to be 8-10%, with an EBITDA margin in the mid-30s level
b) The transaction is expected to be increasingly EPS accretive from FY 2022/23. Estimated run-rate operational synergies of up to DKK 100 million from utilising Coloplast infrastructure, with full impact estimated from FY 2023/24
c) One-off transaction costs including legal fees, advisory fees and insurance costs etc., are expected to amount to around DKK 100 million in FY 2021/22, and will be handled as special items

d) Integration costs of up to DKK 200 million split over the next 2-3 years, of which the vast majority will be IT capex. The P&L costs will be treated as special items
e) The acquisition will be structured as a 100% cash payment financed through debt financing
f) One-off financing costs of around DKK 50 million in FY 2021/22 (bank and underwriting fees), from previously DKK 100 million, to be included in net financial items. An additional DKK 100 million will be expensed over the lifetime of the financing
g) The interest rate on the debt is expected to be around 1%
h) Around 75% of the purchase value will be treated as goodwill, and the remaining 25% as intangibles, to be amortised over approximately 15 years.

Long term financial guidance

The long-term financial guidance for the Strive25 strategy period running until end 2024/25 is the following:

7-9%
Organic growth p.a.

above 30%
EBIT margin at constant exchange rates

Forward-looking statements

The forward-looking statements in this announcement, including revenue and earnings guidance, do not constitute a guarantee of future results and are subject to risk, uncertainty and assumptions, the consequences of which are difficult to predict.

The forward-looking statements are based on our current expectations, estimates and assumptions and are provided on the basis of information available to us at the present time.

Major fluctuations in the exchange rates of key currencies, significant changes in the healthcare sector or major developments in the global economy may impact our ability to achieve the defined long-term targets and meet our guidance. This may impact our company's financial results.

Exchange rate exposure

Our financial guidance for the 2021/22 financial year has been prepared on the basis of the following assumptions for the company's principal currencies:

OVERVIEW OF EXCHANGE RATES FOR KEY CURRENCIES AGAINST DKK

	GBP	USD	HUF
Average exchange rate 3M 2020/21	824	624	2.07
Average exchange rate 3M 2021/22	877	651	2.04
Change in average exchange rates for 2021/22 compared with the same period last year	**6%**	**4%**	**-1%**
Average exchange rate 2020/21[1)]	852	622	2.08
Spot rate on 24 January 2022	890	657	2.08
Estimated average exchange rate 2021/22[2)]	887	656	2.07
Change in estimated average exchange rates compared with average exchange rate 2020/21	**4%**	**5%**	**0%**

[1)] Average exchange rates for 2020/21 are from 1 October 2020 to 30 September 2021.

[2)] Estimated average exchange rates are calculated as the average exchange rates for the first three months combined with the spot rates at 24 January 2022.

Revenue is particularly exposed to developments in USD and GBP relative to DKK. Fluctuations in HUF against DKK impact the operating profit because a substantial part of our production, and thus of our costs, are in Hungary, whereas our sales there are moderate.

EFFECT OVER 12 MONTHS OF A 10% INITIAL DROP IN EXCHANGE RATES FOR KEY CURRENCIES (DKK MILLION)

	Revenue	EBIT
USD	-420	-170
GBP	-290	-200
HUF	-	120

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today considered and approved the interim report of Coloplast A/S for the period 1 October 2021 – 31 December 2021.

The interim report which has neither been audited nor reviewed by the company's auditors, is presented in accordance with IAS 34 "Interim financial reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

In our opinion, the interim report gives a true and fair view of the Group's assets, liabilities and financial position at 31 December 2021 and of the results of the Group's operations and cash flows for the period 1 October 2021 – 31 December 2021.

Furthermore, in our opinion, the Management's report includes a fair account of the development and performance of the Group, the results for the period and of the financial position of the Group.
Other than set forth in the interim report, no changes have occurred to the significant risks and uncertainty factors compared with those disclosed in the annual report for 2020/21.

