2021/22

Annual Report

Tatiana | IC user

Company registration (CVR) No. 69 74 99 17

Ostomy Care | Continence Care | Wound and Skin Care | Interventional Urology | Voice and Respiratory Care

Coloplast

Five-year financial highlights and key ratios

Income statement, DKK million	2021/22	2020/21	2019/20	2018/19	2017/18
Revenue	22,579	19,426	18,544	17,939	16,449
Research and development costs	-866	-755	-708	-692	-640
Operating profit before interest, tax, depr. and amort. (EBITDA)	7,369	6,947	6,705	5,807	5,716
Operating profit before interest, taxes and amortisation (EBITA) before special items	7,170	6,484	6,013	5,707	5,248
Operating profit (EBIT) before special items	6,910	6,355	5,854	5,556	5,091
Special items	-471	-200	-	-400	-
Operating profit (EBIT)	6,439	6,155	5,854	5,156	5,091
Net financial income and expenses	-312	78	-388	-128	-82
Profit before tax	6,127	6,233	5,466	5,028	5,009
Net profit for the year	4,706	4,825	4,197	3,873	3,845
Revenue growth					
Annual growth in revenue, %	16	5	3	9	6
Growth breakdown:					
Organic growth, %	6	7	4	8	8
Currency effect, %	4	-2	-1	1	-4
Acquired operations, %	6	0	-	0	1
Other matters, %	-	-	-	-	1
Balance sheet, DKK million					
Total assets	34,956	15,841	13,499	12,732	11,769
Capital invested	27,679	11,576	9,864	8,748	8,468
Net interest-bearing debt	18,091	2,112	1,162	539	754
Equity at year end	8,292	8,168	7,406	6,913	6,418
Cash flows and investments, DKK million					
Cash flows from operating activities	5,099	5,290	4,759	4,357	4,361
Cash flows from investing activities	-11,759	-2,011	-901	-591	-947
Investments in property, plant and equipment, gross	-927	-919	-846	-617	-616
Free cash flow	-6,660	3,279	3,858	3,766	3,414
Cash flows from financing activities	6,591	-3,176	-3,857	-3,714	-3,430
Key ratios					
Average number of employees, FTEs	13,650	12,578	12,250	11,821	11,155
Operating margin (EBIT margin) before special items, %	31	33	32	31	31
Operating margin (EBIT margin), %	29	32	32	29	31
Operating margin before interest, tax, depr. and amort. (EBITDA margin), %	33	36	36	32	35
Gearing ratio, NIBD/EBITDA before special items	2.3	0.3	0.2	0.1	0.1
Return on average invested capital before tax (ROIC), %[1)]	35	58	59	62	57
Return on average invested capital after tax (ROIC), %[1)]	27	45	46	48	44
Return on equity, %	64	70	66	65	72
Equity ratio, %	24	52	55	54	55
Net asset value per outstanding share, DKK	39	38	35	33	30
Share data					
Share price, DKK	776	1,007	1,004	825	657
Share price/net asset value per share	20	26	29	25	22
Average number of outstanding shares, in million	213	213	213	212	212
PE, price/earnings ratio	35	44	51	45	36
Dividend per share, DKK[2)]	20.0	19.0	18.0	17.0	16.0
Payout ratio, %[3)]	84	81	91	86	88
Earnings per share (EPS), diluted	22.11	22.63	19.67	18.18	18.10
Free cash flow per share	-31	15	18	18	16

Key ratios have been calculated and applied in accordance with the Recommendations and Financial Ratios issued by the Danish Society of Financial Analysts.
1) This item is provided before special items. After special items, ROIC before tax was 33%/57%/61%/60%/62%, and ROIC after tax was 25%/44%/47%/46%/47%. 2) The figure shown for the 2021/22 financial year is the proposed dividend. 3) For the 2021/22, 2020/21 and 2018/19 financial years, this item is before special items. After special items, the payout ratio is 90%/84%/93%.

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HIGHLIGHTS

A message from the Chairman

> *Despite the external challenges, the last couple of years confirmed the resilience of Coloplast's business model and our position as one of the best performing medical device companies in the world.*

Dear shareholders,

The year 2022 will be remembered as one of the most challenging years the world has seen in decades. In addition to the COVID-19 pandemic, soaring inflation, disrupted supply chains and rising interest rates have all challenged the global economic outlook.

At Coloplast, we make life easier for people with intimate healthcare needs. This is our mission.

In this challenging year, the company continued to outperform the market and to make progress on the **Strive25** strategy. We delivered another year with a solid set of results.

My belief is that effective boardrooms are built on a foundation of collaboration, respect and trust. I also place great emphasis on strong collaboration between the Board and the Executive Leadership Team.
This past year, the Board has engaged extensively with management on navigating inflation, COVID-19 in China and the fallout from the war in Ukraine. We have an ongoing dialogue on key strategic topics, including innovation, digitalisation, sustainability, culture, M&A and successful execution in our key focus markets – the US and China. We must ensure that the decisions taken today support Coloplast's long-term value creation for all stakeholders – consumers, healthcare professionals, employees, communities and shareholders.

Let me now highlight two key developments from 2021/22.

First, the acquisition of Atos Medical, a company that is a strong fit for Coloplast in all the parameters – mission, strategy and financial performance. Atos Medical is market leader in the laryngectomy segment, which in many ways resembles Coloplast's chronic care segments: Ostomy Care and Continence Care – their market leadership position, innovative product portfolio, long-term partnership with healthcare professionals and a consumer focus. Market penetration across geographies is low, and the opportunity to expand coverage to benefit many more patients is significant. Atos Medical is a growth option that supports Coloplast's long-term growth agenda and value creation.

The acquisition was financed with a corporate bond, issued in May with significant demand.

Second, Sustainability remains on top of the Board's agenda. I firmly believe that sustainability is a key competitive advantage, and we must ensure that Coloplast stays ahead of the curve. At Coloplast, we have always aspired to act responsibly. As part of ***Strive25***, Sustainability has been elevated to an enterprise theme, backed by significant investments.

The climate crisis is one of the most urgent issues of our time. We must act now. At Coloplast, we are committed to ambitious science-based climate action. In June, our carbon emission reduction targets were approved by the Science Based Target initiative. This is recognition that the targets across our production and valuechain are consistent with the reduction required to keep global warming to 1.5˚C.

Inclusion and Diversity is another area that I feel passionate about. In 2021/22, we welcomed a new Board member, Annette Brüls, who brings invaluable executive management experience from the global medical device industry. I am pleased to say that we now have a balanced gender distribution among the shareholder-elected Board members.

Today, I am pleased to present our Annual Report, Sustainability Report and Remuneration Report. The Annual Report looks back on another year with negative impact from COVID-19, especially in China as well as inflationary pressure on input costs, a topic which continues into next year. In spite of these challenges, Coloplast once again delivered solid performance and earnings growth.

In conclusion, based on our company's financial performance in 2021/22, the Board of Directors will propose a total dividend of DKK 20.00 per share at the Annual General Meeting in December 2022.

On behalf of the Board of Directors, I would like to thank Coloplast's Executive Leadership Team for guiding the organisation through this uncertain environment.

A big thank you also goes to our employees for their hard work and dedication to the company and our mission. The commitment shown by our over 14,500 employees worldwide is truly admirable.

I would also like to thank you, our shareholders, for your continued trust and support.

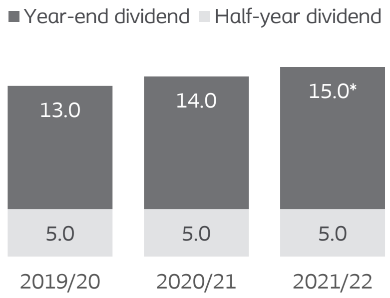
Despite the external challenges, the last couple of years confirmed the resilience of Coloplast's business model and our position as one of the best performing medical device companies in the world. We continue building the consumer healthcare company of the future and helping millions of people with intimate healthcare needs.

Lars Rasmussen
Chairman of the Board of Directors

Proposed dividend per share is DKK 15.00 on top of a half-year dividend of DKK 5.00.

The Board of Directors recommends that the shareholders attending the general meeting approve a year-end dividend of DKK 15.00 per share. In addition to a dividend of DKK 5.00 per share paid out in connection with the half-year results in May 2022, which brings the total dividend paid for the year to DKK 20.00 per share, compared with DKK 19.00 per share last year.

DIVIDEND PER SHARE (DKK)



* Proposed dividend per share.

Our CEO's view on the business

> *I am optimistic about our future. Coloplast is a long-term growth company with industry-leading profitability.*

Dear shareholders,

At Coloplast, we work to make life easier for people with intimate healthcare needs. This year, we continued to help more than two million users. We also welcomed more than 250,000 new users to our patient support programme, Coloplast® Care. Yet, many more should have access to better products, technologies and services. This is what we fight for. As the market leader, we build better standards of care, open access for more users and raise the bar with innovative products. We are making progress, but we also have more work to do.

This work supports our vision to build the consumer healthcare company of the future – a company that supports patients directly and enables them to take care of themselves at home. We believe this is where healthcare needs to go to effectively meet the demand from a world ageing at an unprecedented rate. The world needs healthcare companies to enable self-care for people with chronic conditions. This is what we are building.

Atos Medical acquisition

A key highlight for me this past year is the acquisition of Atos Medical, a company that I have followed and admired at a distance for their work on setting the standard of care for laryngectomy patients.

Coloplast and Atos Medical have many similarities: We serve chronic users, we are undisputed category leaders, and we believe in a commercial model centred on innovation, partnership with healthcare professionals, and a direct-to-consumer setup. We are also companies that serve markets where many more people should have access to better products and support.

With an organic growth expected at 8%-10% and an EBITDA margin in the mid-30s, the financial profile of Atos Medical is highly attractive. The acquisition is expected to be EPS accretive starting 2022/23.

Ten months into the acquisition, I am pleased to say that the attractiveness of the acquisition is confirmed, and the performance and integration are on track. I am excited to continue the growth journey of Atos Medical as part of the Coloplast family and enable self-care for people with a laryngectomy or tracheostomy.

Solid 2021/22 results

Turning to the results for the year, we delivered another solid set of numbers with 6% organic growth, 31% EBIT margin before special items, and 27% return on invested capital after tax (before special items). China, a key focus market, continued to be negatively impacted by COVID-19. Elsewhere, growth is back, and the business performed largely in line with the Strive25 ambitions. The EBIT margin was negatively impacted by inflationary pressure on input costs, a normalisation of our spend post-COVID, as well as continued investments in innovation and growth initiatives.

***Strive25* – Sustainable Growth Leadership**

Let me share a few highlights from our ***Strive25*** strategy around innovation and growth.

First, innovation. To address the key challenges users face and raise the standard of care, we continue the work in Chronic Care and are making solid progress on our Clinical Performance Programme. Heylo™, the new digital leakage platform in ostomy care, is in pilot launches in the UK and Germany, trialled by hundreds of users. Luja™, our new catheter platform with micro-hole zone technology, will be launched in the second half of 2022/23.

In Wound Care, we have the strongest portfolio to date, and solid momentum in Europe.

In Interventional Urology, we are strengthening the business through organic innovation and inorganic opportunities in attractive adjacent segments.

Second, growth. As COVID-19 began to release its grip on the healthcare systems, we started to see a comeback in growth across our businesses and geographies. Once again, we grew above the market and gained market shares across all business areas.

In the US, our ostomy care business delivered double-digit growth, on the back of the GPO wins and sales force expansion. In China, we maintain our strong ostomy care market share across channels despite the impact from COVID-19. The long-term potential of the Chinese market remains intact, and we remain fully committed to the market.

Our ***Strive25*** strategy is supported by key growth enablers – Efficiency, People and Culture, and Sustainability.

We continue to strive for unparalleled efficiency and industry leading margins. Within our Global Operations Plan 5 (GOP5), the automation programme is largely on track to deliver FTE neutrality in 2022/23, and our second volume factory in Costa Rica opened this year. We expect around 25% of the volumes to be produced in Costa Rica in 2025, providing a more robust and global network. Despite the progress made, our GOP5 is challenged by the inflationary environment and significant increases in raw material prices, electricity prices and wages in Hungary. Finally, we continue to see a positive scale effect in our business support organisation driven by further utilisation of our Business Centre in Poland.

At the core of delivering on ***Strive25*** are our people and culture. We have a purpose driven organisation which has engaged employees who are motivated by helping our users. Despite a challenging job market, I am happy to say that the voluntary turnover level in 2021/22 was on par with last year.

I am also pleased to release this year's Sustainability Report together with the Annual Report. In 2021/22, our carbon emission reduction targets were approved by the Science Based Target initiative, a recognition of our efforts to contribute towards solving the climate crisis. I am happy that in 2021/22 we increased our renewable energy use to 72%, from 67% last year, driven by the installation of electric heating pumps at our production sites in Hungary and China. We also signed the first Power Purchasing Agreement which secures new green power for Coloplast's electricity consumption in Denmark.

Looking ahead

As we enter a new financial year, the world is in a very different place from where it was just a year ago and the list of challenges is long: war in Europe, inflation on the rise globally, a pandemic still ongoing in parts of the world, disrupted supply chains, and increasing interest rates – to name just a few.

Coloplast is not immune to these challenges. Inflationary pressure on energy prices in Hungary and raw material prices pose a headwind to our margin outlook for 2022/23. Inflation is challenging because we operate in an industry where a large share of sales comes from reimbursed categories, limiting our ability to pass on the inflationary pressure.

Despite the near-term challenges, I remain fundamentally optimistic about our future. Coloplast is a long-term growth company with industry-leading profitability. We remain one of the best-performing medical device companies in the world.

Across our business areas and geographies, I see a lot of unmet user needs and untapped market potential. With our robust commercial model focused on innovation, partnership with healthcare professionals and direct-to-consumer setup, we are well positioned to continue the journey of building the consumer healthcare company of the future.

Finally, I would like to say thank you to all my colleagues at Coloplast for their continued commitment and hard work in another challenging year. I would also like to thank our customers and investors for their confidence.

