

9M 2021/22

Interim financial results, 9M 2021/22

1 October 2021 - 30 June 2022

Coloplast delivered Q3 organic growth of 8% and an EBIT margin of 30%. Unchanged financial guidance for FY 2021/22, with organic growth at 6-7%, reported growth around 15%, and EBIT margin before special items of around 31%

- Coloplast delivered 8% organic growth in Q3. Reported revenue in DKK was up by 21%. Organic growth rates by business area in Q3 were: Ostomy Care 10%, Continence Care 5%, Interventional Urology 11%, and Wound & Skin Care 5% (Wound Care 4%). Voice & Respiratory Care contributed 9%-points to reported growth, with a double-digit underlying growth.
- Satisfactory Q3 for Chronic Care, with solid Ostomy Care growth across all geographies ex. China, which remains impacted by COVID-19. Growth in Continence Care was negatively impacted by backorders in Collecting Devices.
- Broad-based growth in Interventional Urology, led by the Endourology and the US Men's Health businesses.
- Contract Manufacturing and the European Wound Care business were the main growth contributors in Wound & Skin Care.
- EBIT before special items was DKK 1,761 million, an 11% increase from last year. The EBIT margin before special items was 30% against 33% last year, reflecting a normalisation of commercial activities and increasing costs for energy, raw materials, and logistics, as well as around DKK 57 million in amortisation costs related to the Atos Medical acquisition.

9M 2021/22 organic growth of 7% and 31% EBIT margin before special items.

- Coloplast delivered 7% organic growth for the first nine months of the year. Reported revenue in DKK was up by 15% to DKK 16,520 million. Organic growth rates by business area were: Ostomy Care 7%, Continence Care 6%, Interventional Urology 8%, Wound & Skin Care 7% (Wound Care alone 7%). Voice & Respiratory Care contributed 5%-points to the reported growth (contains five months of revenue impact).
- EBIT before special items amounted to DKK 5,096 million, an 8% increase from last year. The EBIT margin before special items was 31% against 33% last year, impacted by around DKK 96 million in amortisation costs related to the Atos Medical acquisition. EBIT margin after special items was 28%, impacted by DKK 435 million in special items¹⁾.
- ROIC after tax before special items was 26% against 43% last year, negatively impacted by the acquisition of Atos Medical. Diluted earnings per share (EPS) before special items increased by 4% to DKK 17.90.

FY 2021/22 financial guidance

- Organic revenue growth continues to be expected at 6-7% at constant exchange rates. Reported growth in DKK excluding Atos Medical is still expected around 9%. The impact of the Atos Medical acquisition on reported growth is still expected to be around 6%-points. In total, reported growth in DKK continues to be expected around 15%.
- Reported EBIT margin before special items is still expected around 31% and reported EBIT margin after special items is still expected at 28-29%, impacted by special items of around DKK 450 million²⁾.
- Capital expenditures are now expected to be around DKK 1.2 billion. The effective tax rate is still expected to be around 23%.

"I am very pleased with our performance in the third quarter. We deliver 8% organic growth and an EBIT margin of 30% and continue to take market share across all our sales regions and business areas. This means that we continue to help more and more people with intimate healthcare needs live better lives. I would like to highlight our strong performance in Ostomy Care, particularly in Europe and the US, as well as a solid set of growth numbers in Interventional Urology and Voice & Respiratory Care. China continues to negatively impact our growth in both Ostomy Care and Wound Care due to COVID-19 related restrictions. Outside of China, however, the growth in new patients and the level of procedures are largely back to pre-COVID levels," says President and CEO Kristian Villumsen.

Conference call

Coloplast will host a conference call on Wednesday, 17 August 2022 at 15.00 CEST.

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 90611412#



Access the conference call webcast directly here:

<https://getvisualtv.net/stream/register/?coloplast-awiqcwkzsn>

¹⁾ DKK 300 million provision for costs related to the US lawsuits alleging injury from the use of transvaginal surgical mesh products, and DKK 135 million related to the Atos Medical acquisition.

²⁾ DKK 300 million provision for costs related to the US lawsuits alleging injury from the use of transvaginal surgical mesh products. Special items related to the Atos Medical acquisition are expected to be around DKK 150 million.

Financial highlights and key ratios

1 October 2021 – 30 June 2022, unaudited

Consolidated	2021/22	2020/21	Change	2021/22	2020/21	Change
	9 mths	9 mths		Q3	Q3	
Income statement, DKK million						
Revenue	16,520	14,326	15%	5,849	4,835	21%
Research and development costs	-649	-548	18%	-222	-185	20%
Operating profit before interest, tax, depr. and amort. (EBITDA) before special items	5,767	5,306	9%	2,021	1,802	12%
Operating profit before interest, taxes and amortization (EBITA) before special items	5,270	4,810	10%	1,848	1,623	14%
Operating profit (EBIT) before special items	5,096	4,705	8%	1,761	1,592	11%
Special items	-435	-200	N/A	-20	-	N/A
Operating profit (EBIT)	4,661	4,505	3%	1,741	1,592	9%
Net financial income and expenses	-146	84	N/A	-70	27	N/A
Profit before tax	4,515	4,589	-2%	1,671	1,619	3%
Net profit for the period	3,476	3,520	-1%	1,289	1,254	3%
Revenue growth, %						
Period growth in revenue, %	15	3		21	9	
Growth break down:						
Organic growth, %	7	6		8	11	
Currency effect, %	3	-3		4	-2	
Acquired operations, %	5	-		9	-	
Balance sheet, DKK million						
Total assets	35,185	15,458	N/A	35,185	15,458	N/A
Capital invested	28,312	11,829	N/A	28,312	11,829	N/A
Net interest-bearing debt (NIBD)	19,741	3,606	N/A	19,741	3,606	N/A
Equity end of period	7,275	6,927	5%	7,275	6,927	5%
Cash flow and investments, DKK million						
Cash flows from operating activities	2,959	3,336	-11%	1,578	1,377	15%
Cash flows from investing activities	-11,358	-1,710	N/A	-262	-197	33%
Investments in property, plant and equipment, gross	-619	-658	-6%	-210	-196	7%
Free cash flow	-8,399	1,626	N/A	1,316	1,180	12%
Cash flows from financing activities	8,550	-1,520	N/A	-1,221	-1,151	6%
Key ratios						
Average number of employees, FTEs ¹⁾	13,655	12,563		14,433	12,668	
Operating margin (EBIT margin) before special items, %	31	33		30	33	
Operating margin (EBIT margin), %	28	31		30	33	
Operating margin before interest, tax, depr. and amort., (EBITDA margin), %	32	36		34	37	
Gearing ratio, NIBD/EBITDA before special items	2.6	0.5		2.4	0.5	
Return on average invested capital before tax (ROIC), % ²⁾	34	57		24	53	
Return on average invested capital after tax (ROIC), % ²⁾	26	43		19	41	
Return on equity, %	65	71		71	72	
Equity ratio, %	21	45		21	45	
Net asset value per outstanding share, DKK	34	33	3%	34	33	3%
Share data						
Share price, DKK	808	1,029	-21%	808	1,029	-21%
Share price/net asset value per share	23.6	31.6	-25%	23.6	31.6	-25%
Average number of outstanding shares, millions	212.6	212.8	0%	212.4	212.9	0%
PE, price/earnings ratio	37.1	46.7	-21%	33.3	43.7	-24%
Earnings per share (EPS), diluted	16.32	16.51	-1%	6.06	5.88	3%
Earnings per share (EPS) before special items, diluted	17.90	17.24	4%	6.13	5.88	4%
Free cash flow per share	-39.5	7.6	N/A	6.2	5.5	13%

¹⁾ Includes Atos Medical employees at the end of the period.