Humlebæk, 25 January 2022

Executive Management

Kristian Villumsen
President, CEO

Anders Lonning-Skovgaard
Executive Vice President, CFO

Nicolai Buhl Andersen
Executive Vice President

Paul Marcun
Executive Vice President

Allan Rasmussen
Executive Vice President

Board of Directors

Lars Rasmussen
Chairman

Niels Peter Louis-Hansen
Deputy Chairman

Carsten Hellmann

Annette Brüls

Jette Nygaard-Andersen

Marianne Wiinholt

Thomas Barfod
Elected by the employees

Roland V. Pedersen
Elected by the employees

Nikolaj Kyhe Gundersen
Elected by the employees

Statement of comprehensive income

1 October – 31 December, unaudited

Consolidated DKK million	Note	2021/22 Q1	2020/21 Q1	Index
Revenue	2	5,169	4,738	109
Production costs		-1,639	-1,532	107
Gross profit		**3,530**	**3,206**	**110**
Distribution costs		-1,492	-1,310	114
Administrative expenses		-195	-185	105
Research and development costs		-205	-186	110
Other operating income		14	15	93
Other operating expenses		-3	-4	75
Operating profit (EBIT) before special items		**1,649**	**1,536**	**107**
Special items	3	-34	-	-
Operating profit (EBIT)		**1,615**	**1,536**	**105**
Financial income	4	19	18	106
Financial expenses	4	-77	-59	131
Profit before tax		**1,557**	**1,495**	**104**
Tax on profit for the period		-350	-359	97
Net profit for the period		**1,207**	**1,136**	**106**
Remeasurements of defined benefit plans		27	-15	
Tax on remeasurements of defined benefit plans		-6	3	
Items that will not be reclassified to the income statement		**21**	**-12**	
Value adjustment of currency hedging		-94	8	
Transferred to financial items		37	-12	
Tax effect of hedging		13	1	
Currency adjustment of opening balances and other market value adjustments relating to subsidiaries		28	-34	
Items that may be reclassified to income statement		**-16**	**-37**	
Total other comprehensive income		**5**	**-49**	
Total comprehensive income		**1,212**	**1,087**	
DKK				
Earnings per share (EPS)		5.67	5.34	
Earnings per share (EPS), diluted		5.66	5.33	

Statement of cash flows

1 October – 31 December, unaudited

Consolidated DKK million	Note	2021/22 3 mths	2020/21 3 mths
Operating profit		1,615	1,536
Amortisation		21	40
Depreciation		154	162
Adjustment for other non-cash operating items	6	-19	-48
Changes in working capital	6	63	246
Ingoing interest payments, etc.		3	14
Outgoing interest payments, etc.		-95	-10
Income tax paid		-611	-728
Cash flows from operating activities		**1,131**	**1,212**
Investments in intangible assets		-26	-975
Investments in land and buildings		-	-1
Investments in plant and machinery and other fixtures and fittings, tools and equipment		-2	-10
Investments in property, plant and equipment under construction		-173	-244
Property, plant and equipment sold		-	3
Investment in other investments		-	1
Net sales/purchase of marketable securities		-	-
Cash flows from investing activities		**-201**	**-1,226**
Free cash flow		**930**	**-14**
Dividend to shareholders		-2,979	-2,765
Sale of treasury shares		7	28
Financing from shareholders		**-2,972**	**-2,737**
Repayment of lease liabilities		-49	-49
Drawdown on credit facilities		2,276	2,911
Cash flows from financing activities		**-745**	**125**
Net cash flows		**185**	**111**
Cash and cash equivalents at 1 October		**448**	**323**
Value adjustment of cash and bank balances		9	1
Net cash flows		185	111
Cash and cash equivalents at 31 December	7	**642**	**435**

The cash flow statement cannot be derived using only the published financial data.