Kristian Villumsen
President & CEO

Regions and business areas revenue

Coloplast Group
22.6 bn
Reported revenue in DKK
+6%
Organic growth at constant exchange rates

Interventional *Urology*
Vaginal slings, penile implants and disposable products for use in surgery
2.4 bn
Reported revenue in DKK

Ostomy *Care*
Ostomy bags, plates and supporting products
8.6 bn
Reported revenue in DKK

Wound and Skin *Care*
Advanced wound care dressings, liquids and creams to treat wounds and contract manufacturing of consumer products
2.7 bn
Reported revenue in DKK

Continence *Care*
Intermittent catheters, collecting devices and bowel management
7.6 bn
Reported revenue in DKK

Voice and Respiratory *Care*
Heat- and Moisture Exchangers (HMEs), Voice Prosthesis and adhesives
1.2 bn
Reported revenue in DKK

European markets

Western, Northern and Southern Europe

12.9 bn

Reported revenue in DKK

+5%

Organic growth at constant exchange rates

Other developed markets

USA, Canada, Japan, Australia and New Zealand

5.8 bn

Reported revenue in DKK

+6%

Organic growth at constant exchange rates

Emerging markets

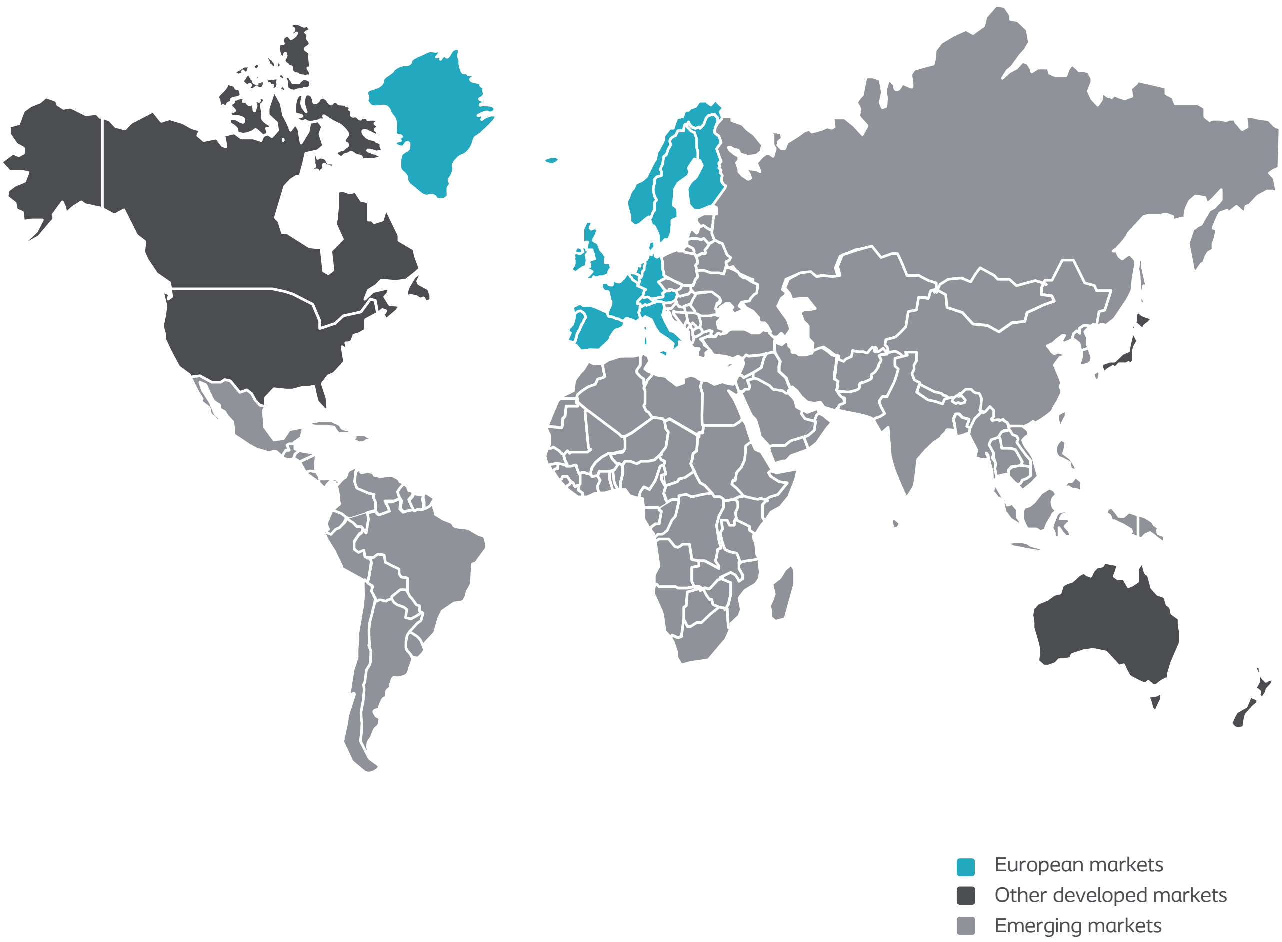
All other markets

3.9 bn

Reported revenue in DKK

+10%

Organic growth at constant exchange rates



HIGHLIGHTS
2021/22 in brief

6%

Organic revenue growth in 2021/22. Growth was broad-based

31%*

EBIT margin driven by efficiency gains and cost prudency

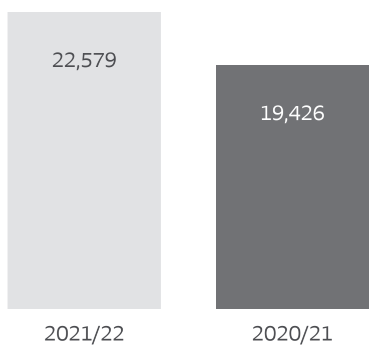
* Before special items

27%*

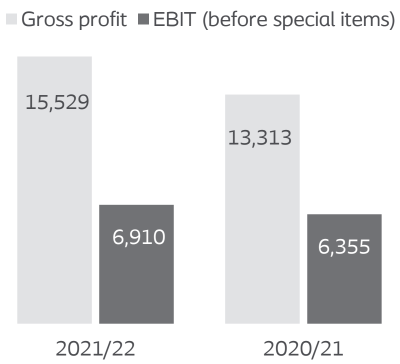
ROIC after tax compared to 45% last year

* Before special items

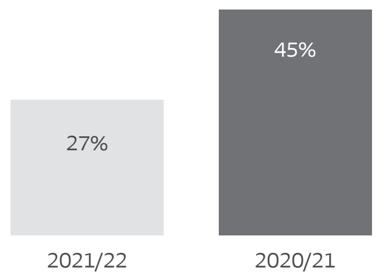
REVENUE (DKK MILLION)



GROSS PROFIT AND EBIT (DKK MILLION)



DEVELOPMENT IN ROIC AFTER TAX



Organic growth was 6%, with all business areas contributing to growth. Ostomy Care was the main growth contributor and grew 7% organically, followed by Continence Care with 6% organic growth. Interventional Urology also made a solid contribution, growing at 9%, while the wound and skin care business grew 4% organically.

Revenue in DKK amounted to 22,579 million, which was a 16% increase from 19,426 million last year. Revenue from acquisitions contributed 6%-points to reported growth, as a result of the Atos Medical acquisition in 2021/22.

EBIT before special items amounted to DKK 6,910 million, a 9% increase from DKK 6,355 million last year.

The increase in EBIT was a result of increasing revenues, leverage effect on operating expenses, and tailwind from currencies, with an offsetting effect from normalised commercial activity levels as COVID-19 restrictions eased, and continued investments in growth initiatives. The EBIT margin also included an impact from increasing input costs and amortisations related to the Atos Medical acquisition.

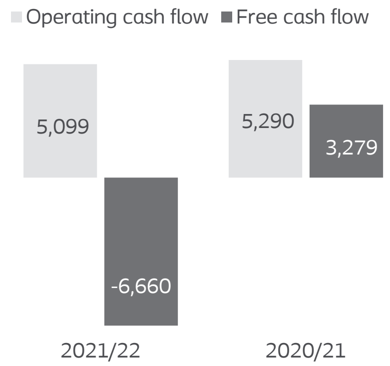
The EBIT margin after special items was 29%.

ROIC after tax before special items was 27% against 45% last year. ROIC was negatively impacted in 2021/22 by the acquisition of Atos Medical in January 2022, while 2020/21 was negatively impacted by the acquisition of Nine Continents Medical in November 2020.

-6,660 m

Free cash flow in DKK impacted by investments and acquisitions

CASH FLOW (DKK MILLION)



Cash flows from operating activities amounted to DKK 5,099 million, against DKK 5,290 million last year. The negative development in cash flows from operating activities was mainly due to changes in working capital and financial items, partly offset by an increase in operating profit (EBIT).

Cash flows from investing activities was an outflow of DKK 11,759 million in 2021/22 compared with DKK 2,011 million last year mainly due to the acquisition of Atos Medical.

The free cash flow was an outflow of DKK -6,660 million compared to an inflow of DKK 3,279 million last year, which was impacted by the Atos Medical acquisition.

Highlights from our ***sustainability*** agenda

250,000

patients joined Coloplast® Care in 2021/22

71%

production waste is recycled, improved from 58% in 2020/21

8%

scope 1 and 2 emissions reduced since the base year 2018/19

Please go to page 38 to read more about sustainability in Coloplast.

Download our Sustainability report
https://sustainability.coloplast.com/sustainability/reporting/reports/

Outlook and financial guidance

Our *guidance* for 2022/23

7-8%
Organic revenue growth at constant exchange rates

28-30%
Reported EBIT margin

Around 1.4 bn
Capital expenditure in DKK

Around 21%
Effective tax rate

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

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.

Key assumptions

The impact of current macroeconomic trends and global events, especially input costs development and COVID-19 in China, is continuously monitored and evaluated on a short- and medium-term basis. The financial guidance is subject to a higher degree of uncertainty due to the changing environment.

The addressable market in which Coloplast operates is expected to continue growing at 4-5% and includes negative impact from COVID-19 in China.

Revenue growth
Organic growth is expected at 7-8% in constant currencies and assumes:

a) Limited impact from COVID-19 on hospital activity across markets, except for China
b) The Chronic Care business excluding China is expected to grow largely in line with the Strive25 ambitions. The assumptions by region include:
  - Continued good momentum in Europe
  - US – sustained good momentum in Ostomy Care and improvement in growth in Continence Care
  - Emerging markets – broad-based double-digit growth excluding China.
  - China is expected to remain impacted by COVID-19 restrictions, impacting hospital access and procedural volumes and consumer sentiment
c) Wound and Skin Care is expected to deliver growth above the market in line with the Strive25 ambitions. China is expected to remain impacted by COVID-19 restrictions, impacting hospital access and procedural volumes
d) Interventional Urology is expected to deliver high single-digit growth in line with the Strive25 ambitions
e) Voice and Respiratory Care is expected to grow at 8-10%, with 8 months impact on organic growth
f) Revenue exposure to Russia and Ukraine is expected to be on par with 2021/22 i.e., around 1% of group revenues with a flat growth rate in FY 2022/23.
g) No current knowledge of significant health care reforms; positive pricing impact is expected
h) A stable supply and distribution of products across the company; impact from backorders in Collecting Devices and Wound Care expected to persist into first half of 2022/23.

Reported growth in DKK is expected at 11-12%, due to favourable FX movements, expected around 1%-point, and impact from the Atos Medical acquisition, expected around 3%-points (4 months impact).

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

EBIT margin
The EBIT margin is expected at 28-30%, and assumes:

a) Leverage effect on fixed costs and continued efficiency improvements through Global Operations Plan 5
b) An increase in input costs, driven mostly by:
  - Raw materials – double-digit price increase
  - Energy – doubling of electricity costs compared to 2021/22
  - Wages in Hungary – double-digit increase

c) Prudent management of operating costs, expected to grow below reported revenue in DKK (excluding acquired growth)
d) Full year impact of around DKK 230 million of amortisation related to the Atos Medical acquisition

Capex
Capex is expected to be around DKK 1.4 billion and includes investments in automation at volume sites in Hungary and China as part of GOP5, investments in new machines for existing and new products, IT and sustainability investments, as well as Atos Medical capex and integration capex.

Effective tax rate
The effective tax rate is expected to be around 21%, positively impacted by the transfer of Atos Medical IP.

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

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) Capex integration costs of up to DKK 150 million split over 2021/22-2023/24, of which the vast majority will be IT capex
d) The acquisition is structured as a 100% cash payment financed through debt financing
e) The blended interest rate for the debt financing package is expected around 1.95% in FY 2022/23
f) Around 75% of the purchase value will be treated as goodwill, and the remaining 25% as intangibles, to be amortised over approximately 15 years
g) Around DKK 50 million integration cost in FY 2022/23, to be treated as special items as expected

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 targets and meet our guidance. This may impact our company's financial results.

Exchange rate exposure
Our financial guidance for the 2022/23 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 2020/21	852	622	2.08
Average exchange rate 2021/22	878	688	1.97
Change in average exchange rates for 2021/22 versus 2020/21	3%	11%	-5%
Spot rate on 4 November 2022	854	762	1.83
Change in spot rates compared with average exchange rate 2021/22	-3%	11%	-7%

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	-490	-220
GBP	-320	-220
HUF	-	130

Mission and business model

Mission

Coloplast's mission is to make life easier for people living with intimate healthcare needs. This has been at the very core since the company's beginnings more than 65 years ago.

This year, we again helped more than 2 million chronic users in 140 countries.

There are many more who should have access to better products, services, and new technologies. We are committed to continue building healthcare standards and ensure more users get proper access to the products they need to live a better life.

Business model

Healthcare globally is changing and experiencing demographic pressure, more demanding consumers, digital transformation, price pressure and channel consolidation. Healthcare systems need to adapt to these trends and meet the increase in demand in a cost-effective way.

At Coloplast, we are building a company that can take an active role in the care continuum and ensuring users can get treated at home and enable self-care.

In short – we are building the consumer healthcare company of the future.

Our model is defined around the patient and has five elements. First, clinically differentiated products are a must. Here, we aim to raise the bar with our Clinical Performance Programme in Chronic Care and product launches within existing categories across business areas. Next, building clinical preference and partnering with healthcare professionals, which we achieve through our Coloplast® Professional programme, educational events and advisory boards. We have built a direct-to-consumer channel and a strong patient support programme, Coloplast® Care, adapted to more than 30 markets. Finally, building payer preference by documenting the value we create with data.

Commercial model

Strive25
Sustainable Growth Leadership

In September 2020, we announced our ***Strive25*** – Sustainable Growth Leadership strategy, covering the period ending in 2025.

'Sustainable' because it sends an important signal. Sustainability is an important enterprise theme.

'Growth' because we want Coloplast to continue to be an innovative growth company.

'Leadership' because we aspire to lead our categories and also because we aim to evolve the way we lead.

Our strategy has four enterprise-wide themes: Innovation, Unparalleled efficiency, Sustainability and Talent, Leadership & Culture. These four themes are enablers of the revenue growth and value creation that our business areas deliver.