²⁾ Before special items. After special items, ROIC before tax was 31% (2020/21: 55%), and ROIC after tax was 24% (2020/21: 42%).

Sales performance

The organic growth was 7% in the first nine months of 2021/22. Reported revenue in DKK was up by 15% to DKK 16,520 million. Exchange rate developments increased revenue by 3%-points, mainly related to the appreciation of the USD, GBP and CNY against DKK. Revenue from acquisitions contributed 5%-points, as a result of the acquisition of Atos Medical in the second quarter of 2021/22.

Organic growth in the third quarter was 8%. Reported revenue in DKK was up by 21% to DKK 5,849 million. Exchange rate developments increased revenue by 4%-points mainly related to appreciation of the USD and CNY against DKK. Revenue from acquisitions contributed 9%-points, as a result of the acquisition of Atos Medical.

Sales performance by business areas	DKK million		Growth composition (9 mths)			
	2021/22 (9 mths)	2020/21 (9 mths)	Organic growth	Acquired operations	Exchange rates	Reported growth
Ostomy Care	6,367	5,783	7%	-	3%	10%
Continence Care	5,613	5,168	6%	0%	3%	9%
Interventional Urology	1,782	1,573	8%	-	5%	13%
Wound & Skin Care	2,001	1,802	7%	-	4%	11%
Voice & Respiratory Care	757	-	n/a	n/a	n/a	n/a
Revenue	16,520	14,326	7%	5%	3%	15%

	DKK million		Growth composition (Q3)			
	2021/22 (Q3)	2020/21 (Q3)	Organic growth	Acquired operations	Exchange rates	Reported growth
Ostomy Care	2,160	1,915	10%	-	3%	13%
Continence Care	1,892	1,744	5%	0%	4%	9%
Interventional Urology	643	542	11%	-	8%	19%
Wound & Skin Care	695	634	5%	-	5%	10%
Voice & Respiratory Care	459	-	n/a	n/a	n/a	n/a
Revenue	5,849	4,835	8%	9%	4%	21%

Sales performance by region	DKK million		Growth composition (9 mths)			
	2021/22 (9 mths)	2020/21 (9 mths)	Organic growth	Acquired operations	Exchange rates	Reported growth
European markets	9,536	8,349	6%	7%	1%	14%
Other developed markets	4,112	3,500	5%	5%	7%	17%
Emerging markets	2,872	2,477	12%	1%	3%	16%
Revenue	16,520	14,326	7%	5%	3%	15%

	DKK million		Growth composition (Q3)			
	2021/22 (Q3)	2020/21 (Q3)	Organic growth	Acquired operations	Exchange rates	Reported growth
European markets	3,397	2,844	6%	12%	1%	19%
Other developed markets	1,502	1,183	7%	9%	11%	27%
Emerging markets	950	808	13%	2%	3%	18%
Revenue	5,849	4,835	8%	9%	4%	21%



Ostomy Care

Ostomy Care generated 7% organic sales growth in the first nine months of the 2021/22 financial year, with reported revenue in DKK growing by 10% to DKK 6,367 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, especially the UK and Germany, as well as the US. The SenSura and Assura/Altern® portfolios continued to contribute to growth in the Emerging markets region, where they are being actively promoted, most notably LATAM. Sales of the Brava range of supporting products continued to contribute to growth driven by Europe, especially the UK and France, as well as the US.

From a geographical perspective, Europe was the main contributor to growth, led by the UK. The US also made a solid contribution to growth, as well as the Emerging markets region, led by LATAM.

Q3 organic growth was 10% and reported revenue in DKK increased by 13% to DKK 2,160 million.

The SenSura Mio portfolio and the Brava range of supporting products were the main contributors to growth. SenSura Mio Convex was the main contributor to growth driven by the US and Europe, in particular the UK and Germany. Revenue growth in the Brava range of supporting products was primarily driven by the US, Europe, especially the UK and France, as well as the Emerging markets region, mostly LATAM.

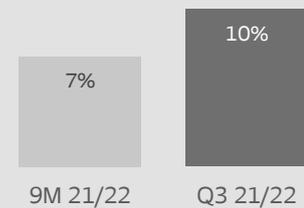
From a geographical perspective, all regions contributed to growth, led by Europe, especially the UK, the US, and a broad-based contribution across the Emerging markets region excluding China, led by LATAM.

Growth in China was flat in the quarter, due to the continued negative impact from COVID-19 related restrictions. Despite easing of the lockdowns towards the end of the quarter, access to hospitals remained limited in the affected areas, impacting procedural volumes and growth in new patients. The average value per patient remained at a lower level, due to economic uncertainty which has impacted consumer sentiment.

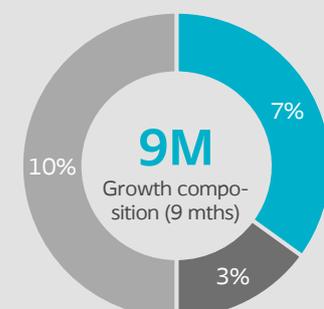
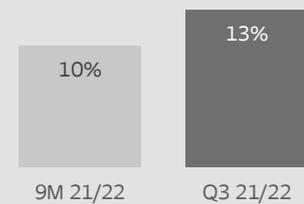
Outside of China, growth in new patients within Ostomy Care remained normalised at pre-COVID levels.

2.2 billion Reported revenue in DKK for Q3 2021/22

Organic growth



Reported growth



■ Organic growth
■ Exchange rates
■ Reported growth



Continence Care

Continence Care generated 6% organic sales growth for the first nine months of 2021/22 financial year, with reported revenue in DKK growing by 9% to DKK 5,613 million.

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

The Bowel Management business also contributed to growth, driven by Peristeen® in Europe and the US.

Collecting Devices had a negative impact on growth, due to backorders on Conveen® urisheaths. The backorder situation emerged in Q2, due to supply shortages experienced by a raw materials supplier.

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

Q3 organic growth was 5% and reported revenue in DKK increased by 9% to DKK 1,892 million.

Sales growth in Q3 was driven by the SpeediCath portfolio, and more specifically compact, standard and flexible catheters.

Bowel Management made a solid contribution to growth in Q3, mostly in Europe but also the US.

Collecting Devices continued to negatively impact growth, due to the aforementioned backorders on Conveen urisheaths. Production and sales have resumed during Q3, but at reduced capacity due to supply uncertainty, which is expected to continue into Q4.

From a geographical perspective, all regions contributed to growth, led by Europe, in particular the UK, as well as the US, and LATAM. In the US, sales growth began to improve driven by the normalisation of growth in new patients towards the end of Q2.

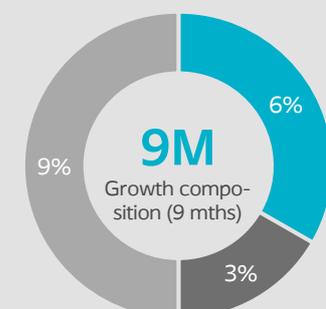
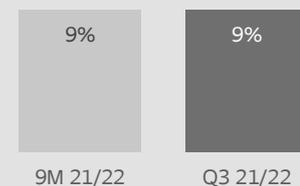
Growth in new patients within Continence Care remained largely normalised at pre-COVID levels across all regions.

1.9 billion
Reported revenue
in DKK for Q3
2021/22

Organic growth



Reported growth



■ Organic growth
■ Exchange rates
■ Reported growth



Interventional Urology

Interventional Urology generated 8% organic sales growth in the first nine months of the 2021/22 financial year, with reported revenue in DKK growing by 13% to DKK 1,782 million.