Assets

At 31 December, unaudited

Consolidated

DKK million	Note	31.12.21	31.12.20	30.09.21
Intangible assets		3,677	3,524	3,651
Property, plant and equipment		3,845	3,424	3,785
Right-of-use assets		576	621	601
Other equity investments		41	25	41
Deferred tax asset		739	669	743
Other receivables		26	23	26
Non-current assets		**8,904**	**8,286**	**8,847**
Inventories		2,497	2,231	2,428
Trade receivables		3,215	2,916	3,212
Income tax		287	245	282
Other receivables		240	384	226
Prepayments		181	172	172
Marketable securities		222	257	226
Cash and cash equivalents		642	435	448
Current assets		**7,284**	**6,640**	**6,994**
Assets		**16,188**	**14,926**	**15,841**

Coloplast

Equity and liabilities

At 31 December, unaudited

Consolidated

DKK million	Note	31.12.21	31.12.20	30.09.21
Share capital		216	216	216
Currency translation reserve		-380	-379	-392
Reserve for currency hedging		-85	57	-41
Proposed ordinary dividend for the year		-	-	2,979
Retained earnings		6,668	5,876	5,406
Equity		**6,419**	**5,770**	**8,168**
Provisions for pensions and similar liabilities		159	193	181
Provision for deferred tax		673	628	671
Other provisions	5	27	71	56
Lease liability		430	471	449
Prepayments		3	11	2
Non-current liabilities		**1,292**	**1,374**	**1,359**
Provisions for pensions and similar liabilities		15	13	15
Other provisions	5	145	153	150
Other credit institutions		4,435	4,021	2,160
Trade payables		597	563	1,036
Income tax		657	627	928
Other payables		2,451	2,225	1,840
Lease liability		171	173	177
Prepayments		6	7	8
Current liabilities		**8,477**	**7,782**	**6,314**
Equity and liabilities		**16,188**	**14,926**	**15,841**

Statement of changes in equity, current year

At 31 December, unaudited

Consolidated	Share capital		Reserves				
DKK million	**A shares**	**B shares**	**Currency translation**	**Currency hedging**	**Proposed dividend**	**Retained earnings**	**Total**
2021/22							
Equity at 1 October	**18**	**198**	**-392**	**-41**	**2,979**	**5,406**	**8,168**
Net profit for the period	-	-	-	-	-	1,207	**1,207**
Other comprehensive income	-	-	12	-44	-	37	**5**
Total comprehensive income	**-**	**-**	**12**	**-44**	**-**	**1,244**	**1,212**
Sale of treasury shares	-	-	-	-	-	7	**7**
Share-based payment	-	-	-	-	-	11	**11**
Dividend paid out in respect of 2020/21	-	-	-	-	-2,979	-	**-2,979**
Transactions with shareholders	**-**	**-**	**-**	**-**	**-2,979**	**18**	**-2,961**
Equity at 31 December	**18**	**198**	**-380**	**-85**	**-**	**6,668**	**6,419**

Statement of changes in equity, last year

At 31 December, unaudited

Consolidated	Share capital		Reserves				
DKK million	A shares	B shares	Currency translation	Currency hedging	Proposed dividend	Retained earnings	Total
2020/21							
Equity at 1 October	**18**	**198**	**-375**	**60**	**2,765**	**4,740**	**7,406**
Net profit for the period	-	-	-	-	-	1,136	**1,136**
Other comprehensive income	-	-	-4	-3	-	-42	**-49**
Total comprehensive income	**-**	**-**	**-4**	**-3**	**-**	**1,094**	**1,087**
Sale of treasury shares	-	-	-	-	-	28	**28**
Share-based payment	-	-	-	-	-	14	**14**
Dividend paid out in respect of 2019/20	-	-	-	-	-2,765	-	**-2,765**
Transactions with shareholders	**-**	**-**	**-**	**-**	**-2,765**	**42**	**-2,723**
Equity at 31 December	**18**	**198**	**-379**	**57**	**-**	**5,876**	**5,770**

List of notes

Note 1
Accounting policies

The unaudited consolidated financial statements and interim report is presented in accordance with IAS 34 “Interim financial reporting” as adopted by the EU and additional Danish disclosure requirements for listed companies. The accounting policies for recognition and measurement applied in the preparation of the interim report are consistent with those applied in the Annual Report 2020/21 except for new standards, amendments and interpretations that are effective from 2021/22 financial year.

Note 2
Segment information

Operating segments
The operating segments are defined on the basis of the monthly reporting to the Executive Leadership Team, which is considered the senior operational management, and the management structure. Reporting to the Executive Leadership Team is based on three operating segments: Chronic Care, Interventional Urology and Wound & Skin Care.