We continue to focus on value creation and our ambition with the ***Strive25*** strategy is to continue to deliver 7-9% organic growth year-on-year with an EBIT margin above 30%.[1)]

During the strategy period, we will continue to invest up to 2% of annual revenue in incremental innovation and commercial activities to drive our growth and value creation agenda.

1) Constant currencies, based on FX rates as of 29 September 2020.

Strive25 Strategy

We will pursue market leading growth across all our business areas with a common theme of innovation and a geographical emphasis on the US and China. The strategy will allow us to help even more users living with intimate healthcare needs.

To create long-term growth options beyond the strategy period, M&A will also play a bigger role during ***Strive25.*** With the acquisition of Atos Medical in 2021/22, Coloplast added a new long-term growth option in a category with significant untapped market potential.

Innovation

Innovation is a core driver of organic growth. We aim to enable personalised care through an ecosystem of innovation which comprises core products, extended solutions and services. We will continue to invest around 4% of sales in R&D across all business areas.

The most important initiative in this strategy period is to deliver our Clinical Performance Programme in Chronic Care, and to launch clinically differentiated products backed by clinical evidence. The first two products from the Programme, the new catheter platform Luja™ and the world's first digital leakage platform in ostomy care Heylo™ will launch in 2023.

We also continue to deliver new products across all business areas within existing technologies. A recent example is SpeediCath® Flex Set, a flexible catheter with a set solution.

Besides organic innovation, we will use business development and M&A to build more options in the pipeline, such as the Intibia device for over-active bladder treatment in Interventional Urology.

Unparalleled efficiency

The first area of efficiency work is our Global Operations Plan 5 (GOP5). Since 2008, Global Operations have delivered significant value through Global Operations Plans. GOP5 is different from previous plans since the benefits from further offshoring of manufacturing are limited.

In addition, external factors like wage inflation and labour shortages in Hungary, and more recently in 2022 inflationary pressure on raw materials, freight and energy prices, put pressure on the overall financial performance.

To deliver a strong platform for supporting sustainable growth, GOP5 focuses on five themes: commercial collaboration, automation, seamless supply, network and footprint as well as a simple and cost-efficient culture.

Automation at our volume sites in Hungary and China is a key theme. We are making solid progress towards being headcount neutral at our manufacturing sites by the end of 2022/23, with a net impact of around 1,000 FTEs.

As part of the network and footprint theme, Coloplast has expanded the production footprint in Costa Rica. The two factories in Costa Rica support a wider geographical spread of risk and a more robust set up. Around 25% of volumes are expected to be produced in Costa Rica by 2024/25.

We also expect continued positive scale effect in our business support organisation driven by further utilisation of our Coloplast Business Centre and investments in IT.

Sustainability

With ***Strive25***, sustainability was integrated into our strategy and elevated to an enterprise theme. We are supporting sustainable development with an emphasis on improving environmental performance and investments of up to DKK 250 million during the strategy period. Our priorities for sustainability are improving products and packaging and reducing emissions.

As part of the sustainability agenda, we will also continue to work on priorities within the theme 'Responsible Operations', which covers a multitude of topics, such as creating access to healthcare for more users, employee satisfaction, safety and health, gender representation in management, inclusion and diversity, business ethics, as well as product safety and quality.

Talent, leadership and culture

Coloplast is a global employer with a strong purpose driven culture. We have a strong start on employee engagement and talent promotion that we strive to maintain. The People and Culture agenda is centred on three themes: evolving how we lead, talent for the future as well as inclusion and diversity.

Ostomy Care

Underlying conditions and users
A stoma is created by way of surgery in case of intestinal dysfunction due to a disease, accident or congenital disorder. A part of the intestine is surgically redirected through an opening in the abdominal wall, allowing faeces to be diverted out of the body through the abdomen. People with a stoma use an ostomy bag, which adheres to the peristomal skin and collects the output from the stoma. Supporting products are used in combination with an ostomy bag, to ensure a good fit as well as care for the peristomal skin.

A stoma surgery can be performed on the colon (colostomy), small intestine (ileostomy) or urinary bladder (urostomy). An estimated half of the procedures are colostomies, typically caused by cancer, an estimated third are ileostomies, typically caused by inflammatory bowel diseases (IBD), and the remaining procedures are urostomies, caused by bladder cancer.

An ostomy surgery can be permanent or temporary, with the majority of surgeries being permanent. Over the past decade, medical advances have led to an increase in the incidence of temporary stomas, i.e. when ostomy products are only needed for a limited period of time.

Between 2 and 3 million people live with a stoma worldwide, and around three-quarters of those are in the developed markets. Each year up to around 300,000 people undergo a stoma surgery in the developed markets and China combined.

A chronic category
The ostomy care business is referred to as Chronic Care because in most cases the products are used to manage chronic conditions. On average, people with a stoma use stoma pouches for about 10 years.

Another characteristic of the chronic category is that more than 90% of product sales are reimbursed. One exception is China, where products usage outside of hospital is largely out of pocket.

Less than 10% of product sales are made through a hospital or clinical setting, which leaves most of the sales in the community, after users have been discharged from a hospital or clinic. Users tend to be very loyal to the products, and in most cases continue using the same product they have been discharged on from the hospital or clinic. Therefore, the choice of product and sales through a hospital or clinical setting is essential for Coloplast.

Ostomy Care products
Ostomy bags consist either of an adhesive base plate bonded together with a bag (1-piece system) or of two separate parts in which the bag is replaced more often than the base plate (2-piece system). It is important for users to avoid leakage and skin irritation, so they can live as normal a life as possible. As a result, the adhesive must ensure a constant and secure seal, and it must be easy to remove without causing damage or irritation to the skin. To ensure a personalised fit, users also turn to supporting products.

Coloplasts portfolio of ostomy care products spans the full range from bags and baseplates to supporting products.

The approach has been to launch a new product portfolio every 8-10 years. Today, the portfolio consists of the brands Alterna®, Assura®, SenSura®, SenSura® Mio and Brava®.

Consumer focus
Over the past several years, Coloplast has invested in building stronger ties with end users and embarked on a journey of becoming a consumer healthcare company, offering not only the most innovative products, but also supporting services to users through the Coloplast® Care programme. The programme provides knowledge and support around living life with a stoma.

Coloplast maintains a database of around two million users across business areas and offers direct support to end users in more than 30 countries. More than 250,000 new users were welcomed to the programme in the financial year 2021/22.

In 2021/22 Coloplast launched MyOstomy – a new consumer companion app, designed to support users in managing life with a stoma.

Coloplast also sells products directly to end users in its top five markets – the US, the UK, France, Germany and China, ensuring end users have access to the most innovative products in the market and providing a high level of service.

Ostomy Care

Strive25: Sustaining growth leadership

Our ambition for the Ostomy Care business is to continue to deliver strong growth above the market. It all starts with innovation which is our first priority.

As a market leader, we are fully committed to drive and improve standards of care through better technologies, product categories, services and training.

Heylo™, the world's first digital leakage platform, is an example of an innovative, first of its kind technology, to be launched in 2023.

Turning to the focus areas by geography, one of the biggest opportunities in Ostomy Care is the US market, where we have around a 15% market share. The strategy is to win across the patient pathway in the US. We now have access to around 75% of the acute channel, through the two biggest Group Purchasing Organisations, Vizient and Premier, and we are in a better position than ever to execute on the strategy.

Another priority is building on our market leading position in China. At the core, we aim to sustain growth above the market in Ostomy Care. Beyond COVID-19, China is expected to constitute a significant share of our global Ostomy Care growth.

To maintain above market growth, we will continue to drive a value upgrade and expand the consumer business with China-specific digital solutions.

Beyond China, our stance on Emerging Markets is to focus on the large core markets, improve the standard of care and build on our e-commerce business. Market access is key to establishing our categories in new markets and improving funding in existing markets. The ambition for Emerging Markets is to deliver double-digit growth.

In Europe, we aim to sustain our leadership position and continue to deliver above market growth. We will continue our current path of driving growth by leveraging our innovation and services as well as through our direct businesses. We still see many pockets of growth in Europe.

Across markets, we continue to leverage our patient support programme, Coloplast® Care, and our direct businesses and digital solutions to provide support and services to users once they are released from the hospital.

***Heylo**, the world's first digital leakage platform*

Key strategic highlights 2021/22

During the year, Coloplast made significant progress on the digital leakage platform. Heylo, is in a pilot launch in Germany and the UK. The clinical studies needed to create reimbursement are in progress in both markets. The product is expected to launch in 2023.

Coloplast has decided to refocus R&D efforts and reallocate resources from the development of the new ostomy care platform with skin protective technology to other promising platforms, such as Heylo, which has demonstrated great results in our pilot studies, as well as other ongoing projects within Ostomy Care. This decision is a result of a recently published guidance on Medical Device Regulation on borderline between medical devices and medicinal products, which classifies the new skin protective technology as a class III device. This would require incremental investment and time, which impacts the business case and is not in-line with Coloplast's overall regulatory strategy for Ostomy Care.

The US ostomy care business delivered a solid year on the back of the GPO wins and sales force expansion.

During the year, we also continued investments in key markets and focus areas, such as the US and digital offering.

Ostomy care market

Market description
In 2021/22, the global market for ostomy care products was worth an estimated DKK 20-21 billion. The bags and plates category comprised around 85% of the market, with the remaining 15% in the supporting products category.

The market size is primarily impacted by the prevalence of colorectal and bladder cancer and inflammatory bowel diseases. Another significant driver is the availability of reimbursement for ostomy products across different geographies. The ostomy market is a chronic market, with the majority of product usage happening in community, i.e. after users have been discharged from hospital.

Market growth
The annual market growth is estimated at 4–5%.

Market volume growth is driven by the ageing Western population, increased cancer screening, and expanded access to healthcare in emerging markets. Another volume growth driver is compliance and usage rates across markets. The increase in the incidence of temporary stomas over the past decade has had a negative impact on volume growth.

Price and mix also have an impact on market growth. As markets mature, there is an increased demand for more advanced product categories, as well as an increased usage of supporting products. Historically, healthcare reforms have led to negative price pressure, but no significant healthcare reforms were implemented during 2021/22.

Except for China, growth in new patients was largely normalised at pre-COVID levels across all regions in 2021/22. In China, the COVID-19 related restrictions have led to a decline in procedural volumes and lower growth in new patients. The Chinese market has also been impacted by a lower average value per patient due to the increased economic uncertainty and weaker consumer sentiment.

The impact from COVID-19 on the Chinese ostomy market is expected to be temporary. The underlying dynamics and growth drivers of the Chinese ostomy market are not expected to change beyond the pandemic.

Market shares
Coloplast is the global market leader in ostomy care with a market share of 35%-40%.

In addition to Coloplast, there are two larger global manufacturers in the ostomy market as well as a few local manufacturers, especially within the UK.

Regional market shares
40%-50%
Share of European markets
15%-25%
Share of Other developed markets
45%-55%
Share of Emerging markets

Supporting products market
The market for ostomy supporting products is estimated at DKK 3-4 billion with an estimated annual segment growth of 6%-8%.

Coloplast also has a market leading position within this segment, with a market share of 35%–40%.

20-21 bn
Market size
globally in DKK

4%-5%
Market growth
annually

35%-40%
Market share
globally

#1
Market position
globally

- European markets
- Other developed markets
- Emerging markets

Source: Coloplast

Ostomy care performance

Ostomy Care generated 7% organic sales growth for the 2021/22 financial year, with reported revenue in DKK growing by 10% to DKK 8,620 million.

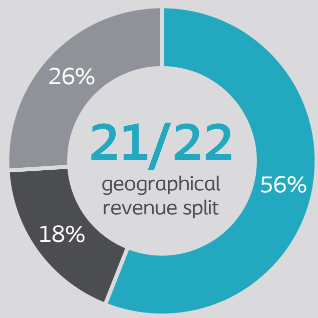
The SenSura® Mio portfolio and the Brava® range of supporting products continued to be the main drivers of revenue growth. At the product level, SenSura Mio Convex was the main contributor to growth driven by Europe, especially the UK and Germany, as well as the US. SenSura Mio Concave also contributed to growth, driven mostly by Europe.

The SenSura and Assura/Alterna® 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, the US as well as broad-based growth in the Emerging markets region.

From a geographical perspective, Europe was the main contributor to growth, led by the UK. The US delivered a strong year and contributed nicely to growth. Emerging markets excluding China also made a solid contribution to growth, driven by LATAM.

In China, COVID-19 restrictions hampered growth and led to lower level of procedural volumes and sales in the hospital channel. The average value per patient remained below pre-COVID levels, due to economic uncertainty which continued to impact consumer sentiment.

Outside of China, growth in new patients during the year was largely normalised at pre-COVID levels.



8.6 bn

Reported revenue in DKK for 2021/22

7%

Organic growth at constant exchange rates

10%

Reported growth in DKK

Reported revenue included a positive effect from FX rates.

- European markets
- Other developed markets
- Emerging markets

Continence Care

Underlying conditions and users
The continence care business area addresses two types of continence control issues: people unable to empty their bladder or bowel and people suffering from urinary or faecal incontinence.

People unable to empty their bladder can use an intermittent catheter, which is inserted through the urethra of the urinary tract to empty the bladder. One of the main groups of users of intermittent catheters are people with a spinal cord injury. Other user groups are people with multiple sclerosis and people with congenital spina bifida, as well as men with benign prostatic hyperplasia.

Urinary incontinence means that a person has lost the ability to hold urine, resulting in uncontrolled or involuntary release, which is also called stress urinary incontinence. Incontinence affects older people more often than younger people because the sphincter muscle and the pelvic muscles gradually weaken as people grow older.

In bowel management, users have lost the ability to control bowel movements. A typical user is a person with a spinal cord injury.

A chronic category
The continence care business, similar to the ostomy care business, is referred to as Chronic Care because in most cases the products are used to manage chronic conditions. On average, users of intermittent catheters with a chronic condition use catheters for about 30 years.

Another characteristic of the chronic category is that more than 90% of product sales are reimbursed.
Less than 10% of product sales are made through a hospital or clinical setting, which leaves most of the sales in the community, after users have been discharged from a hospital or clinic. Users tend to be very loyal to the products once they have a good routine, and in most cases continue using the same product they have been given when discharging from the hospital or clinic. Therefore, the choice of product and sales through a hospital or clinical setting is essential for Coloplast, and so is the personalised support through our patient support programme Coloplast® Care.

Continence Care products
Coloplasts portfolio of intermittent catheters, spans the full range from uncoated catheters to discreet, compact and ready to use catheters, coated in a saline solution. The portfolio consists of the brands SelfCath® and SpeediCath®.