Growth was driven by Women's and Men's Health, primarily in the US. The Endourology portfolio also contributed nicely to growth, mainly driven by Europe.

From a geographical perspective, the US was the main growth contributor, followed by Europe, and in particular France and Spain.

Q3 organic growth was 11% and reported revenue in DKK increased by 19% to DKK 643 million.

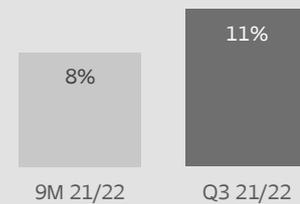
The Endourology portfolio was the main growth contributor to growth in Q3, driven by Europe, the US and some tender phasing in the Emerging markets region.

The US Men's Health business delivered a solid quarter as well, driven by the Titan penile implants. Women's Health in the US also contributed nicely to the growth.

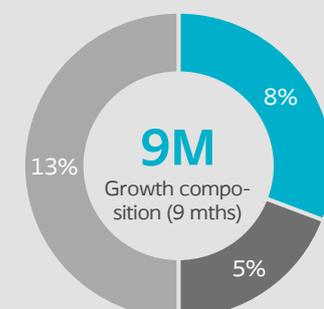
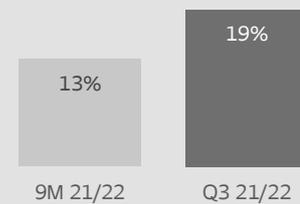
From a geographical perspective, growth in Q3 was driven by the US and Europe, most notably France.

0.6 billion
Reported revenue
in DKK for Q3
2021/22

Organic growth



Reported growth



- Organic growth
- Exchange rates
- Reported growth



Wound & Skin Care

Wound & Skin Care generated 7% organic sales growth for the first nine months of the 2021/22 financial year, with reported revenue in DKK growing by 11% to DKK 2,001 million.

The wound care business delivered 7% organic growth in the first nine months of the 2021/22 financial year.

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 solid momentum in Germany and Spain. Emerging markets excluding China also contributed nicely to growth.

The Compeed contract manufacturing business made a solid growth contribution and grew double-digit, reflecting improved consumer demand but also a lower baseline last year.

The Skin Care business had a negative impact on the growth, impacted by lower demand due to COVID-19.

Q3 organic growth for Wound & Skin Care was 5%, while reported revenue in DKK increased by 10% to DKK 695 million.

The wound care business in isolation delivered 4% organic growth in Q3.

Europe was the main contributor to growth, led by Germany, driven by the Biatain Silicone portfolio, as well as Biatain Fiber.

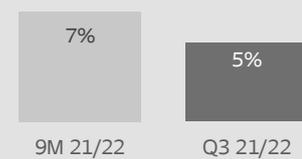
The Emerging markets region excluding China also contributed nicely to growth. China posted negative growth in Q3, due to the continued impact of COVID-19 related restrictions, which have limited hospital access in the affected areas.

The Compeed contract manufacturing business made a solid contribution to growth, impacted by an improved demand situation.

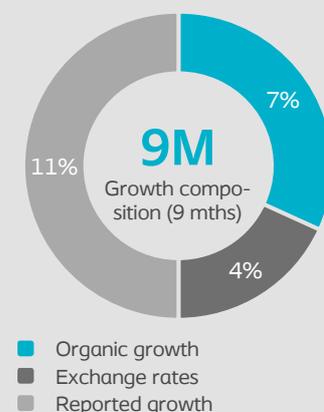
The Skin Care business had a negative impact on growth and continued to be impacted by lower demand due to COVID-19.

0.7 billion
Reported revenue
in DKK for Q3
2021/22

Organic growth



Reported growth





Voice & Respiratory Care

The acquisition of Atos Medical was completed on 31 January 2022, adding a new chronic care business segment, Voice & Respiratory Care. The integration of Atos Medical into Coloplast is progressing according to plan, with continued strong business momentum.

Voice & Respiratory Care contributed 5%-points to the reported growth year to date, reflecting five months of revenue impact.

The underlying growth of Voice & Respiratory Care was high-single digit, in line with expectations.

Growth was driven by Laryngectomy, which represents around two-thirds of revenues, with a solid double-digit underlying growth, driven by growth in patients served in existing and new markets, as well as an increase in patient value driven by the Provox® Life™ portfolio. Provox® Life™ is Atos Medical's new personalized solution and product line designed to optimize patient's breathing ability under different circumstances, further enabling 24/7 use of Heat and Moisture Exchangers (HMEs) for improved pulmonary health. The Provox Life portfolio is now launched in 14 of the 25 countries where Atos has its own subsidiaries.

Tracheostomy and ENT (Ear, Nose & Throat), which represent around one-third of revenues, also contributed to growth, and grew in line with expectations of mid-single digit underlying growth.

From a geographical perspective, all regions contributed to growth, led by the biggest region Europe. The fastest growing region was Emerging markets, followed by Other developed markets.

In Q3, Voice & Respiratory Care contributed 9%-points to the reported growth. The underlying growth of Voice & Respiratory Care in the quarter was double-digit.

Laryngectomy was the main growth contributor, with a solid double-digit underlying growth, which continued to be driven by growth in patients served in existing and new markets as well as an increase in patient value driven by the Provox® Life™ portfolio.

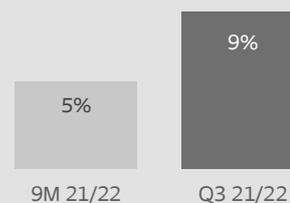
Tracheostomy and ENT also continued to contribute to growth and grew in line with expectations of mid-single digit underlying growth.

From a geographical perspective, all regions continued to contribute to the solid development, with the main growth contribution from the biggest region Europe, as well as solid contribution from Other developed, most notably the US. Emerging markets continued to be the fastest growing region.

0.8 billion
Reported revenue
in DKK for 9M
2021/22*

*Contain revenue for February - June, matching the period of the ownership of Atos Medical

Acquired growth impact



Earnings

Gross profit

Gross profit was DKK 11,359 million compared to DKK 9,792 million last year and equivalent to a gross margin of 69%, compared to 68% last year. The gross margin included a positive impact from currencies, mainly related to the appreciation of 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.

Atos Medical also contributed positively to the gross margin.

The gross profit was positively impacted by operating leverage and efficiency 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, energy and transportation, as well as ramp-up costs in Costa Rica.

In Q3, gross profit was DKK 4,048 million, corresponding to a Q3 gross margin of 69%, on par with Q3 last year. The Q3 margin was impacted by the above-mentioned drivers.

Costs

Operating expenses amounted to DKK 6,263 million, a DKK 1,175 million increase (23%) from last year. Atos Medical contributed with DKK 465 million to operating expenses (5 months impact), of which around DKK 96 million were amortisation costs, included under distribution costs.

Excluding the Atos Medical impact, operating expenses increased by DKK 710 million, or 14%, from last year.

Distribution costs amounted to DKK 4,925 million, a DKK 894 million increase (22%) from DKK 4,031 million last year and were impacted by the inclusion of Atos Medical (5 months

impact). Distribution costs amounted to 30% of revenue compared to 28% last year. The higher distribution costs reflect increased sales & marketing activities and travel expenses as COVID-19 restrictions were eased across several countries, as well as higher logistics costs due to increased freight rates, and continued commercial investments in the US, Interventional Urology, and consumer and digital initiatives.

In Q3, distribution costs amounted to DKK 1,813 million, equal to 31% of revenue against 29% in the same period last year, and were impacted by the above-mentioned drivers.