The operating segment Chronic Care covers the sale of ostomy care products and continence care products. The operating segment Interventional Urology covers the sale of urological products, including disposable products, as well as R&D activities. The operating segment Wound & Skin Care covers the sale of wound and skin care products.

The reporting segments are also Chronic Care, Interventional Urology and Wound & Skin Care. The segmentation reflects the structure of reporting to the Executive Leadership Team.

The shared/non-allocated comprises support functions (i.e. production units and staff functions) and eliminations, as these functions do not generate revenue. While costs of R&D activities for Interventional Urology is included in the segment operating profit/loss for that segment, R&D activities for Chronic Care and Wound & Skin Care are shared functions which are comprised in shared/non-allocated.

Financial items and income tax are not allocated to the operating segments.

The Executive Leadership Team reviews each operating segment separately, applying their market contributions to earnings and allocating resources on that basis. The market contribution is defined as external revenue less the sum of direct production costs, distribution costs, sales costs, marketing costs and administrative expenses. Costs are allocated directly to segments. Certain immaterial indirect costs are allocated systematically to the shared/non-allocated and the reporting segments.

The Executive Leadership Team does not receive reporting on assets and liabilities by the reporting segments. Accordingly, the reporting segments are not measured in this respect, nor do we allocate resources on this background. No single customer accounts for more than 10% of revenue.

Note 2, continued

Consolidated	Chronic Care		Interventional Urology		Wound & Skin Care		Group	
DKK million	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Segment revenue:								
Ostomy Care	2,098	1,932	-	-	-	-	2,098	1,932
Continence Care	1,844	1,705	-	-	-	-	1,844	1,705
Interventional Urology	-	-	579	536	-	-	579	536
Wound & Skin Care	-	-	-	-	648	565	648	565
External revenue as per the statement of comprehensive income	**3,942**	**3,637**	**579**	**536**	**648**	**565**	**5,169**	**4,738**
Costs allocated to segment	-1,612	-1,444	-355	-292	-375	-326	-2,342	-2,062
Segment operating profit/loss	**2,330**	**2,193**	**224**	**244**	**273**	**239**	**2,827**	**2,676**
Shared/non-allocated							-1,178	-1,140
Special items not included in segment operating profit/loss (see note 3)							-34	-
Operating profit before tax (EBIT) as per the statement of comprehensive income							**1,615**	**1,536**
Net financials							-58	-41
Tax on profit/loss for the period							-350	-359
Profit/loss for the period as per the statement of comprehensive income							**1,207**	**1,136**

Note 3
Special items

DKK million	2021/22	2020/21
Costs related to acquisitions	34	-
Total	**34**	**-**

For 2021/22, special items contains expenses for assistance related to acquisitions.

Note 4
Financial income and expenses

DKK million	2021/22	2020/21
Financial income		
Interest income	2	2
Fair value adjustments of forward contracts transferred from other comprehensive income	-	12
Fair value adjustments of cash-based share options	-	2
Net exchange adjustments	12	-
Hyperinflationary adjustment of monetary position	4	2
Other financial income	1	-
Total	**19**	**18**
Financial expenses		
Interest expenses	3	4
Interest expenses, lease liabilities	3	3
Fair value adjustments of forward contracts transferred from other comprehensive income	37	-
Fair value adjustments of cash-based share options	3	-
Net exchange adjustments	-	44
Other financial expenses and fees	31	8
Total	**77**	**59**

Note 5
Other provisions

Product liability case regarding transvaginal surgical mesh products
Since 2011, Coloplast, along with a number of other major manufacturers, has been named as a defendant in individual lawsuits in various federal and state courts around the United States alleging injury resulting from use of transvaginal surgical mesh products designed to treat pelvic organ prolapse and stress urinary incontinence. A multidistrict litigation (MDL) was formed in 2012 in the Southern District of West Virginia to consolidate federal court cases in which Coloplast is the first named defendant.

Since the first lawsuits were filed, Coloplast has been intent on disputing the current and any future litigation and has continually considered which strategy and other steps may serve the company's best interests.