Within Collecting Devices, Coloplast has a wide range of urine bags and urisheaths for capturing and storing urine. This is a segment with many suppliers, including low-cost providers.

In Bowel Management, Coloplast offers the Peristeen® anal irrigation system for controlled emptying of the bowels.

Consumer focus
Over the past several years, Coloplast has invested in building stronger ties with end users and embarked on a journey of becoming a consumer healthcare company, offering not only the most innovative products, but also supporting services to users through Coloplast Care. The programme provides knowledge and support around living life with incontinence.
Coloplast maintains a database of around two million users across business areas and offers direct support to end users in more than 30 countries. More than 250,000 new users were welcomed to the programme in 2021/22.

Coloplast also sells products directly to end users in it's the top five markets – the US, the UK, France, Germany and China, ensuring that end users have access to the most innovative products in the market along with good service.

Continence Care

Strive25: Sustaining growth leadership

Our ambition for the Continence Care business is to continue to deliver strong growth above the market. Like Ostomy Care, the first priority is innovation and bringing clinically differentiated products to the market.

As the market leader, we are fully committed to driving and improving standards of care through better technologies, product categories and training. An example of this is our new catheter platform, Luja™, with a new micro-hole zone technology, which is expected to be launched in 2023.

From a geographical perspective, a key focus market is the US, where we have around a 30% market share. The strategy in the US is to upgrade the market to hydrophilic, ready-to-use intermittent catheters, and we do this through product innovation and partnership with healthcare professionals to enable better patient outcomes.

In Europe, we aim to sustain our leadership position and continue to deliver above market growth. We will continue our current path of driving growth through market development initiatives aimed at treatment penetration and compliance as well as through our direct businesses. We still see many pockets of growth in Europe.

In Emerging Markets, we focus on establishing our categories in new markets and improving funding in existing markets. Today, across most Emerging Markets, the level of penetration of Intermittent Catheters, and especially hydrophilic catheters, is very low, due to a lack of clinical awareness and a lack of reimbursement. Market access work on improving clinical standards and securing reimbursement is key to driving growth.
The ambition for Emerging Markets is to deliver double-digit growth.

Across markets, we continue to leverage our patient support programme, Coloplast® Care, and our direct businesses and digital solutions to provide support and services to users once they are released from the hospital.

SpeediCath® *Flex Set, a flexible catheter with a set solution*

Key strategic highlights 2021/22

During the year, Coloplast made solid progress on the new catheter platform, Luja™, part of the Clinical Performance Programme. The pivotal studies are on track, and the launch of the product is expected in the second half of 2022/23.

Outside of the Clinical Performance Programme, Coloplast continues to launch products within existing categories. During 2022, Coloplast launched SpeediCath® Flex Set, expanding the flexible catheters portfolio with a set solution.

During the year, we also continued investments in key markets and focus areas, such as market development and digital offering.

Continence care market

Market description
In 2021/22, the global market for continence care products was worth an estimated DKK 15–16 billion.

The intermittent catheters category comprised around 80% of the continence market, with the remaining 20% in the collecting devices category.

The market size is primarily influenced by the number of people suffering from spinal cord injuries, multiple sclerosis (MS), benign prostatic hyperplasia (BPH), and people born with congenital spina bifida. Another driver is the availability of reimbursement for continence care products across markets. The continence market is a chronic market, and the majority of product usage happens in the community, i.e. after users have been discharged from the hospital.

Market growth
The annual market growth is estimated at 5%–6%.

The fastest growing segment is intermittent catheters. Growth in this segment is driven by the increasing treatment penetration of intermittent catheters as an alternative to permanent or indwelling catheters. The underlying volume growth is driven by the number of spinal cord injured patients, the ageing Western population and increasing access to healthcare in emerging markets. Another volume growth driver is compliance and usage rates across developed markets.

Price and mix also have an impact on market growth. As markets mature, there is an increased demand for more advanced product categories.

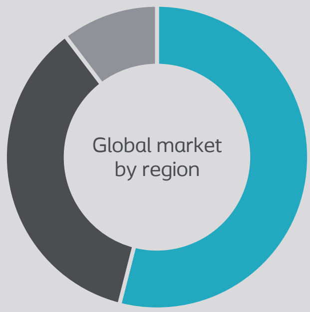
Historically, healthcare reforms have led to negative price pressure, but no significant healthcare reforms were implemented during 2021/22.

Growth in new patients was largely normalised at the pre-COVID levels across all regions throughout 2021/22, except for the US. In the US, the growth in new patients was lower in the first half of the year, due to the negative impact from COVID-19. Growth in new patients in the US normalised to pre-COVID levels in the second half of the year.

The impact from the lower growth in new patients in the US on the continence care market was temporary, and the underlying dynamics and growth drivers of the continence care market are not expected to change beyond the pandemic.

Market shares
Coloplast is the global market leader in continence care, with a market share of 40%–45%. The continence care market is characterised by four larger global manufacturers, including Coloplast. There are also a number of local and low-priced manufacturers.

Regional market shares
45%-55%
Share of European markets
25%-35%
Share of Other developed markets
40%-50%
Share of Emerging markets



15-16 bn
Market size
globally in DKK

5%-6%
Market growth
annually

40%-45%
Market share
globally

#1
Market position
globally

- European markets
- Other developed markets
- Emerging markets

Source: Coloplast

Continence care performance

Continence Care generated 6% organic sales growth for the 2021/22 financial year, with reported revenue in DKK growing by 9% to DKK 7,643 million.

The SpeediCath® intermittent catheters were the main drivers of revenue growth. Sales growth in 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 France, the UK and Germany, as well as the US. SpeediCath Navi, a hydrophilic catheter specifically designed for emerging markets and lower priced developed markets, also contributed nicely to growth.

Sales growth was driven by the SpeediCath portfolio, and more specifically compact, flexible and standard catheters. SpeediCath Flex Set, a flexible hydrophilic catheter with a new integrated sterile bag, has been launched in seven markets. The product is performing well and contributed to the growth in the SpeediCath portfolio.

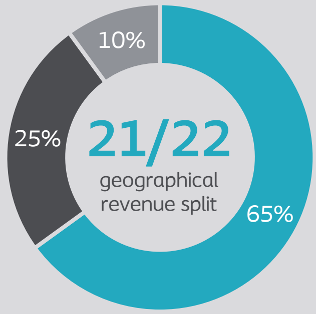
The Bowel Management business made a solid contribution to growth, driven by Peristeen® in Europe and the US. Peristeen Plus, the newest addition to the Bowel Management portfolio, has been well-received and is on track to replace Peristeen as the standard of care in the 19 markets, where the product has been launched.

Collecting Devices had a negative impact on growth, due to backorders on Conveen® urisheaths. The backorder situation emerged due to shortages experienced by raw material suppliers.

From a geographical perspective, sales growth was driven by Europe, in particular the UK, as well as the US and LATAM. Markets with recent reimbursement openings, such as Poland, Australia, Japan and South Korea, delivered double-digit growth.

In the US, growth in the first half of 2021/22 was negatively impacted by lower growth in new patients, due to COVID-19. During the second half, growth in new patients normalised at the pre-COVID levels.

Elsewhere, growth in new patients during the year was largely normalised at the pre-COVID levels.



7.6 bn
Reported revenue in DKK for 2021/22

6%
Organic growth at constant exchange rates

9%
Reported growth in DKK

Reported revenue included a positive effect from FX rates.

- European markets
- Other developed markets
- Emerging markets

Voice and Respiratory Care

Voice and Respiratory Care is our new business area, added through the acquisition of Atos Medical. The business is expected to grow between 8%-10% organically p.a., with an EBITDA margin in the mid-30s and deliver cost synergies up to DKK 100 million in 2024/25.

The business area consists of laryngectomy, representing around two-thirds and tracheostomy, the remaining one-third. Laryngectomy is expected to grow at a high-single to double-digit rate, and tracheostomy is expected to grow at a mid-single digit rate. Around half of the sales in laryngectomy are direct to consumers.

Laryngectomy market
A total laryngectomy is a procedure in which the larynx (voice box), is removed. With the removal, the patient loses the ability to produce voice and depends on a Voice Prosthesis (VP) to speak. The procedure also leads to a loss of the upper airway functions. The patient is required to breathe through a stoma in the throat and relies on Heat- and Moisture Exchangers (HMEs) for humidification and filtration of the air.

A total laryngectomy is an irreversible procedure, and patients need to manage a chronic condition. People use the products for an average of 8-10 years. After surgery, a VP is inserted by a healthcare professional. The patients apply the HMEs themselves daily, with an adhesive to keep the HMEs in place. The recommended change frequency is 3-4 VPs per year, 2-3 HMEs per day and 1-2 adhesives per day.

Strategic focus: Eliminate white space
In laryngectomy, our strategy revolves around addressing the large unserved patient population in existing and new markets. We refer to this as a 'white space' opportunity. Coloplast is seeking to eliminate the white space, by increasing treatment penetration and compliance in existing markets, while opening and developing new markets.

To increase penetration in existing markets, we strive to set the clinical standards and drive market access.

To ensure better user experience and compliance with the recommended change frequency, a new product portfolio, Provox® Life, has been introduced, providing products for situational use. The direct to consumer model is uniquely tailored to help drive better compliance.

Outside of the existing markets, we are working on obtaining reimbursement in new markets, with recent successes in South Korea, Brazil and Japan.

A key opportunity is China, where around a fifth of the total global laryngectomy procedures take place. Today, there are no products in China, and the treatment is not established. First step towards building the market is to register the product portfolio. In 2022, the HMEs and adhesives were registered, and the VPs registration is in progress. Once the full product portfolio has been registered, we will continue with market access work to establish treatment standards and ensure we reach as many patients as possible.

Provox® Life HMEs

Tracheostomy market
A tracheostomy is a procedure in which an opening is created in the throat to facilitate breathing.

A tracheostomy is an invasive, last in line treatment to aid patients in breathing. Patients undergoing a tracheostomy surgery suffer from a variety of underlying conditions, including head and neck cancer, lung infections or trauma.

In contrast to a total laryngectomy, a tracheostomy procedure is reversable, and the patient pool consists of a mix of chronic and temporary patients. There are around 1 million procedures performed per year, and on average, one in three patients use tracheostomy products for more than six months. A small segment of the patients uses the products for a couple of years.

Patients get a cannula inserted by a healthcare professional and may apply HMEs themselves. While HMEs are important for pulmonary health, HME use is less prevalent than in people living with a laryngectomy.

Strategic focus: Build the business
In tracheostomy, our strategy focuses on establishing a chronic segment. Tracheostomy is today mostly a hospital business, and chronic patients living with a tracheostomy are largely unserved.

To address the chronic segment, we are developing a new tracheostomy specific model. The focus is to develop a new go-to-market model with community and direct-to-consumer focus and to adapt our product offering and services to the needs of tracheostomy patients.

Voice and respiratory care market

Market description
In 2021/22, the global market for products was worth an estimated DKK 1-1.5 billion.

A total laryngectomy is the preferred treatment for advanced laryngeal and hypopharyngeal cancer as well as cancer recurrence. The market size is primarily impacted by the prevalence of laryngeal and hypopharyngeal cancer, driven by a growing ageing population, and impacted by smoking and alcohol consumption. Another significant driver is the availability of reimbursement for laryngectomy products across different geographies.

There are around 50,000 new total laryngectomies performed per year. It is a chronic market, with the majority of product usage happening in community, i.e. after users have been discharged from the hospital.

Market growth
The annual market growth is estimated at 8%-10%.

Market growth in the laryngectomy market is driven by underlying laryngectomy patient growth, increasing treatment penetration, as well as increased compliance and product consumption in existing markets.

The market penetration in the laryngectomy segment today is low, with a large unserved patient population in both existing and new markets. The low market penetration is due to a lack of clinical standards in existing markets, low treatment compliance and lack of reimbursement in emerging markets.

In the existing markets today, mostly Europe and the US, a large unserved patient population remains, despite the availability of products and reimbursement.

In Northern Europe, which is the most developed region, treatment penetration is high, products are reimbursed, and almost all patients with a total laryngectomy are using products to manage their chronic condition. Moving to Southern Europe, despite existing reimbursement, it is estimated that only around half of the existing patient population are using relevant products. Looking at the penetration in the US, this number drops further to around 40%. Finally, outside of Europe and the US, access and product usage is very limited.

Price and mix also have an impact on market growth. In core markets, Coloplast has been successful at upgrading users to the more advanced Provox® Life product portfolio, which is also priced at a premium compared to the older generation of products.

Market shares
Coloplast is the global market leader in laryngectomy with a market share of around 85%.

In addition to Coloplast, there are two smaller competitors, present mainly in the UK, US and Germany. Outside these markets, competition is limited.

Regional market shares
80%-90%
Share of European markets
80%-90%
Share of Other developed markets
95%-100%
Share of Emerging markets

1-1.5 bn
Market size*
globally in DKK

8%-10%
Market growth
annually

~85%
Market share
globally

#1
Market position
globally

- European markets
- Other developed markets
- Emerging markets

** Market data for Laryngectomy only*
Source: Coloplast

Voice and respiratory performance

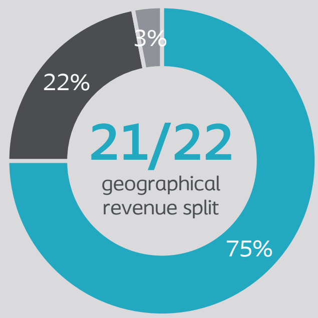
The acquisition of Atos Medical was completed on 31 January 2022, adding a new chronic care business segment, Voice and Respiratory Care. The integration of Atos Medical into Coloplast is progressing according to plan, with continued strong business momentum.

Voice and Respiratory Care contributed 6%-points to the reported growth for the 2021/22 financial year, reflecting eight months of revenue impact.

The underlying growth of Voice and Respiratory Care was solid high single-digit, in line with expectations. Growth was driven by Laryngectomy, 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 personalised solution and product line designed to optimise 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 15 of the 25 countries where Atos has its own subsidiaries.

Tracheostomy and ENT (Ear, Nose and Throat), also contributed to growth, with an underlying mid-single digit growth, in line with expectations.

From a geographical perspective, all the regions contributed to growth, led by Europe as the biggest region. The US also delivered a solid contribution to growth, while the fastest growing region was Emerging markets.



1.2 bn

Reported revenue in DKK for 2021/22*

* Contain revenue for February – September, matching the period of the ownership of Atos Medical

6%

Acquired growth impact

Reported revenue included a positive effect from FX rates.