Administrative expenses amounted to DKK 729 million, up DKK 180 million (33%) from DKK 549 million last year and were impacted by the inclusion of Atos Medical (5 months impact). The increase in administrative expenses was driven by phasing of legal, consultancy and IT costs. Administrative expenses accounted for 4% of revenue which was

on par with last year.

The Q3 administrative expenses amounted to 5% of revenue, compared to 4% in the same period last year.

The R&D costs were DKK 649 million, a DKK 101 million (18%) increase compared to last year due to an increased activity level across all business areas. R&D costs amounted to 4% of revenue on par with last year. The R&D costs were also impacted by the inclusion of Atos Medical (5 months impact).

The Q3 R&D costs amounted to DKK 222 million or 4% of revenue, in line with the same period last year.

Other operating income and other operating expenses amounted to a net income of DKK 40 million, against DKK 41 million last year.

Income statement, DKK million	9M 2021/22	Index
Revenue	16,520	115
Production costs	-5,161	114
Gross profit	11,359	116
Distribution costs	-4,925	122
Administrative expenses	-729	133
Research and development costs	-649	118
Other operating income	59	104
Other operating expenses	-19	119
Operating profit (EBIT) before special items	5,096	108
Special items	-435	N/A
Operating profit (EBIT)	4,661	103
Financial income	148	115
Financial expenses	-294	653
Profit before tax	4,515	98
Tax on profit for the period	-1,039	97
Net profit for the period	3,476	99

Operating profit (EBIT) before special items

EBIT before special items amounted to DKK 5,096 million, a DKK 391 million (8%) increase from DKK 4,705 million last year. The EBIT margin before special items was 31% compared to 33% last year. The EBIT margin includes a positive impact from currencies, mainly related to the appreciation of USD, GBP and CNY against DKK. EBIT was negatively impacted by higher sales & marketing activities and travel expenses as COVID-19 restrictions were eased across most markets, continued commercial investments, as well as around DKK 96 million in amortisation costs related to the acquisition of Atos Medical.

In Q3, EBIT before special items was DKK 1,761 million, a DKK 169 million (11%) increase from the same period last year. The EBIT margin before special items was 30% in Q3, against last year's EBIT margin of 33%. EBIT in the quarter was impacted by the aforementioned drivers.

Special items

During the first nine months of 2021/22, Coloplast incurred special items expenses of DKK 435 million.

In Q2, Coloplast made a further provision of DKK 300 million to cover potential settlements and costs in connection with lawsuits in the US alleging injury resulting from the use of transvaginal surgical mesh products designed to treat pelvic organ prolapse and stress urinary incontinence. The increase comes as the process is taking longer than previously anticipated, including delays due to COVID-19, which has led to an increase in legal advisory costs. The increase brings the total amount recognised since the 2013/14 financial year for expected costs of litigation in the USA to DKK 6.15 billion including legal costs (before insurance cover of DKK 0.5 billion).

Coloplast continues to make settlement progress on unresolved MDL cases and has now settled around 99% of the MDL cases.

The remaining expenses of DKK 135 million are related to one-off legal and advisory fees as well as integration costs, in connection to the acquisition of Atos Medical.

Special items expenses in Q3 amounted to DKK 20 million, related to the acquisition of Atos Medical.

Operating profit (EBIT) after special items

EBIT after special items was DKK 4,661 million. The EBIT margin after special items was 28%.

The Q3 EBIT after special items was DKK 1,741 million, for a margin of 30%.

Financial items and tax

Financial items were a net expense of DKK 146 million, compared to a net income of DKK 84 million last year. The net expense was primarily due to losses on currency hedges of DKK 127 million, on mainly GBP and USD, and fees of DKK 72 million, of which DKK 31 million are loan fees in relation to the Atos Medical acquisition. Interest expenses amounted to DKK 68 million, from DKK 10 million last year, impacted by the financing of 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 129 million.

The Q3 financial items were a net expense of DKK 70 million, compared to a net income of DKK 27 million in the same period last year, driven by losses on balance sheet items and interest, partly offset by currency hedges as explained above.

The tax rate was 23%, on par with last year. The tax expense amounted to

DKK 1,039 million against DKK 1,069 million last year.

Net profit

Net profit before special items was DKK 3,811 million, a DKK 137 million increase from DKK 3,674 million last year. Diluted earnings per share (EPS) before special items increased by 4% from DKK 17.24 last year to DKK 17.90.

Net profit after special items was DKK 3,476 million and diluted earnings per share (EPS) after special items were DKK 16.32.

The Q3 net profit before special items amounted to DKK 1,304 million, against DKK 1,254 million last year. The Q3 diluted earnings per share (EPS) before special items, were up 4% from last year to DKK 6.13.

The Q3 net profit after special items was DKK 1,289 million and diluted earnings per share (EPS) after special items were DKK 6.06 per share.

Cash flows and investments

Cash flows from operating activities

Cash flows from operating activities amounted to DKK 2,959 million, against DKK 3,336 million last year. The negative development in cash flows from operating activities was mainly due to an increase in inventories and other receivables, driven by hedging releases.

Investments

Coloplast made investments of DKK 733 million in the first nine months of 2021/22 or 4% of revenue, compared with DKK 1,680 million last year. Investments last year included the acquisition of Nine Continents Medical of DKK 950 million. Excluding acquisitions, investments last year amounted to DKK 730 million or 5% of revenue.

Total cash flows from investing activities were a DKK 11,358 million outflow, due to the acquisition of Atos Medical, against a DKK 1,710 million outflow in the same period last year.

Free cash flow

As a result, the free cash flow was an outflow of DKK 8,399 million compared to an inflow of DKK 1,626 million in the same period last year. The decrease was mainly driven by an increase in inventories and prepaid costs including costs related to the acquisition of Atos Medical. Adjusted for acquisitions, the free cash flow for the first nine months of 2021/22 was DKK 2,234 million, an increase of DKK 511 million compared to the same period last year.

Capital resources

At 30 June 2022, Coloplast had net interest-bearing debt, including securities, of DKK 19,741 million, against DKK 2,112 million at 30 September 2021. The increase in net interest-bearing debt was mainly due to the acquisition of Atos Medical and payment of dividends in December 2021.

Statement of financial position and equity

Balance sheet

At 30 June 2022, total assets amounted to DKK 35,185 million, an increase of DKK 19,344 million compared to 30 September 2021. The increase was mainly due to an increase in intangible assets driven by the acquisition of Atos Medical.

Working capital was 26% of revenue, compared to 24% at 30 September 2021, driven by an increase in inventories and phasing of trade receivables. Inventories increased by DKK 594 million to DKK 3,022 million, driven by increased safety stocks on raw materials, to provide protection from supply chain constraints, as well as an increase in finished goods due to the transfer of production to Costa Rica. Atos Medical also contributed to the increase in inventories. Trade receivables increased by DKK 625 million to DKK 3,837 million. Trade payables decreased by DKK 210 million relative to 30 September 2021 to stand at DKK 826 million.

Net Working Capital for the year is expected to be around 25% of revenue.

Equity

Equity decreased by DKK 893 million relative to 30 September 2021 to DKK 7,275 million. Payment of dividends amounting to DKK 4,041 million and net effect of treasury shares bought and sold of DKK 571 million was only partly offset by total comprehensive income for the period of DKK 3,681 million and share-based remuneration of DKK 38 million.

Dividends

Coloplast paid interim dividends totalling DKK 1,062 million in the third quarter, equal to DKK 5.00 per share.

Share buy-backs

A share buy-back programme of DKK 500 million was initiated in Q2 2021/22 and was completed on 21 April 2022.