Against this background, Coloplast has from the start reached settlements with groups of law firms. In 2017, Judge Joseph Goodwin issued a court order stating that plaintiffs may no longer direct claims against Coloplast in the ongoing MDL. In 2019, the remaining cases were remanded to the relevant Courts, and on 18 December 2020 the MDL was formally closed. It is estimated that around 98% of the MDL cases have been settled to date.

The total amount recognised since the 2013/14 financial year for expected costs of litigation in the USA amounts to DKK 5.85 billion including legal costs (before insurance cover of DKK 0.5 billion).

The total expense is based on a number of estimates and assumptions and is therefore subject to uncertainty.

The remaining provision made for legal claims amounted to DKK 0.1 billion at 31 December 2021 (DKK 0.2 billion at 30 September 2021) plus DKK 0.1 billion recognised under other debt (DKK 0.1 billion at 30 September 2021). Liabilities are classified as other debt when agreements are reached with the plaintiffs' legal counsel and amounts and timing become known.

With reference to the prejudicial exemption in IAS 37, Coloplast will not disclose any further information about the assumptions for the provision, including any details about current and the expected number of lawsuits and settled claims.

The disclosure of such information is believed to be detrimental to Coloplast in connection with the ongoing confidential negotiations and could inflict financial losses on Coloplast and its shareholders.

Note 6
Specifications of cash flow from operating activities

DKK million	2021/22	2020/21
Change in other provisions	-30	-63
Other non-cash operating items	11	15
Adjustment for other non-cash operating items	**-19**	**-48**
Inventories	-43	-5
Trade receivables	34	-6
Other receivables, including amounts held in escrow	-24	-54
Trade and other payables etc.	96	311
Changes in working capital	**63**	**246**

Note 7
Cash and cash equivalents

DKK million	2021	2020
Bank deposits, short term	642	435
Cash and cash equivalents at 31 December	**642**	**435**

Note 8
Contingent liabilities

Other than as set out in note 5, the Coloplast Group is a party to a few minor legal proceedings, which are not expected to influence the Group’s future earnings.

Income statement, quarterly

Unaudited

Consolidated		**2020/21**			
DKK million	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenue	5,169	5,100	4,835	4,753	4,738
Production costs	-1,639	-1,579	-1,500	-1,502	-1,532
Gross profit	**3,530**	**3,521**	**3,335**	**3,251**	**3,206**
Distribution costs	-1,492	-1,454	-1,396	-1,325	-1,310
Administrative expenses	-195	-213	-189	-175	-185
Research and development costs	-205	-207	-185	-177	-186
Other operating income	14	16	32	10	15
Other operating expenses	-3	-13	-5	-7	-4
Operating profit (EBIT) before special items	**1,649**	**1,650**	**1,592**	**1,577**	**1,536**
Special items	-34	-	-	-200	-
Operating profit (EBIT)	**1,615**	**1,650**	**1,592**	**1,377**	**1,536**
Financial income	19	8	44	67	18
Financial expenses	-77	-14	-17	31	-59
Profit before tax	**1,557**	**1,644**	**1,619**	**1,475**	**1,495**
Tax on profit for the period	-350	-339	-365	-345	-359
Net profit for the period	**1,207**	**1,305**	**1,254**	**1,130**	**1,136**

DKK					
Earnings per share (EPS) before special items	5.80	6.13	5.89	6.04	5.34
Earnings per share (EPS)	5.67	6.13	5.89	5.31	5.34
Earnings per share (EPS) before special items, diluted	5.78	6.12	5.88	6.03	5.33
Earnings per share (EPS), diluted	5.66	6.12	5.88	5.30	5.33

Our mission
Making life easier for people
with intimate health care needs

Our values
Closeness... to better understand
Passion... to make a difference
Respect and responsibility... to guide us

Our vision
Setting the global standard
for listening and responding

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This announcement is available in a Danish and an English-language version. In the event of discrepancies, the Danish version shall prevail.

Coloplast develops products and services that make life easier for people with very personal and private medical conditions. Working closely with the people who use our products, we create solutions that are sensitive to their special needs. We call this intimate health care. Our business includes Ostomy Care, Continence Care, Wound and Skin Care and Interventional Urology. We operate globally and employ about 12,500 employees.