- European markets
- Other developed markets
- Emerging markets

Wound and Skin Care

Underlying conditions
In Wound Care, patients are treated for chronic wounds such as leg ulcers, which are typically caused by insufficient or impaired circulation in the veins of the leg, pressure ulcers caused by extended bed rest or diabetic foot ulcers. Most chronic wounds contain exudate, varying from small amounts to high levels.

Wound Care products
A good wound dressing should provide optimal conditions for wound healing, it should be easy for healthcare professionals to change and should ensure that patients are not inconvenienced by exudate, liquid or odours. A moist wound environment provides the best conditions for wound healing for optimal exudate absorption.

The Coloplast product portfolio consists of advanced foam dressings sold under the Biatain® Silicone brand with 3DFit Technology and Biatain® brand and hydrocolloid dressings sold under the Comfeel® brand. Coloplast is also present in the gelling fibres segment of the advanced wound care market with the Biatain® Fiber product range.

Skin Care
In Skin Care, patients are treated for skin damage associated with moisture, incontinence, skin folds and obesity as well as prevention of skin impairments.

Coloplasts skin care products consist of disinfectant liquids or creams used to protect and treat the skin and clean wounds. For the treatment and prevention of skin fold problems such as fungal infections, damaged skin or odour nuisance, Coloplast sells InterDry®.

Coloplast mostly sells skin care products to hospitals and clinics in the US and Canada.

Compeed contract manufacturing
Wound and Skin Care includes contract manufacturing of Compeed, a plaster for blisters and cold sores.

Strive25: Focused category leadership

Our view is that we have a stronger than ever starting point for our wound and skin care business, and our aim is to deliver growth above the market and expand margins.

We will continue to focus on the fast-growing silicone category with our Biatain Silicone portfolio with 3DFit Technology, which is our point of differentiation, as well as the gelling fibres category, in which we launched Biatain Fiber during 2020/21.

As with Chronic Care, two individual markets really matter – China and the US, where we will structure for success to deliver on the global ambition.

In China, we aim to scale our business by strengthening our commercial foundation and building a stronger position in the silicone market.

In the US, we will scale our business in the hospital channel with 3DFit Technology and maximise the commercial potential of our skin care portfolio.

In Europe, we will continue to build on the momentum created with the 3DFit Technology and Biatain Fiber as well as aim to take market leadership positions. In Emerging Markets, we will selectively invest in key markets to accelerate growth.

On the product side, we aim to deliver new innovation and strong life cycle management in the key focus markets.

Key strategic highlights 2021/22

Despite negative impact from COVID-19 on the two key focus markets – China and the US, the Wound and Skin Care business delivered a satisfactory year, with solid performance in Europe and Emerging Markets, outside of China.

The Biatain Silicone portfolio was the key growth driver. Coloplast is the third largest player in the silicone foams market in Europe.

Biatain Fiber, an absorbent fibre dressing used to reduce exudate pooling in exuding wounds, continues to perform well. In Germany and France, Coloplast's market share within the community gelling fibre market is now around 10%.

Biatain *Silicone*

Wound and skin care market

Market description
In 2021/22, the global market for advanced wound care products was worth an estimated DKK 24–26 billion, excluding the negative pressure wound therapy segment, where Coloplast is not present. Coloplast is focused on two attractive segments - Silicone Foams and Gelling Fibres, which comprise roughly 45% of the market. Compared to the chronic care business, the wound care market is to a larger extent a hospital market, especially in the US and China. In Europe, wounds are to a greater extent treated in community.

Market growth
The annual market growth is estimated at 2%–4%. The silicone foams market, where Coloplast markets its Biatain® Silicone products, is growing faster at 4%–6% per year, while Gelling Fibres, where Coloplast markets Biatain® Fiber, is growing on par with the market.

The underlying wound care market growth is driven by demographics, including ageing, obesity, and diabetes. A growing elderly population leads to an increase in the treatment of chronic wounds, and a growing obese and diabetic population results in a growing number of patients receiving preventive wound care treatment. Increased competition between manufacturer, pricing pressure originating from lower public healthcare budgets and a lower degree of perceived product differentiation compared to the chronic business, has a negative impact on the market growth.

With the exception of China, the underlying growth in the wound care segment where Coloplast competes, has returned to healthy levels, following a negative impact from the COVID-19 pandemic. The wound care market in China declined due to significant negative impact from COVID-19 restrictions and limited hospital access. The impact from COVID-19 on the Chinese wound care market is expected to be temporary. The underlying dynamics and growth drivers of the Chinese wound care market are not expected to change beyond the pandemic.

Market shares
Coloplast's global market share in advanced wound care is 5%-10%, and Coloplast is the world's fifth largest manufacturer.

The market consists of many direct competitors ranging from global manufacturers to small, local manufactures, as well as various alternative treatment options, such as negative pressure wound therapy and traditional wound dressings.

Regional market shares
5%-10%
Share of European markets
0%-5%
Share of Other developed markets
5%-10%
Share of Emerging markets

Skin Care
In 2021/22, the global market for skin care products, in which Coloplast competes, was worth an estimated DKK 4–5 billion with an estimated annual segment growth of 2%-4%.

Coloplast holds a market share of 10%-15% in the fragmented skin care segment, which is mainly a US-based, hospital business, where patients are treated with a variety of skin care products.

24-26 bn
Market size*
globally in DKK

2%-4%
Market growth*
annually

5%-10%
Market share*
globally

#5
Market position*
globally

- European markets
- Other developed markets
- Emerging markets

Market data for Wound Care only

Source: Coloplast

Wound and skin care performance

Wound and Skin Care generated 4% organic sales growth for the 2021/22 financial year, with reported revenue in DKK growing by 8% to DKK 2,689 million.

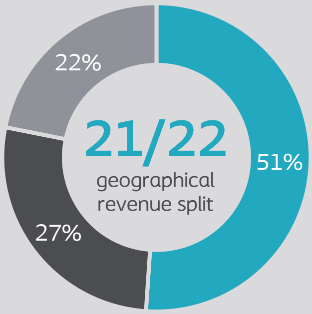
The wound care business alone delivered 4% organic growth for the financial year 2021/22.

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 solid momentum in Germany and Spain. Emerging markets excluding China also contributed nicely to growth. China had a negative impact on growth, due to COVID-19 restrictions, which have led to a decline in procedural volumes and sales in the hospital channel.

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

The skin care business, which is mostly a US hospital business, had a negative impact on growth, impacted by lower demand due to COVID-19.



2.7 bn
Reported revenue in DKK for 2021/22

4%
Organic growth at constant exchange rates

8%
Reported growth in DKK

Reported revenue included a positive effect from FX rates.

- European markets
- Other developed markets
- Emerging markets

Interventional Urology

Underlying conditions
Coloplast is present in four segments of the Interventional Urology market – Men's Health, Women's Health, Endourology and Bladder Health.

Within Men's Health, men are treated for erectile dysfunction. Around 25% of men aged 40-70 years old experience moderate to severe erectile dysfunction.

Within Women's Health, women are treated for pelvic organ prolapse and stress urinary incontinence. Around 50% of women 50-79 years old report experiencing pelvic organ prolapse symptoms. An estimated 32% of women suffer from stress or mixed urinary incontinence.

In Endourology and Bladder Health, patients are treated for kidney stones and other urological conditions, such as prostate disorders, urethral strictures, and voiding dysfunctions.

Interventional Urology products
Within Men's Health and Women's Health, Coloplast markets implantable products. The implant business manufactures vaginal slings used to restore continence and synthetic mesh products used to treat a weak pelvic floor. Key brands within this segment are Altis® and Restorelle®. The business also includes penile implants for men experiencing severe impotence that cannot be treated with drugs. The key brand within the penile implants business is Titan® Touch.

Within Endourology and Bladder Health, Coloplast manufactures and markets single-use devices for use before, during and after surgery such as prostate catheters and stents.

Strive25: On the move for patients

Interventional Urology transforms life for patients suffering from urological conditions by advancing interventional treatment solutions.

The business area represents an important growth opportunity for Coloplast - the base case for the business is to deliver high-single digit organic growth and sustain strong profitability.

On the portfolio side, we will increase our investments into enhancing our core businesses by substantially increasing our investments in R&D.

We are actively pursuing M&A and distribution agreements in high-growth adjacent segments. An example of this is the acquisition of Nine Continents Medical in 2020, with which Coloplast obtained an early-stage technology, Intibia, for third line treatment of over-active bladder. The market for third line therapies market is estimated at USD 1 billion, with high-single digit growth.

We also see good organic opportunities in employing our existing portfolio across geographies.

In North America, we sell implantable devices and we will continue to invest and grow the implantable business. In addition, we aim to increase our presence in Endourology in the US. The product portfolio has been launched, and we have invested into a specialised sales force.

In Europe, we will focus on driving growth in Men's Health through patient education, and growth in Endourology through portfolio expansion.

Finally, we will work on expanding our presence in Emerging Markets in selected high potential countries.

Key strategic highlights 2021/22

During the year, Coloplast initiated A pivotal study on Intibia. The product is expected to launch in 2025/26.

To strengthen the core portfolio offering, Coloplast will launch two products – Saffron™, a tissue fixation system in the Women's Health portfolio and Soprano®, a hybrid guidewire in the endourology portfolio. Both products will be launched during 2022/23.

As part of the strategy to expand into adjacent segments, Coloplast is entering the lasers segment, and has initiated the launch of its first laser equipment, Thulium Fiber Laser Drive in key markets in 2021/22. The laser has been obtained via a distribution agreement and allows Coloplast to compete in the laser market, worth an estimated DKK 3 billion.

Thulium Fiber Laser Drive

Interventional urology market

Market description
In 2021/22, the global market for interventional urology products was worth an estimated DKK 13-14 billion, up from DKK 12-13 billion in 2020/21, following a resumption in elective procedures and a continued improvement in growth in 2021/22.

Around half of the interventional urology market is within endourology, with the remaining half of the market split almost equally between men's health, women's health, and bladder health.

The endourology and bladder health categories consist of single-use devices, while men's health and women's health consist of implantable devices.

Market growth
The annual market growth is estimated at 3%–5%.

Market growth in the interventional urology market is driven by the ageing population and lifestyle diseases, as well as advancements in treatment solutions leading to more cost-efficient surgical procedures. For implants, market growth drivers include a growing awareness of the treatment options available for men with severe impotence and women with urological disorders.

2021/22 saw a soft start to the year due to the spread of the Omicron variant, but the elective procedures rebounded towards the end of first half of the year, with healthy growth in elective procedures in second half of 2021/22.

The COVID-19 pandemic has shown that the interventional urology market is not immune to a global pandemic, as COVID-19 restrictions led to postponed or cancelled elective procedures. However, we also saw that the business recovers relatively fast once elective procedures were allowed to resume.

Market shares
Coloplast holds a market share of about 15%-20% in interventional urology and is the fourth largest manufacturer within this market.

Within men's health and women's health, which are mostly US markets, Coloplast is the second and third largest manufacturer respectively.

Within endourology in Europe, which accounts for roughly a quarter of the total endourology market, Coloplast is the second largest manufacturer.

Regional market shares
20%-25%
Share of European markets
15%-20%
Share of Other developed markets
5%-10%
Share of Emerging markets

Entry into adjacent markets
Our entry into the lasers segment, with the launch of Thulium Fibre Laser, and the over-active bladder market will, in effect, almost double the addressable market. The market for lasers is estimated at around DKK 3 billion and the market for third line therapies for over-active bladder is estimated at around USD 1 billion.

13-14 bn
Market size
globally in DKK

3%-5%
Market growth
annually

15%-20%
Market share
globally

#4
Market position
globally

European markets
Other developed markets
Emerging markets

Source: Coloplast

Interventional urology performance

Interventional Urology generated 9% organic sales growth for the 2021/22 financial year, with reported revenue in DKK growing by 16% to DKK 2,424 million.

Growth was broad-based, driven by both Men's and Women's Health in the US, and Endourology in Europe, most notably France. Region Emerging markets also contributed nicely to the growth in Endourology.

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

The Men's Health business, which is mainly a US business, delivered a solid contribution to growth in 2021/22 driven by the Titan® penile implants. Elective procedure volumes within Men's Health were healthy throughout the year.

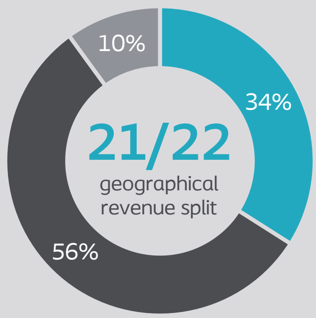
The Women's Health business, which is also primarily a US business, made a solid contribution to growth as well. Growth was driven by both the mesh product portfolio for pelvic organ prolapse treatment and the sling portfolio for treatment of stress urinary incontinence.

In 2021/22, Coloplast invested further into strengthening the Women's Health business with the development of Saffron™, a new tissue fixation system, which will be added to the existing portfolio of products that Coloplast provides for pelvic floor reconstruction in women. The product will be commercially available in the US market in autumn 2022.

Performance in Endourology continues to be driven by Europe. The US also contributed nicely to growth in 2021/22 on the back of successful US product registration and investments into a specialised US endourology sales force.

In 2021/22, Coloplast invested further into strengthening the endourology product portfolio with the development of Soprano®, a hybrid guidewire, used to facilitate the placement of endourological instruments during diagnostic or interventional procedures. Soprano will be launched in the US and European markets in the first quarter of 2022/23 and will allow Coloplast to fill an important portfolio gap, thereby increasing the relevance and competitiveness of the aggregate endourology product portfolio.

In addition to strengthening the existing core product portfolio within Interventional Urology, Coloplast is launching Thulium Fiber Laser Drive, the first laser equipment in the portfolio, and enters an adjacent growth market, in line with the strategic ambition set out in ***Strive25***. The Thulium Fiber Laser Drive represents the latest cutting-edge laser technology, bringing highly effective intra-operative performance. It is an all-in-one solution for lithotripsy, benign prostatic hyperplasia treatment and soft tissue, offering full support and customisation. The Thulium Fiber Laser Drive is launched in the US and key European markets in 2022 and 2023.



2.4 bn

Reported revenue in DKK for 2021/22

9%

Organic growth at constant exchange rates

16%

Reported growth in DKK

Reported revenue included a positive effect from FX rates.

- European markets
- Other developed markets
- Emerging markets

EBIT growth of 9% before special items

Earnings

Revenue

The organic growth was 6%. Reported revenue in DKK was up by 16% to DKK 22,579 million. Acquired growth impacted revenue by 6% and exchange rate developments increased revenue by 4% mainly related to the appreciation of the USD, GBP and CNY against DKK.