Treasury shares

At 30 June 2022, Coloplast's holding of treasury shares consisted of 3,692,876 B shares, which was 493,527 more than at 30 September 2021. The increase was due to the share buy-back programme.

Return on invested capital

ROIC after tax before special items was 26% against 45% as of 30 September 2021. The decrease was mainly due to the acquisition of Atos Medical.

Update on sustainability strategy and performance

Priority	Unit	2025 Ambition	9M 2021/22	9M 2020/21	Change	FY 2020/21
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%	77%	58%	14%-p	58%
Reducing emissions²⁾						
Scope 1 & 2 emissions	Tonnes, CO2	Net-zero	15,940	18,748	-15%	23,100
Renewable energy use	% of total	100%	71%	63%	8%-p	67%
Electric company cars ^{1) 3)}	% of total	50%	-	-	-	2%
Scope 3 emissions ¹⁾ (by 2030)	Tonnes, CO2	-50% per product	-	-	-	32,725
Business travel by air ¹⁾	Tonnes, CO2	-10%	-	-	-	575
Goods transported by air ¹⁾	Tonnes, CO2	Max. 5% of total	-	-	-	2%
Responsible operations						
Loss time injury frequency	Ppm	2.0	2.2	2.3	-3%	2.2
Code of Conduct training ¹⁾	% of white collars	100%	-	-	-	99%
Female senior leaders (VP+ level) ¹⁾	% of total	30%	19%	25%	-6%-p	24%
Diverse teams ¹⁾	% share of total teams	75%	56%	53%	3%-p	50%
Employee satisfaction ^{1) 4)}	Engagement score	Above benchmark	8.2	8.2	-	8.2

Coloplast's carbon emission reduction targets are approved by the Science Based Target initiative

In June, the Science Based Target initiative (SBTi), approved Coloplast's carbon emission reduction targets, validating that the targets across our production and value-chain are consistent with the reduction required to keep global warming to 1.5°C.

Coloplast's science-based approved targets are:

- Coloplast commits to reduce absolute scope 1 + 2 GHG emissions 100% by 2030 from a 2018/2019 base year
- Coloplast commits to continue annually sourcing 100% renewable electricity through 2025
- Coloplast commits to reduce scope 3 GHG emissions 50% per product manufactured by 2030 from a 2018/2019 base year

Scope 1 & 2 emissions

Renewable energy use was 71% of the total energy use in 9M 2021/22, compared to 63% in 9M 2020/21. The positive development in the renewable energy share was driven by the installation of electric heating pumps at the production site in Nyirbator, where during Q2 the use of natural gas was replaced by electric heating pumps, which will now be the predominant source of heating in the Nyirbator site. As a result, the absolute emissions for the first nine months of 2021/22 decreased by 15% compared to the same period last year.

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

Inclusion & Diversity initiatives

Coloplast is committed to build an inclusive culture and offer equal rights to all parents. From August, a new and improved parental leave policy is in effect for all employees in Denmark.

The new policy will be available from the employee's first day in Coloplast DK and includes 24 weeks paid parental leave for all parents, also with surrogacy and adoption.

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 May 2022 was 7.4. All numbers are excluding Atos Medical.

Other matters

Operating environment

The current global macroeconomic trends – high inflation, disrupted supply chains, weakening consumer sentiment, and tightening monetary policies – are challenging Coloplast's operating environment and have resulted in an increased level of challenges short-term.

Raw materials price increases, soaring energy and freight prices, as well as double-digit wage inflation in Hungary, are negatively impacting margins. To mitigate this, Coloplast has taken focused action, such as optimisation of prices where possible and hedging energy consumption prices. The implementation of the Global Operations Plan 5 is also offsetting some of the current inflationary pressure.

Turning to supply chain and production, Coloplast continues to meet demand, with the exception of the collecting devices business, where backorders emerged due to supply shortages experienced by a raw materials supplier.

At the same time, the COVID-19 pandemic is not fully behind us. Our business in China remains impacted by the ongoing COVID-19 related restriction, which have resulted in limited hospital access and a lower level of procedural volumes and sales in the hospital channel within Ostomy Care and Wound Care.

In summary and looking further ahead, Coloplast continues to manage the short-term headwinds well and remains resilient in this increasingly more challenging environment. We also remain confident that the long-term market growth rate of 4-5% remains intact, once COVID-19 is fully behind us globally.

War in Ukraine

Coloplast is monitoring the war in Ukraine closely. Our primary focus is to keep our people safe as well as to ensure that our around 100,000 users in Ukraine and Russia have access to products to manage their chronic conditions.

Coloplast is present in Russia with a sales subsidiary of around 70 employees. In Ukraine, we have a representative office with 7 employees and we primarily sell products through two Ukrainian distributors. Revenue exposure in Russia and Ukraine combined is around 1% of group revenues in FY 2021/22, of which the majority is in Russia. Around 90% of the expected sales for FY 2021/22 have already been delivered.

Coloplast complies with all sanctions imposed by the EU, the UN, and the US on Russia. Medical devices are generally not targeted by sanctions and export controls, and as such Coloplast is able to continue serving its users in Russia. In Poland and Hungary, Coloplast employs around 400 Ukrainians and our local teams have initiated a number of activities to support Ukrainian colleagues such as transferring their families and finding housing and jobs. Coloplast has also donated large volumes of wound care products to humanitarian organisations.

Eurobond issuance

On 11 May 2022, Coloplast announced the successful issuance of EUR 2.2 billion senior notes under its Euro Medium Term Note programme. The net proceeds from the Eurobond issuance have been used for refinancing of the term loan facility established in connection to Coloplast's acquisition of Atos Medical, which closed on 31 January 2022. The blended interest rate for the debt financing package of the Atos Medical acquisition is around 1.25%, and has been achieved through

the bond issuance, hedges put in place in January on the 8-year tranche and the 5-year tranche as well as the secured interest rate on the credit facility.

Second volume factory in Costa Rica

In Q3, the opening of the second Coloplast volume factory in Costa Rica took place. The second factory is part of the Global Operations Plan 5, to accommodate the company's continued growth. The factory will run on renewable energy from the grid. The two sites in Costa Rica will be producing Coloplast's full SenSura® ostomy range, Brava® supporting products, and SpeediCath® catheters.

Costa Rica represents around 2% of the total production (FY 2021/22). By 2025, Coloplast expects to produce around 25% of total volume production in Costa Rica.

Meet the Management event on 31 August 2022

Coloplast will host a Meet the Management event on 31 August 2022, at Coloplast's Headquarters in Denmark. The event is intended to give institutional investors and equity analysts an opportunity to meet with the broader Management team and get an update on the business and main strategic themes. Virtual participation will be possible for the plenary session, and a link to the webcast will be available closer to the date.

Financial guidance for 2021/22

The impact of COVID-19 and the high inflationary environment 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 organic growth continues to be expected at 6-7% 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 the normalisation of growth in new patients to pre-COVID levels in Continence Care.
 - Emerging markets – broad-based double-digit growth excluding China. China is expected to remain impacted by COVID-19 related restrictions, which have resulted in a decline in procedural volumes and sales in the hospital channel within Ostomy Care.
- c) Wound & Skin Care is still expected to deliver growth above the market in line with Strive25 ambitions. China is expected to remain impacted by COVID-19 related restrictions, which have resulted in

a decline in hospital procedures and sales.

- d) Interventional Urology is expected to deliver in line with Strive25 ambitions.
- e) No current knowledge of significant health care reforms.
- f) A stable supply and distribution of products across the company, outside of Collecting Devices.