Gross profit

Gross profit was DKK 15,529 million compared to DKK 13,313 million last year and equivalent to a gross margin of 69%, on par with 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. In addition to currencies, the gross margin was positively impacted by the inclusion of Atos Medical, and operating leverage and efficiency savings from Global Operations Plan 5.

The above-mentioned positive drivers were largely offset by double-digit wage inflation in Hungary, increasing prices for raw materials, energy and transportation, as well as the ramp-up costs in Costa Rica.

Income statement, DKK million	2021/22	Index
Revenue	**22,579**	**116**
Production costs	-7,050	115
Gross profit	**15,529**	**117**
Distribution costs	-6,797	124
Administrative expenses	-1,005	132
Research and development costs	-866	115
Other operating income	74	101
Other operating expenses	-25	86
Operating profit (EBIT) before special items	**6,910**	**109**
Special items	-471	n/a
Operating profit (EBIT)	**6,439**	**105**
Financial income	119	87
Financial expenses	-431	731
Profit before tax	**6,127**	**98**
Tax on profit for the year	-1,421	101
Net profit for the year	**4,706**	**98**

Costs

Operating expenses amounted to DKK 8,619 million, a DKK 1,661 million increase (24%) from last year. Atos Medical contributed with DKK 754 million to operating expenses (8 months impact), of which DKK 152 million were amortisation costs, included under distribution costs.

Excluding the Atos Medical impact, operating expenses increased by DKK 907 million, or 13%, from last year.

Distribution costs amounted to DKK 6,797 million, a DKK 1,312 million increase (24%) from DKK 5,485 million last year and were impacted by the inclusion of Atos Medical (8 months impact). Distribution costs amounted to 30% of revenue compared to 28% last year. The higher distribution costs reflect a normalisation of sales, marketing and travel expenses as COVID-19 restrictions were eased across most markets. Distribution costs were likewise impacted by higher logistics costs, as a result of increased freight rates as well as continued commercial investments in the US, Interventional Urology, consumer and digital initiatives.

Administrative expenses amounted to DKK 1,005 million, up DKK 243 million (32%) from DKK 762 million last year and were impacted by the inclusion of Atos Medical (8 months impact). The increase in administrative expenses was driven by legal, consultancy and IT costs. Administrative expenses accounted for 4% of revenue, which is on par with last year.

The R&D costs were DKK 866 million, a DKK 111 million (15%) 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 (8 months impact).

Other operating income and other operating expenses amounted to a net income of DKK 49 million, against DKK 44 million last year.

Operating profit (EBIT) before special items
EBIT before special items amounted to DKK 6,910 million, a DKK 555 million (9%) increase from DKK 6,355 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 and marketing activities and travel expenses as COVID-19 restrictions were eased across most markets, continued commercial investments as well as DKK 152 million in amortisation costs related to the Atos Medical acquisition.

Special items
During the financial year of 2021/22, Coloplast incurred special items expenses of DKK 471 million.

In June, 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 US 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 former MDL cases.

The remaining expenses of DKK 171 million are related to transaction and integration costs, in connection with the acquisition of Atos Medical.

Operating profit (EBIT) after special items
EBIT after special items was DKK 6,439 million. The EBIT margin after special items was 29%.

Financial items and tax
Financial items were a net expense of DKK 312 million, compared to a net income of DKK 78 million last year. The net expense was primarily due to losses on currency hedges of DKK 191 million, on mainly GBP and USD, and fees of DKK 68 million, of which DKK 39 million are loan fees in relation to the Atos Medical acquisition. Interest expenses amounted to DKK 156 million, from DKK 13 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 foreign currencies, including CNY and USD, of DKK 57 million.

The tax rate was 23.2%, compared to 22.6% last year. The tax expense amounted to DKK 1,421 million against DKK 1,408 million last year. The tax rate was impacted by non-deductible expenses, partly offset by a temporary increase in the tax-deductible value on R&D expenses in Denmark.

Net profit
Net profit before special items was DKK 5,068 million, a DKK 87 million increase from DKK 4,981 million last year.

Diluted earnings per share (EPS) before special items increased by 2% from DKK 23.36 last year to DKK 23.82.

Net profit after special items was DKK 4,706 million and diluted earnings per share (EPS) after special items were DKK 22.11.

Cash flows and investments

Cash flows from operating activities
Cash flows from operating activities amounted to DKK 5,099 million, against DKK 5,290 million last year. The negative development in cash flows from operating activities was mainly due to an increase in inventories, other receivables and expired hedges.

Investments
Coloplast made investments of DKK 1,135 million in the financial year 2021/22 or 5% of revenue, compared with DKK 1,966 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 1,016 million or 5% of revenue.

Total cash flows from investing activities were a DKK 11,759 million outflow, due to the acquisition of Atos Medical, against a DKK 2,011 million outflow last year.

Free cash flow
As a result, the free cash flow was an outflow of DKK 6,660 million compared to an inflow of DKK 3,279 million 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 financial year 2021/22 was DKK 3,973 million, an increase of DKK 597 million compared to last year.

Capital resources
As a 30 September 2022, Coloplast had net interest-bearing debt, including securities, of DKK 18,091 million, against DKK 2,112 million as at 30 September 2021. The increase in net interest-bearing debt was mainly due to the acquisition of Atos Medical. The gearing ratio at the end of the period was 2.3x EBITDA (before special items).

Continuous ***growth*** *(DKK)*

6,910 m*

EBIT up from 6,355 m last year

* Before special items

5,099 m

cash flows from ***operating activities***

-11,759 m

outflow from ***investing activities***

Statement of financial position and equity

Balance sheet
As at 30 September 2022, total assets amounted to DKK 34,956 million, an increase of DKK 19,115 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
Working capital was 25% of revenue, compared to 24% as at 30 September 2021, driven by an increase in inventories and trade receivables. Inventories increased by DKK 759 million to DKK 3,187 million, driven by increased safety stocks on raw materials, to provide protection from supply chain constraints, increase in finished goods due to the transfer of production to Costa Rica and an increases in prices. Atos Medical also contributed to the increase in inventories with DKK 169 million. Trade receivables increased by DKK 728 million to DKK 3,940 million. Atos Medical contributed to the increase in trade receivables with DKK 270 million. Trade payables increased by DKK 206 million relative to 30 September 2021 to stand at DKK 1,242 million.

Equity
Equity increased by DKK 124 million relative to 30 September 2021 to DKK 8,292 million. Payment of dividends amounting to DKK 4,041 million and net effect of treasury shares bought and sold of DKK 619 million was only partly offset by total comprehensive income for the year of DKK 4,783 million and share-based remuneration of DKK 51 million.

Dividends
Coloplast paid interim dividends totalling DKK 1,062 million in May, equal to DKK 5.00 per share.

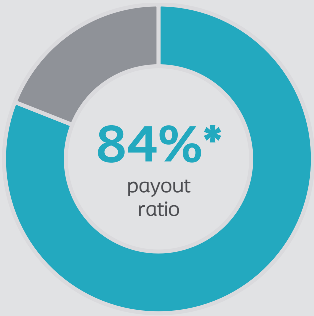
Share buy-backs
A share buy-back programme of DKK 500 million was initiated in February 2022 and was completed on 21 April 2022.

Treasury shares
As at 30 September 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.

Eurobond issuance related to the Atos Medical acquisition
On 11 May 2022, Coloplast announced the successful issuance of EUR 2.2 billion senior notes under its Euro Medium Term Note programme, impacting the non-current liability by DKK 16,359 million. The net proceeds from the Eurobond issuance have been used for refinancing of the term loan facility established in connection to the acquisition of Atos Medical, which closed on 31 January 2022.

In connection with the bond issue, Coloplast obtained a credit rating of BBB by S&P Global Ratings.

Return on invested capital
ROIC after tax before special items was 27% against 45% as of 30 September 2021. The decrease was due to the acquisition of Atos Medical.



4,041 m
paid ***dividend*** *in DKK*

34,956 m
total assets *in DKK*

25%
working capital
in % of revenue

27%*
return on invested capital

* Before special items

Our commitments and progress

Coloplast is committed to advancing the sustainability efforts across our priority areas, without compromising product safety and clinical performance. This is formalised in our commitment to the UN Global Compact and our contributions to the UN Sustainable Development Goals (SDGs).

As part of our corporate strategy, ***Strive25***, we are dedicated to doing even more to reduce the impacts from our products and packaging and to reduce our emissions. Furthermore, we have an ongoing commitment to ensure responsible operations.

We are committed to report step-by step according to the Task Force on Climate-Related Financial Disclosures (TCFD) framework, and we have carried out an assessment of the eligibility of our core activities vis-a-vis the new EU Taxonomy regulation. We conclude that we have no material eligible activities on which to report within revenue, CAPEX and OPEX.

Coloplast is in the process of integrating Atos Medical into our sustainability ambition and reporting. From 2022/23, Atos Medical sustainability data will be included in our reporting.

The Sustainability Report ensures compliance with the requirements of Section 99a, 99b and 107d of the Danish Financial Statements Act and also includes Coloplast's EU Taxonomy Regulation disclosure and constitutes our Communication on Progress in implementing the principles of the United Nations Global Compact.

Download our Sustainability report
https://sustainability.coloplast.com/sustainability/reporting/reports/

Commitments	UN Global Compact principles	2025 ambitions	2021/22	2020/21
***Strive25* priority areas**				
Improving products and packaging	Principles 7-9	90% of packaging is recyclable	78%[1]	75%
		80% of packaging consists of renewable materials	76%[1]	70%
		75% of production waste is recycled	71%	58%
Reducing emissions[2]	Principles 7-9	100% reduction of scope 1 & 2 emissions by 2030[2] [3]	8%	-7%
		100% renewable energy	72%	67%
		50% electric company cars	4%	2%
		50% scope 3 emissions reduced per product by 2030[2][3]	9%	10%
		10% reduction of air travel[2] and then freeze	55%	81%
		5% limit on goods transported by air	3%	2%
Ongoing commitment				
Responsible operations	Principles 1-6, 10	100% white collars trained in Code of Conduct	100%	99%
		2.0 lost time injury frequency[4]	2.4	2.2
		40% representation of female senior leaders[5] by 2030	21%	24%
		75% share of diverse teams	55%	50%
		Engagement score above industry benchmark	8.2%	8.2%

[1] Due to a new and improved reporting tool, the packaging data is not comparable with the data previously reported
[2] From base year 2018/19, [3] Target validated by the Science-Based Targets initiative (SBTi), [4] In parts per million, [5] VP+ level.

Living the Coloplast mission

Coloplast is a purpose driven company. We make life easier for people living with intimate healthcare needs. Most Coloplast users have chronic conditions that require permanent management. In 2021/22, we continued to help more than two million users globally and welcomed more than 250,000 new users to our patient support programme, Coloplast® Care. But many user needs remain unmet across our business areas. Building better standards of care, raising the bar with innovative products and creating access for as many users as possible is a direct embodiment of the our mission. We are building the consumer healthcare company of the future – enabling self-care for chronic users and supporting healthcare systems to meet, in a cost-effective way, increasing demand as the world population ages. These are the guiding principles of our work and our key contribution to SDG 3.

Innovation

Through innovation, we aim to enable personalised care, covering core products, extended solutions and services. Within core products and extended solutions, our Clinical Performance Programme aims to bring clinically differentiated products to the market, backed by clinical evidence. The new catheter platform, Luja™, addresses key urinary tract infection risk factors and will launch in 2023. The world's first digital leakage platform, Heylo™, also launching in 2023, addresses the mental burden caused by fear of leakage. Atos Medical continues the launch of the Provox® Life™ portfolio, which is now available in 15 markets. Provox Life is a new product line designed to optimise patients' breathing ability under different circumstances, further enabling 24/7 use of Heat and Moisture Exchangers for improved pulmonary health.

Supporting users and healthcare professionals

Getting appropriate support is crucial in ensuring that users establish a good routine and experience a high quality of life. Through the Coloplast Care Programme, we support users in more than 30 countries with services tailored to the needs of each individual market. We also provide training for healthcare professionals through our educational collaboration platform Coloplast® Professional. During 2021/22, Atos Medical also launched a website offering easy access to reliable information and patient testimonials for total laryngectomy patients and their loved ones. We further support education and improvement of treatment standards through our Access to Healthcare programme.

Access to healthcare

Coloplast's corporate partnership programme Access to Healthcare aims to improve conditions for people within ostomy, continence and wound and skin care. Established in 2007, the programme has so far supported more than 80 projects across more than 20 countries. All Access to Healthcare projects are created in collaboration with local stakeholders, focusing on various themes with the common goal of creating value for people with intimate healthcare needs and helping them live with dignity.

Access to Healthcare projects bring together practitioners, users, NGOs and other public and private stakeholders to empower users, train practitioners and advocate for better care. The programme also supports Coloplast's long-term ambitions by bringing us closer to users and helping us gain insights into the needs of diverse stakeholders, including healthcare practitioners, societies and policy makers.

Creating access for more users

As market leader, Coloplast is committed to establishing lasting and consistent access to products, technologies, services and training that benefit users, beyond choice of brand. We have set a long-term ambition of continually creating or improving access to better care for another one million new users across all our business areas and geographies.

To achieve this ambition, we raise the standards of care in two main ways. First, we advocate for establishing and improving reimbursement to ensure that users have access to the products they need for as long as they need them. Recent successes include establishing or improving reimbursement for hydrophilic catheters in Japan, Poland, South Korea and Australia. A current key focus area is improving bladder management for people with spinal cord injuries in China, where access to intermittent catheters is limited. Second, we are entering new segments in existing markets, such as Multiple Sclerosis in Europe.

Our positions and ambitions

Our position on plastic

As a manufacturer of medical products made of plastic, Coloplast has a responsibility and has clear priorities:

- Product safety and clinical performance cannot be compromised
- Single-use products are the easiest and safest option for our users.
- Sustainability should be easy for our users
- We need to identify new materials and support the development of new technologies
- Partnerships across the industry are essential

Read the full position on plastic on our website.

Our substance position

To make our ambitions clear, Coloplast has developed a position on substances:

- All Coloplast products are biocompatible and safe for the intended purposes
- Coloplast is mindful when selecting materials and substances used in its products and complies with international and local regulations and standards, including REACH and the California proposition 65 list
- Coloplast monitors regulations, science and technology to identify opportunities and risks to proactively substitute substances if needed

Read the full position on substances on our website.

Science-Based Targets

Coloplast is committed to the Business Ambition for 1.5°C. We have set scope 1, 2 and 3 emission reduction targets, which were validated by the Science-Based Targets initiative in 2021/22:

- Absolute reduction of scope 1 and 2 emissions by 2030 (with 2018/19 as the base year)
- Continued annual sourcing of 100% renewable electricity through 2025
- 50% per-product reduction of scope 3 emissions manufactured by 2030 (with 2018/19 as the base year).