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

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

EBIT margin

EBIT margin before special items is still expected around 31%. EBIT margin after special items is still expected at 28-29%, impacted by special items of around DKK 450 million, of which DKK 300 million is a further provision for costs related to the existing lawsuits in the US alleging injury resulting from the use of transvaginal surgical mesh products. The remaining special items of around DKK 150 million are related to one-off legal and advisory fees as well as integration costs, in connection to the acquisition of Atos Medical.

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 sales and marketing purposes.

Related to the Atos Medical acquisition, the EBIT margin guidance assumes:

- a) Around DKK 150 million of amortisation charges (8 months)
- b) Special items of DKK 150 million (one-off transaction and integration costs).

Capex

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

Effective tax rate

Effective tax rate is still expected to be around 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.

The target payout ratio is 60-80% of net profit.

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, insurance costs etc., and P&L integration costs are expected to amount to around DKK 150 million in FY 2021/22, and will be handled as special items
- d) Capex integration costs of up to DKK 150 million split over 21/22-23/24, of which the vast majority will be IT capex
- e) The acquisition is structured as a 100% cash payment financed through debt financing
- f) The blended interest rate for the debt financing package is around 1.25%, achieved through the bond issuance, hedges on the 8-year tranche and the 5-year tranche as well as the secured interest rate on the credit facility
- g) 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 9M 2020/21	846	620	2.07
Average exchange rate 9M 2021/22	881	671	2.01
Change in average exchange rates for 2021/22 compared with the same period last year	4%	8%	-3%
Average exchange rate 2020/21 ¹⁾	852	622	2.08
Spot rate on 16 August 2022	882	732	1.85
Estimated average exchange rate 2021/22 ²⁾	882	686	1.97
Change in estimated average exchange rates compared with average exchange rate 2020/21	3%	10%	-5%

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 nine months combined with the spot rates at 16 August 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), EXCLUDING ATOS MEDICAL

	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 – 30 June 2022.

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 30 June 2022 and of the results of the Group's operations and cash flows for the period 1 October 2021 – 30 June 2022.

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.

Humblebæk, 17 August 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 Bröls

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 – 30 June, unaudited

Consolidated		2021/22	2020/21		2021/22	2020/21	
DKK million	Note	9 mths	9 mths	Index	Q3	Q3	Index
Revenue	2	16,520	14,326	115	5,849	4,835	121
Production costs		-5,161	-4,534	114	-1,801	-1,500	120
Gross profit		11,359	9,792	116	4,048	3,335	121
Distribution costs		-4,925	-4,031	122	-1,813	-1,396	130
Administrative expenses		-729	-549	133	-270	-189	143
Research and development costs		-649	-548	118	-222	-185	120
Other operating income		59	57	104	30	32	94
Other operating expenses		-19	-16	119	-12	-5	>200
Operating profit (EBIT) before special items		5,096	4,705	108	1,761	1,592	111
Special items	3	-435	-200	-	-20	-	-
Operating profit (EBIT)		4,661	4,505	103	1,741	1,592	109
Financial income	4	148	129	115	79	44	180
Financial expenses	4	-294	-45	>200	-149	-17	>200
Profit before tax		4,515	4,589	98	1,671	1,619	103
Tax on profit for the period		-1,039	-1,069	97	-382	-365	105
Net profit for the period		3,476	3,520	99	1,289	1,254	103
Remeasurements of defined benefit plans		92	5		46	-4	
Tax on remeasurements of defined benefit plans		-21	-1		-11	1	
Items that will not be reclassified to the income statement		71	4		35	-3	
Value adjustment of currency hedging		343	-81		440	30	
Transferred to financial items		136	-43		61	-10	
Tax effect of hedging		-105	27		-110	-4	
Currency adjustment of opening balances and other value adjustments relating to subsidiaries		-240	1		-529	-1	
Items that may be reclassified to income statement		134	-96		-138	15	
Total other comprehensive income		205	-92		-103	12	
Total comprehensive income		3,681	3,428		1,186	1,266	
DKK							
Earnings per share (EPS)		16.35	16.54		6.07	5.89	
Earnings per share (EPS), diluted		16.32	16.51		6.06	5.88	

Statement of cash flows

1 October – 30 June, unaudited

Consolidated DKK million	Note	2021/22 9 mths	2020/21 9 mths
Operating profit		4,661	4,505
Amortisation		174	105
Depreciation		497	496
Adjustment for other non-cash operating items	7	75	80
Changes in working capital	7	-1,161	-421
Ingoing interest payments, etc.		8	51
Outgoing interest payments, etc.		-210	-67
Income tax paid		-1,085	-1,413
Cash flows from operating activities		2,959	3,336
Investments in intangible assets		-114	-1,022
Investments in land and buildings		-9	-6
Investments in plant and machinery and other fixtures and fittings, tools and equipment		-15	-50
Investments in property, plant and equipment under construction		-595	-602
Property, plant and equipment sold		10	36
Investment in other investments		-2	1
Acquisition of operations	10	-10,633	-97
Net sales/purchase of marketable securities		-	30
Cash flows from investing activities		-11,358	-1,710
Free cash flow		-8,399	1,626
Dividend to shareholders		-4,041	-3,830
Acquisition of treasury shares		-500	-342
Sale of treasury shares and loss on exercised options		-71	226
Financing from shareholders		-4,612	-3,946
Repayment of lease liabilities		-168	-147
Financing through issuing long-term bonds		16,367	-
Hedging gain		521	-
Drawdown on credit facilities		-3,558	2,573
Cash flows from financing activities		8,550	-1,520
Net cash flows		151	106
Cash and cash equivalents at 1 October		448	323
Value adjustment of cash and bank balances		37	17
Cash and cash equivalents, acquired operations		-2	1
Net cash flows		151	106
Cash and cash equivalents at 30 June	8	634	447

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

Assets

At 30 June, unaudited

Consolidated				
DKK million	Note	30.06.22	30.06.21	30.09.21
Intangible assets		20,643	3,634	3,651
Property, plant and equipment		4,237	3,660	3,785
Right-of-use assets		683	572	601
Other equity investments		43	25	41
Deferred tax asset		847	709	743
Other receivables		29	31	26
Non-current assets		26,482	8,631	8,847
Inventories		3,022	2,378	2,428
Trade receivables		3,837	3,142	3,212
Income tax		362	262	282
Other receivables		414	205	226
Prepayments		214	165	172
Marketable securities		220	228	226
Cash and cash equivalents		634	447	448
Current assets		8,703	6,827	6,994
Assets		35,185	15,458	15,841

Equity and liabilities

At 30 June, unaudited

Consolidated DKK million	Note	30.06.22	30.06.21	30.09.21
Share capital		216	216	216
Currency translation reserve		-703	-363	-392
Reserve for currency hedging		333	-37	-41
Proposed ordinary dividend for the year		-	-	2,979
Retained earnings		7,429	7,111	5,406
Equity		7,275	6,927	8,168
Provisions for pensions and similar liabilities		98	165	181
Provision for deferred tax		2,208	631	671
Other provisions	5	73	176	56
Bonds	6	16,367	-	-
Lease liability		509	433	449
Prepayments		20	10	2
Non-current liabilities		19,275	1,415	1,359
Provisions for pensions and similar liabilities		5	13	15
Other provisions	5	650	157	150
Other credit institutions		3,514	3,683	2,160
Trade payables		826	531	1,036
Income tax		1,141	696	928
Other payables		2,287	1,869	1,840
Lease liability		205	165	177
Prepayments		7	2	8
Current liabilities		8,635	7,116	6,314
Total liabilities		27,910	8,531	7,673
Equity and liabilities		35,185	15,458	15,841