Self-reporting on the life-cycle costs of our products and setting targets to reduce our emissions will prove to our customers that we are committed to sustainability.

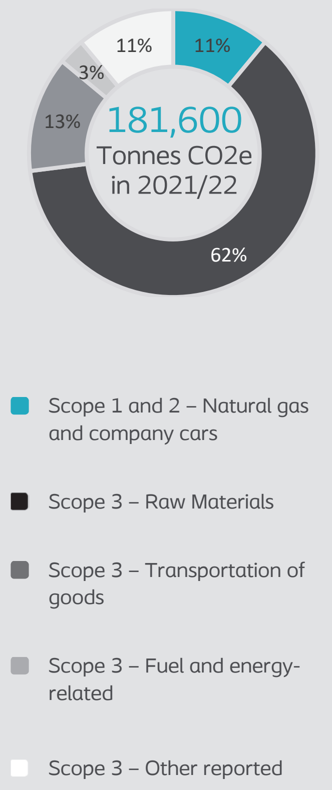
Our supplier ambitions

Coloplast continues to work on its Supplier Sustainability Programme, which provides the framework for collaborating with suppliers. The programme supports our ambitions by supporting suppliers' efforts to reduce their emissions and identifying raw materials with a lower carbon footprint.

In 2021/22, Coloplast surveyed 50 of our top-emitting raw material suppliers to map emission reduction activities in our value chain. The insights from the survey will inform our ongoing work.

During 2022/23, we will expand the list of top-emitting suppliers to 100+ suppliers. We will formulate and communicate our aspirations for these suppliers to commit to reducing emissions as an important driver in reducing our scope 3 emissions.

Coloplast's total Scope 1, 2 and 3 emissions



Reducing emissions

As part of ***Strive25***, Coloplast has made it a strategic priority to reduce emissions and contribute to accelerating climate action. Our decarbonisation plan is based on detailed emission mapping of all activities across our value chain.

In 2021/22, we reduced scope 1 and 2 emissions by 8% compared to the base year 2018/19 and reduced our scope 3 emissions by 9% per product since the base year 2018/19.

Reducing scope 1 and 2 emissions

Coloplast continues to advance our efforts on renewable energy with the ambition to have all sites running on 100% renewable energy by 2025. Renewable energy use was 72% of the total energy use in 2021/22, positively impacted by efforts to phase out natural gas at Coloplast's manufacturing sites during 2021/22. Our approach is to procure electricity from renewable sources and phase out the use of natural gas primarily through electrification such as electric heat pumps but also by other means such as utilisation of district heating based on renewables where feasible. Coloplast achieved a 3% reduction in the total energy use in 2021/22 compared to last year.

For some years, Coloplast has been purchasing renewable energy certificates (RECs) for electricity consumption at all our production sites. Electricity accounts for more than 60% of the total energy consumption in our production. Coloplast currently covers 100% of electricity use with RECs, effectively reducing our emissions by 30,000 tonnes CO2e in 2021/22.

Our ambition is to replace RECs with Power Purchase Agreements (PPAs). In 2021/22, Coloplast signed its first PPA, which will ensure renewable energy covering 100% of the electricity consumption for Coloplast in Denmark from 2023/24 onwards.

Coloplast operates a car fleet consisting of around 2,000 cars, which emitted 10,700 tonnes CO2e in 2021/22. To reduce our impact, we will shift to electric company cars with an ambition of 50% by 2025 and 100% by 2030.

Reducing scope 3 emissions

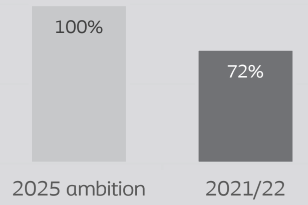
Raw materials used in Coloplast's products are a major source of value chain emissions, accounting for 68% of the reported scope 3 emissions in 2021/22. We engage with 50 of our top-emitting suppliers, and in 2021/22 we worked to include more suppliers in our Supplier Sustainability Programme. Furthermore, we have integrated climate impact assessment into our product innovation process, effectively setting emission-related criteria to suppliers of raw materials for our new products. In addition, in 2021/22 we initiated emission assessments of our existing products, identifying priority products for projects designed to reduce emissions from raw materials used.

Transportation of goods accounted for approximately 15% of Coloplast's total scope 3 emissions in 2021/22. With Coloplast's growth rates, transportation needs will increase going forward.

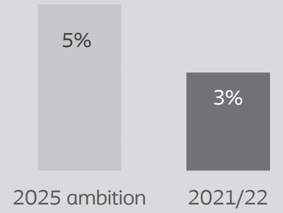
Coloplast mitigates emissions from transportation of goods by substituting air with sea and ground freight with an ambition to limit the use of air freight to 5% of total goods transported.

Key figures

Share of renewable energy

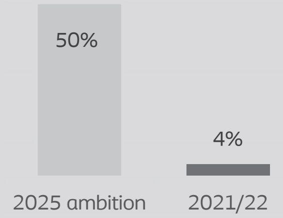


Share of goods transported by air*



* Accounting for weight and distance (i.e., tonne-kilometre)

Share of electric company cars*



* 2030 ambition is 100% electric company cars in scope 1 and 2

Improving products and packaging

As a manufacturer of medical products made primarily of plastic, Coloplast embraces our responsibility to contribute to solving the problems with plastic waste in support of SDG 12. When addressing these challenges, we must work within the distinct clinical and regulatory limitations of our industry.

We incorporate environmental performance when developing new products. Our focus is on designing our products and packaging to be recyclable and made of renewable materials, such as recycled or bio-based, with a lower environmental impact.

Renewable and recyclable packaging

Implementing material changes to medical devices takes time. We see more immediate opportunities when it comes to improving our packaging. Our ambition is to reach 90% recyclable packaging and 80% packaging consisting of renewable materials by 2025. Our secondary and tertiary packaging already consists of renewable materials and is recyclable.

Primary packaging of Coloplast products is often an integral part of the product, providing key functionalities such as usability and sterility. In 2021/22, we initiated a project to achieve sustainable primary packaging for a range of products across the business areas of wound and skin care, continence care and ostomy care. By spanning several business areas, the project has the potential to contribute significantly to delivering on our ***Strive25*** ambitions.

Sustainability in innovation

To improve transparency in decision-making and address environmental challenges early in the product development phase, Coloplast integrates eco-design principles into our innovation processes. The principles are based on life cycle thinking and help us ensure that our future products use less materials, generate less production waste, use more sustainable raw materials such as renewable and recycled materials, avoid hazardous substances, are more recyclable and have more recyclable packaging.

Waste recycling

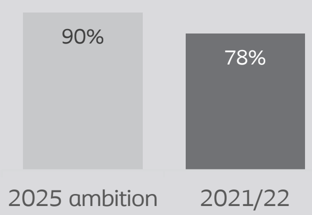
During 2021/22, we continued our progress on recycling more of our production waste. A total of 71% of Coloplast's production waste is now recycled compared to 58% in 2020/21.

We have mainly focused our waste recycling efforts on our major production sites in Hungary, which are responsible for 80% of Coloplast's total production waste. As we look ahead, we will expand our focus to all production sites globally.

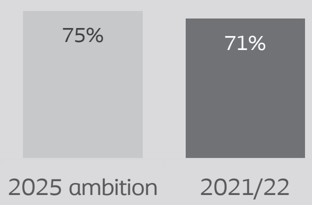
Coloplast is dedicated to broadening our approach to sustainable waste management even further. In the coming years, we will focus on higher-value activities such as reducing, reusing and repurposing. Currently, we are exploring new and emerging technologies within mechanical and chemical recycling as well as commercial and applied research partnerships.

Key figures

SHARE OF RECYCLABLE PACKAGING[1)2)]



PRODUCTION WASTE RECYCLING RATE



1) Packaging ambitions covering products currently on the market

2) Due to a new and improved reporting tool, the packaging data is not comparable with data previously reported

Responsible operations

Quality standards

It is essential to Coloplast to deliver safe and reliable products. Our products and quality management system meet strict regulatory standards established by authorities worldwide, and compliance is verified on site by independent auditors and notified bodies.

Medical Device Regulation (MDR)

Coloplast has revised every aspect of our quality management system and is in the process of revising all relevant product documentation to ensure compliance with MDR. Coloplast has obtained MDR certificates for the first 15 product groups (representing around 75% of Coloplast revenue), while Atos Medical is in great momentum with the MDR certification process for the voice prosthesis Provox Vega. TRACOE has received its first MDR certificate.

Coloplast BEST

The Coloplast BEST Code of Conduct outlines our commitment to responsible business practices and our approach to acting with integrity. Regular training in Coloplast BEST is mandatory for all employees, and all white-collar employees must complete the Coloplast BEST e-learning module within 45 days of hire. In 2021/22, the Coloplast BEST completion rate was 100%.

Atos Medical's Code of Conduct is built on the same principles as Coloplast BEST.

Ethics Hotline

Coloplast has a global Ethics Hotline, which enables employees and other stakeholders to, anonymously and in good faith, report any suspected breaches of Coloplast BEST or other concerns. Coloplast's Ethics Hotline is managed by an independent third party. In 2021/22, Coloplast received a total of 70 cases, of which 48 were within the scope of the Ethics Hotline. Cases not in scope are redirected to People and Culture for investigation.

Data privacy

Coloplast collects and handles personal data as part of our online activities. Our users trust us with very sensitive information, and it is a priority for us to treat this data with the utmost respect and confidentiality. Coloplast handles and protects all personal data in accordance with national law – and with the same approach across all group companies. Internal and third-party audits are conducted to ensure secure and reliable data handling. Coloplast is certified according to ISO 27001 on information security and facilitates awareness and training sessions for employees on data privacy.

Ethical marketing practices

Healthcare professionals and the people who use our products and services count on us to provide clear and accurate information. We follow all applicable regulations regarding promotion, always ensuring that our communication is factual, evidence-based and gives accurate, objective and complete information. We do not engage in medical diagnosis or advise on course of treatment but unequivocally refer to a healthcare professional and/or Intended Use of the products.

Reducing occupational injuries

Coloplast continues to progress on our efforts to reduce occupational injuries. In 2021/22, our lost-time injury frequency was 2.4 ppm, which accounts for 57 accidents. The increase from 2.2 ppm in 2020/21 can be explained by more employees returning to our sites post-COVID-19. We are on track to reach our 2025 ambition of 2.0 ppm.

Responsible tax management

Coloplast ensures that taxes are paid where business activities generate value in accordance with internationally accepted standards. Coloplast does not allow commercial needs to override compliance with applicable laws, nor do we base commercial activities on tax avoidance schemes. Within these principles, Coloplast will pursue tax opportunities, including seeking relevant government-sponsored tax incentives and strive to avoid double taxation.

Coloplast publishes country-by-country tax reporting for 2021/22 on our website in line with the relevant EU directive.

People and culture

Coloplast aspires to be the employer of choice. As a growing company, Coloplast has expanded the total workforce by 2,100 employees, mainly driven by 1,200 additional colleagues from the acquisition of Atos Medical. During the ***Strive25*** period, Coloplast will continue to grow and to attract and retain people in all regions.

We want to foster a culture where every individual feels engaged and is empowered to make decisions. In addition, and as part of our leadership promise, we continue to create an inclusive workplace.

Expanding our Leadership promise

During 2021/22, we have continued to make our leadership promise come alive by building our leaders' capabilities. We have built a leadership programme for our global production and launched a 'Leadership Injections' initiative to ignite more cross-functional collaboration. We also continue to run our global talent programmes and our new global graduate programme Coloplast Strive.

Besides our global programmes, we believe in and develop our employees and leaders individually through targeted development plans to secure a strong leadership pipeline. This year, 85% of critical managerial positions were filled by internal candidates, exceeding our 67% aspration.

Talent for the future

Today's talent marketplace is more competitive than ever. We focus increasingly on how to position Coloplast as an attractive employer, and how to best identify, attract and recruit future global and local talent.

Employee engagement

Employee engagement is a key indicator of employees' well-being. The result of Coloplast's engagement survey is shared with local management who act on key areas to maintain high engagement levels. Coloplast upholds our engagement score of 8.2 in 2021/22 with a response rate of 90%. This score is above the healthcare industry benchmark.

Employee turnover

The voluntary turnover level in 2021/22 was 10.6%, which is comparable with 2020/21 levels and pre-COVID-19 levels.

Key figures

14,572
Employees at year-end (FTEs)

8.2 of 10
employee ***engagement score***
compared to 8.2 in 2020/21

10.6%
voluntary employee ***turnover*** in 2021/22
compared to 10.1% in 2020/21

2.4 ppm
lost time injury ***frequency***
compared to 2.2 ppm in 2020/21

Inclusion and diversity

Coloplast is committed to building and sustaining an inclusive culture that offers equal opportunities and leverages diversity at all levels. We have integrated inclusion and diversity in all people processes, such as attraction and recruitment, performance and development, succession and engagement survey.

Inclusive workplace environment

Enabling employees to bring their differences to work and fulfil their potential because of – not despite – their differences is key to Coloplast. We prohibit all discrimination or harassment based in gender identity, age, race, ethnicity, nationality, sexual orientation, religious belief, social and economic background, physical or mental ability.

This is formalised in our policies on Inclusion and Diversity, Anti-Harassment and Anti-Discrimination, and Anti-Retaliation are available on our website.

Diverse teams

We believe that diversity in teams leads to better innovation, performance and decisions. We lead and drive diversity through teams and strive to ensure a healthy balance of gender, generation and nationality in each team. We track and monitor the mix of diversity in all teams at Director level and above. Our ambition is to reach a share of 75% diverse teams before 2025 through natural attrition. We have seen a rise in the share of diverse teams from 50% to 55%.

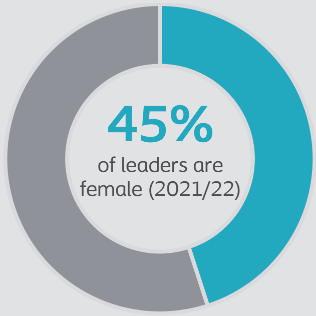
Along with this, to ensure racial and ethnic equity, we offer unconscious bias training broadly and inclusive leadership training to our leaders. This year we have added further to our Employee Resource Groups (ERGs) – voluntary, employee-led groups driven by highly passionate individuals, which set up educational events, social discussion etc. to raise awareness of inclusion and diversity topics.