Statement of changes in equity, current year

At 30 June, unaudited

Consolidated DKK million	Share capital		Reserves		Proposed dividend	Retained earnings	Total
	A shares	B shares	Currency translation	Currency hedging			
2021/22							
Equity at 1 October	18	198	-392	-41	2,979	5,406	8,168
Net profit for the period	-	-	-	-	1,062	2,414	3,476
Other comprehensive income	-	-	-311	374	-	142	205
Total comprehensive income	-	-	-311	374	1,062	2,556	3,681
Acquisition of treasury shares	-	-	-	-	-	-500	-500
Sale of treasury shares and loss on exercised options	-	-	-	-	-	-71	-71
Share-based payment	-	-	-	-	-	38	38
Interim dividend paid out in respect of 2021/22	-	-	-	-	-1,062	-	-1,062
Dividend paid out in respect of 2020/21	-	-	-	-	-2,979	-	-2,979
Transactions with shareholders	-	-	-	-	-4,041	-533	-4,574
Equity at 30 June	18	198	-703	333	-	7,429	7,275

Statement of changes in equity, last year

At 30 June, unaudited

Consolidated DKK million	Share capital		Reserves		Proposed dividend	Retained earnings	Total
	A shares	B shares	Currency translation	Currency hedging			
2020/21							
Equity at 1 October	18	198	-375	60	2,765	4,740	7,406
Net profit for the period	-	-	-	-	1,065	2,455	3,520
Other comprehensive income	-	-	12	-97	-	-7	-92
Total comprehensive income	-	-	12	-97	1,065	2,448	3,428
Acquisition of treasury shares	-	-	-	-	-	-342	-342
Sale of treasury shares	-	-	-	-	-	226	226
Share-based payment	-	-	-	-	-	39	39
Interim dividend paid out in respect of 2020/21	-	-	-	-	-1,065	-	-1,065
Dividend paid out in respect of 2019/20	-	-	-	-	-2,765	-	-2,765
Transactions with shareholders	-	-	-	-	-3,830	-77	-3,907
Equity at 30 June	18	198	-363	-37	-	7,111	6,927

List of notes

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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 four operating segments: Chronic Care, Interventional Urology, Wound & Skin Care and Voice & Respiratory 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 and the operating segment Voice & Respiratory Care covers the sale of laryngectomy care products.

The reporting segments are also Chronic Care, Interventional Urology, Wound & Skin Care and Voice & Respiratory 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 and Voice & Respiratory Care 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. The shared/non-allocated costs also include PPA amortisation expenditures related to Voice & Respiratory Care.

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 DKK million	Chronic Care		Interventional Urology		Wound & Skin Care		Voice & Respiratory Care ¹⁾		Group	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Segment revenue:										
Ostomy Care	6,367	5,783	-	-	-	-	-	-	6,367	5,783
Continenace Care	5,613	5,168	-	-	-	-	-	-	5,613	5,168
Interventional Urology	-	-	1,782	1,573	-	-	-	-	1,782	1,573
Wound & Skin Care	-	-	-	-	2,001	1,802	-	-	2,001	1,802
Voice & Respiratory Care	-	-	-	-	-	-	757	-	757	-
External revenue as per the statement of comprehensive income	11,980	10,951	1,782	1,573	2,001	1,802	757	-	16,520	14,326
Costs allocated to segment	-4,894	-4,402	-1,161	-915	-1,173	-1,042	-517	-	-7,745	-6,359
Segment operating profit/loss	7,086	6,549	621	658	828	760	240	-	8,775	7,967
Shared/non-allocated									-3,679	-3,262
Special items not included in segment operating profit/loss (see note 3)									-435	-200
Operating profit before tax (EBIT) as per the statement of comprehensive income									4,661	4,505
Net financials									-146	84
Tax on profit/loss for the period									-1,039	-1,069
Profit/loss for the period as per the statement of comprehensive income									3,476	3,520

¹⁾ Only five months recognised in 2021/22.

Note 3 Special items

DKK million	2021/22	2020/21
Provisions for litigation about transvaginal surgical mesh products	300	200
Expenses related to business combinations	135	-
Total	435	200

Special items contains expenses to cover further costs to resolve the remaining claims in connection with legal assistance related to litigation about transvaginal surgical mesh products as the process takes longer than previously anticipated. See note 5 to the financial statements for more information about the mesh litigation.

For 2021/22, special items also contain expenses and integration costs related to business combinations.

Note 4

Financial income and expenses

DKK million	2021/22	2020/21
Financial income		
Interest income	7	8
Fair value adjustments of forward contracts transferred from other comprehensive income	-	43
Net exchange adjustments	129	67
Hyperinflationary adjustment of monetary position	11	11
Other financial income	1	-
Total	148	129
Financial expenses		
Interest expenses	68	10
Interest expenses, lease liabilities	12	9
Fair value adjustments of forward contracts transferred from other comprehensive income	127	-
Fair value adjustments of cash-based share options	15	2
Other financial expenses and fees	72	24
Total	294	45

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 99% of the MDL cases have been settled to date.

An additional expense of DKK 0.3 billion has been recognised in Q2 2021/22 to cover further costs to resolve the remaining claims as the process takes longer than previously anticipated. The total amount recognised since the 2013/14 financial year for expected costs of litigation in the USA amounts to DKK 6.15 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 0.2 billion at 30 June 2022 (DKK 0.2 billion at 30 September 2021) plus DKK 0.3 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

Bonds

A pre-interest rate hedge of EUR 1,150 million was made with mandatory breakage on the day the bonds were issued. The objective was to lock in the interest rate component of the coupon. At the time of settlement, a gain of DKK 521 million was realised. The accounting rules for cash flow hedging of highly probable forecast transactions is applied for this transaction, consequently the gain is recognised in other comprehensive income and included in the separate hedging reserve within equity. The gain will subsequently be transferred to financial items along with recognition of the interest rate expense on the bond.

Short name	Currency	Amount, million	Expiry date	Coupon ¹⁾
COLOCB1	EUR	650	19-05-2024	0.37
COLOCB2	EUR	850	19-05-2027	2.25
COLOCB3	EUR	700	19-05-2030	2.75

¹⁾ Fixed as per 17-05-2022

Note 7

Specifications of cash flow from operating activities

DKK million	2021/22	2020/21
Net gain/loss on divestment of non-current assets	6	2
Change in other provisions	33	39
Other non-cash operating items	36	39
Adjustment for other non-cash operating items	75	80
Inventories	-406	-109
Trade receivables	-292	-179
Other receivables, including amounts held in escrow	-246	120
Trade and other payables etc.	-217	-253
Changes in working capital	-1,161	-421

Note 8

Cash and cash equivalents

DKK million	2022	2021
Bank deposits, short term	634	447
Cash and cash equivalents at 30 June	634	447

Note 9

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.

Note 10

Acquisitions

On 31 January 2022, Coloplast completed the acquisition of all shares and voting rights of Atos Medical at a cash consideration of DKK 10,622 million.

About Atos Medical

Atos Medical is the global market leader in laryngectomy. Laryngectomy is a chronic business that fits into Coloplast's mission, vision and values. Atos Medical's purpose of making life easier for people living with a neck stoma is closely aligned with Coloplast's purpose of making life easier for people with intimate healthcare needs. The Atos Medical group serves customers in around 90 countries and a direct presence in 30 countries across the world. Atos Medical employs about 1,200 employees.

Strategic rationale

The transaction represents a new long-term growth category for Coloplast operating with its own identity, brand and execution strength while benefitting from the industry leading capabilities and track record of Coloplast to drive continuous growth and value creation. The acquisition of Atos Medical adds therefore a new long-term growth compounder in a category with significant untapped market potential. Following the expected acquisition, Coloplast gains access to a new chronic care segment to be run as a separate strategic business unit operating on shared Coloplast infrastructure.

Goodwill recognised mainly related to the expertise and knowhow of the acquired workforce and expected synergies from the integration to Coloplast Group. Recognised goodwill is non-deductible for tax purposes.

Transaction and integration costs

In 2021/22, Coloplast incurred transaction and integration costs relating to the acquisition of approximately DKK 135 million, which has been recognised under special items in the statement of comprehensive income. Transaction costs accounts for DKK 89 million. Total transaction and integration costs are expected in the level of DKK 150 million. We expect the majority of the transaction and integration costs will materialise in 2021/22.

Fair value of acquired net assets and recognised goodwill

The fair value of the acquired net assets has been assessed on the basis of a preliminary balance sheet at the time of acquisition. The accounting for the business combination is considered provisional due to the fact that the transaction was closed on 31 January 2022, leaving limited time to identify and determine fair value of assets acquired and liabilities assumed. Adjustments may be applied to the purchase price allocation for a period of up to 12 months from the acquisition date.

Note 10, continued

DKK million	Preliminary fair value at date of acquisition (31.01.2022)
Assets identified at fair value:	
Customer relationships	2.427
Patents and trademarks	4.699
Software	23
Intangible assets (under construction)	29
Property, plant and equipment	218
Right-of-use assets	74
Deferred tax assets	45
Inventories	151
Trade receivables	248
Other receivables	73
Cash and cash equivalents	-
Total assets	7.987
Liability identified at fair value:	
Lease liabilities	76
Borrowings	4.990
Provisions	498
Corporate tax	48
Trade payables	60
Other payables	310
Deferred tax liability	1.513
Total liability	7.495
Total net assets acquired	492
Goodwill	10.130
Purchase price	10.622
Acquired cash	-
Cash flow used for acquisition of subsidiaries	10.622

Intangible assets consist of customer lists (DKK 2,427 million) and patents and trademarks (DKK 4,699 million). Customer lists consist of access to Atos's existing customer base (users) and physician lists. Patents and trademarks consist of the Atos trademark and name. Receivables represent a gross amount of DKK 321 million and have only been subject to insignificant writedowns.

After recognition of identifiable assets and liabilities at fair value, goodwill related to the acquisition amounts to DKK 10,130 million, which is not deductible for tax purposes.

Note 10, continued

Earnings impact

We have initiated the operational and legal integration of Atos Medical, while focusing on maintaining a high service level towards our customers in the transition phase. We expect Atos Medical to have significant impact on the revenue growth of the Group, and a limited negative impact on the EBITA margin year-to-date in 2021/22.

Atos Medical is recognised in consolidated net revenue at DKK 757 million and in consolidated operating profit before special items at DKK 144 million, which also includes around DKK 96 million in PPA amortisation costs. If the acquisition had occurred on 1 October 2021, consolidated pro-forma revenue and operating profit before special items for the period ended 30 June 2022 of the combined Group would have been approximately DKK 17,100 million and DKK 5,185 million, respectively.

The Atos Medical activities will be presented as a new operating segment for the Coloplast Group.

Fair value measurement

Material net assets acquired for which significant estimates have been applied in the fair value assessment have been recognised using the following valuation techniques:

Customer relationships

Customer relationships have been measured using an income-based method (MEEM), by which the present value of future cash flows from recurring contract customers expected to be retained after the date of acquisition has been valued using a WACC of 6.7% as discount rate. In total, customer relationships amounting to DKK 2,427 million have been included in the opening balance. The main input value drivers in the MEEM model used are the estimated future retention rate and net cash flow of the acquired contract customer base. These inputs have been estimated based on Management's professional judgement from analysis of the acquired customer base, historical data and general business insight.

Patents and trademarks

Technology has been measured by applying the income-based (relief from royalty) method to the revenue stream. The discount rate applied is 6.7% which is deemed a fair reflection of the risk comprised in the technology.

The corporate trademarks, Atos and TRACOE, are measured by applying the income-based (relief from royalty) method to the revenue stream. The estimated royalty rate of 6.0% is based on the average of the comparable licence contracts. The discount rate applied is 6.7% which is deemed a fair reflection of the risk comprised in the corporate trademarks.

Provisions

The provisions are related to Atos Medical Inc. (US) which is subject to an audit regarding billing compliance. It is assessed that the audit is associated with a material risk of recoupment and based on the preliminary high-level analysis the maximum exposure is currently estimated to around DKK 500 million. Atos Medical expects feedback on the matter within the next 6 months at which point Atos Medical Inc. has 240 days to respond and prepare any required further analysis.

Trade receivables and payables

Fair value of trade receivables and trade payables has been measured at the contractual amount expected to be received or paid. In addition, collectability has been taken into consideration on trade receivables. The amounts have not been discounted, as maturity on trade receivables- and payables generally is very short and the discounted effect therefore immaterial.

Financial liabilities

Lease liabilities have been measured at the present value of the remaining lease payments at the acquisition date discounted using an appropriate incremental borrowing rate.

Note 10, continued

Borrowings

Borrowings have been measured at the present value of the repayable amounts discounted using a representative borrowing rate, unless the discount effect is insignificant.

Other

In addition to the above Coloplast has during Q2 acquired 100% of the shares and voting rights in a small French direct-to-consumer Durable Medical Equipment (DME) dealer, Mercure Medical. The acquisition is expected to expand Coloplast' footprint in Paris, France.

The fair value of net assets acquired was estimated on the basis of a preliminary balance sheet at the date of acquisition. As a result, the entire purchase price is expected to be considered intangible assets. The agreed consideration for the shares amounts EUR 1.5 million (DKK 11 million), which fell due for payment on the date of the acquisition.

Income statement, quarterly

Unaudited

Consolidated DKK million	2021/22				2020/21		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	5,849	5,502	5,169	5,100	4,835	4,753	4,738
Production costs	-1,801	-1,721	-1,639	-1,579	-1,500	-1,502	-1,532
Gross profit	4,048	3,781	3,530	3,521	3,335	3,251	3,206
Distribution costs	-1,813	-1,620	-1,492	-1,454	-1,396	-1,325	-1,310
Administrative expenses	-270	-264	-195	-213	-189	-175	-185
Research and development costs	-222	-222	-205	-207	-185	-177	-186
Other operating income	30	15	14	16	32	10	15
Other operating expenses	-12	-4	-3	-13	-5	-7	-4
Operating profit (EBIT) before special items	1,761	1,686	1,649	1,650	1,592	1,577	1,536
Special items	-20	-381	-34	-	-	-200	-
Operating profit (EBIT)	1,741	1,305	1,615	1,650	1,592	1,377	1,536
Financial income	79	50	19	8	44	67	18
Financial expenses	-149	-68	-77	-14	-17	31	-59
Profit before tax	1,671	1,287	1,557	1,644	1,619	1,475	1,495
Tax on profit for the period	-382	-307	-350	-339	-365	-345	-359
Net profit for the period	1,289	980	1,207	1,305	1,254	1,130	1,136
DKK							
Earnings per share (EPS) before special items	6.14	6.00	5.80	6.13	5.89	6.04	5.34
Earnings per share (EPS)	6.07	4.61	5.67	6.13	5.89	5.31	5.34
Earnings per share (EPS) before special items, diluted	6.13	5.99	5.78	6.12	5.88	6.03	5.33
Earnings per share (EPS), diluted	6.06	4.60	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, Interventional Urology and Voice & Respiratory Care. We operate globally and employ about 14,000 employees.

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