Gender representation in management

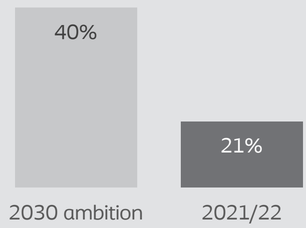
Coloplast continues to track and monitor progress on gender representation at all levels. Coloplast is committed to a target of 40/60 gender distribution in management and on the Board of Directors by 2030. As of 2021/22, 45% of all managers are female. Looking at senior leadership* alone, the representation of females is 21% in 2021/22. However, we are on target with a 40/60 split at Director level, indicating a strengthened female leadership pipeline.

To ensure progress on gender representation, Coloplast has implemented initiatives including monitoring the diversity in our succession pipelines and talent pools, a global recruitment process that mitigates biases and ensures diversity in all our recruitments, and engagement in diversity related events, boards and partnerships globally.

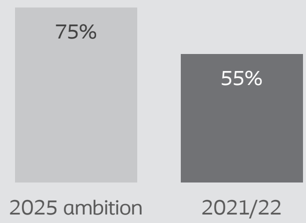
Gender composition of our people managers



Share of **female senior leaders***

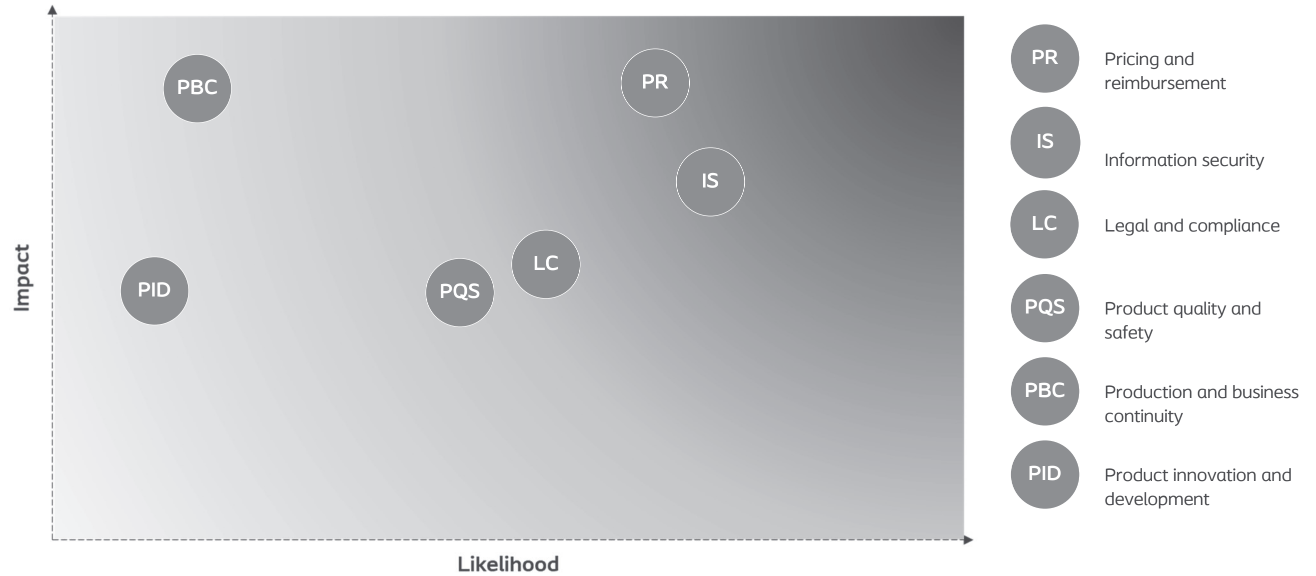


Diversity at team level



* Senior leadership comprising Vice Presidents, Senior Vice Presidents and the Executive Leadership Team.

The current risk landscape



Risk reporting process and governance

The management of the individual business units and group functions is responsible for identifying, assessing, and managing risks in their specific parts of the organisation. The most significant risks to our business over a five-year time-horizon are reported quarterly to Group Risk Management. The risk reporting process now includes climate-related risks, however, climate-related risks usually have a longer time-horizon than other risks (more than five years).

Following the acquisition, Atos Medical and Tracoe Group have been integrated into the risk reporting process.
The risk reporting process and supporting interviews form the basis of the quarterly risk update submitted by the CFO to the Executive Leadership Team and the Board of Directors.

The Executive Leadership Team is responsible for defining Coloplast's overall risk profile, and for setting standards for risk taking and for aligning it with the overall strategies and policies. The Executive Leadership Team is also responsible for launching and approving risk treatment plans and activities to address the most significant risks.

The Board of Directors perform risk oversight, monitors the overall risk landscape and reviews, on a quarterly basis, the conclusions and recommendations submitted by the Executive Leadership Team.

The effectiveness of the risk reporting process is regularly monitored by the CFO together with the Board of Directors, and the overall process is followed by the Audit Committee on an ongoing basis. Our aim is to have a culture that manages risks well and not just a strong process.

In our risk reporting, we have identified a range of principal risks believed to have the potential to significantly threaten and adversely impact the Group's business model, strategy, and future performance.

Those principal risks are categorised and described on the following pages, along with examples of actions taken to mitigate them. Each risk is linked to one or more of the themes of Coloplast's strategy ***Strive25***.

If material change has occurred to the assessment of a risk compared to last year, this is elaborated in the following sections.

Pricing and reimbursement

Description	Risk examples	Risk response
A large part of Coloplast's products is sold in markets that are subsidised and eligible for reimbursement from local healthcare authorities. As a result, the prices of Coloplast's products are influenced by the economic and political developments in national and regional markets, budgetary constraints of governments and healthcare reforms, bargaining power of large wholesalers and distributors, as well as Coloplast's ability to convince buyers of the economic value of its products based on clinical evidence, costs, and patient outcomes. In 2021/22 we have experienced higher prices on energy, raw materials, logistics, machinery, and wage inflation, and with a somewhat limited possibility to offset negative effects through price increases and negotiations with customers, the likelihood of this risk has increased.	Lower reimbursements and increasing price pressure due to healthcare and price reforms. No bigger healthcare reforms are currently expected for the next fiscal year 2022/23, and global price development remain positive in the short term. However, in the medium to long-term our expectation is a negative price impact of -1%. Lack of or inadequate clinical evidence to support reimbursement levels. Global, regional, or local political instability, emerging geopolitical drivers of risk, and economic matters, such as interest rate, inflation, or currency rate fluctuations.	Monitoring markets and sales developments, economic and political developments, and changes to public sector guidelines and reimbursement schemes. Interaction with healthcare authorities, patient associations and industry associations to try to prevent, postpone or minimise the impact. Financial risk management, including hedging in accordance with Coloplast's financial mandate (see note 21-23 to the financial statements).

COVID-19 pandemic risks

The COVID-19 pandemic has continued to cause disruptions globally in 2021/22. Coloplast carefully monitors the effects of the pandemic in the short, medium, and long-term, and at current the pandemic is mainly impacting our Chinese business.

Global guidelines and health plans are regularly being reassessed to minimize any negative effect on the Group and to be prepared in case of future pandemics. Our focus remains to ensure availability for our users while at the same time keeping our people safe and maintain business continuity.

Information security

Description

Coloplast operates in a dynamic information risk environment with regulatory and legislative data compliance obligations and depend on a wide range of information technology systems, operational technology systems, people, and suppliers to manage the business. The company processes highly confidential information and legally protected personal health information and the product portfolio include digitally connected products, like Heylo.

Coloplast follows the ISO 27001 to constantly drive improvement and validate performance of the Information Security Management System through audits and risk management. All sites within the ISO 27001 certification scope are internally audited annually in addition to external audits as required under the certification.

In last year's Annual Report, the Cyber risk assessment displayed in the risk matrix only reflected the risk of cyberattacks, now the risk assessment includes all Information Security related risks, and the assessment is updated accordingly.

Risk examples

Disruption to information technology and operation technology systems, such as cyber-attacks, human error, or infrastructure failure resulting in business disruption or data confidentiality incidents like loss of intellectual property or data privacy breach. An intentional cyberattack or an unintentional human error can in a worst-case scenario affect business operations and delivery performance.

Like previous years, we did not experience any material impact to our business from cyberattacks in 2021/22.

Essential Coloplast business and support processes are reliant on third-party suppliers. Reduced or compromised availability and reliability of supplier's services, systems, or materials would threaten operations and business continuity. In addition, some suppliers have access to Coloplast information, which would be collateral damage if a supplier is breached or experiences a cyberattack.

Risk responses

Implemented a robust Information Security risk management process to identify, assess, report, and mitigate risks with a direct link to the quarterly Group Risk Management process. The process covers four key areas: threats, compliance and regulations, business interactions and relations, and employee conduct (as elaborated below). All high residual risks require a risk treatment plan that is monitored and communicated to the Chief Information Officer on a quarterly basis.

Confidence in our internal organisational and technical controls are further enhanced by external security assessments.

Our ambition is to continuously raise our information security maturity in parallel to ensuring effective supplier due diligence and resilient capabilities within IT service and business continuity.

Current information security threats relevant to Coloplast

These key threats are actively managed in our Information Security risk management process:

• **Social engineering** enables phishing, CEO fraud, and other cyberattack methods • **Privileged access abuse** from an intentional insider threat that can include data exfiltration to competitors • **Supplier security vulnerabilities** that can spill over and impact operations • **Compliance** with national cybersecurity and data privacy laws challenge efficient and scalable IT system management • **Russia-Ukrainian War** increases possibility of collateral damage from cyber hacktivists and cyber warfare • **System intrusion** occurs from phishing or other attack vectors • **Human error** that impacts data integrity and availability • **Malware / Ransomware** is considered the biggest cyber threat; continues to be a lucrative business for cybercriminal organisations.

Legal and compliance

Description
Coloplast operates in a heavily regulated industry that is subject to various laws, regulations and industry standards across geographies and business areas. The different legal environments can be unpredictable and politically motivated, and as a market leader, Coloplast could face legal risks at any given time. In addition, there is growing public awareness of business ethics, enforcement of anti-corruption laws and protection of personal data. It is at the heart of Coloplast's culture to act with respect and responsibility and to comply with the laws and regulations. Despite these efforts, Coloplast recognises that mistakes may happen when people are involved and, therefore, takes relevant action should a situation arise.

Risk examples
Violations of anti-corruption laws and non-compliance with Coloplast's own and the industry's codes of conduct could damage Coloplast's reputation and involve a risk of monetary fines, sanctions, or inability to continue to manufacture products.

Lawsuits filed by competitors or customers or investigations by authorities into certain business practices could have a negative reputational and financial impact

Risk responses
Ensuring that all employees including externals receive training in Coloplast's Code of Conduct as formulated in our Business Ethical Standards and in our IT policies under Coloplast's IT Awareness programme.

Ensuring that business partners are aware of Coloplast's ethical standards including our codes of conduct for Distributors and Suppliers and that they work with us to continuously maintain and develop compliance practices.

We have established an independent and confidential ethics hotline for reporting of unethical situations, violations, and misconduct.

Product quality and safety

Description
Coloplast is committed to ensuring the quality of its products and the safety of its users, including organising the security of personal data. All Coloplast products must comply with the medical device directives and legislation imposed by local healthcare authorities, such as the US Food and Drug Administration (FDA) and the new EU Medical Device Regulation (MDR).

Coloplast passed the first MDR key milestone in May 2021 and are working towards having all products certified in accordance with the transition period authorised by MDR (by May 2024).

Risk examples
Loss of licences to sell or manufacture due to non-compliance with new laws and regulations on medical devices in force from time to time.

Defects and omissions and critical product quality and safety issues in product design and manufacturing that could disrupt operations, sales, lead to product recalls, bodily injury, and product liability claims.

Non-compliance with data protection legislation or personal data leaks that could lead to monetary fines and damage Coloplast's reputation.

Risk responses
Continuous investment in the development and improvement of control processes, quality procedures, and supporting information technologies, from the design phase to post-market surveillance.

Monitoring legislation and market standards to ensure that any amendments or changes are incorporated into internal procedures.

Certification of our Quality Management Systems to national and international standards and carrying out internal and external audits.

Production and business continuity

Description

Coloplast operates facilities all over the world, the most recent addition being Costa Rica, the two manufacturing facilities of Atos Medical in Sweden and Tracoe Group in Germany. Most production takes place at central facilities and in some cases, Coloplast purchases raw materials, components used in production, and finished products from sole suppliers for reasons of availability, quality assurance and cost effectiveness.

The current global macroeconomic trends like high inflation, disrupted supply chains, weakening consumer sentiment, and tightening monetary policies, and geopolitical drivers of risk like the war in Ukraine, are challenging the operating environment, and have resulted in an increased level of challenges short-term. Coloplast have risk responses in place (as described to the right). In addition, we keep an increased focus on the timely communication of forecasts and orders and on execution of improvement projects in the Global Operations Plan 5.

Risk examples

Major disruption at a manufacturing or distribution facility due to natural disasters or other emergencies, such as natural catastrophe, pandemics, and fire may disrupt Coloplast's ability to manufacture and distribute its products.

A major disruption of the supply chain due to shortfalls in delivery and quality issues, force majeure situations, change in market conditions, strikes, political unrest or other events beyond Coloplast's control, which could result in, price increases, inability to source critical raw materials, components, and finished products, and the disruption of the supply to customers.

Risk responses

Implemented emergency response plans and contingency plans, keeping critical processes and workflows physically separated and having all the relevant facilities certified to the 'highly-protected risk' industry standards.

Identified high-risk suppliers and prepared contingency plans, including maintaining multiple inventories, collaboration with selected suppliers to mitigate physical risks at their facilities, dual supplier qualification for critical raw materials and component, and qualification of substitute materials where applicable.

Built up additional inventory as a contingency for potential fluctuations in demand or supply chain disruptions.

Re-visited worst-case scenarios for short-term disruptions to utility supplies like electricity for key facilities in Europe and updated contingency plans accordingly.

Product innovation and development

Description	Risk example	Risk response
It is essential that Coloplast maintains a competitive and innovative product pipeline that meets the needs of the users. To achieve this, Coloplast relies on its ability to interact with end users and healthcare professionals, to protect intellectual property against infringement from competitors and to understand the surgical and medical trends that may impact or limit sales.	Medical and technological innovations disrupting Coloplast's core business. Lack of innovation increasingly resulting in a commoditisation trend, allowing the entry of low-cost competitors, potentially increasing price pressures and diminishing clinical differentiation of the products on the market and resulting in a loss of market share. Infringement of intellectual property rights may reduce Coloplast's competitive advantages and negatively impact sales.	Investing in new innovative growth initiatives for the purpose of developing superior and clinically differentiated products, such as our clinical performance programme. Patenting to prevent competitors from copying Coloplast products or from producing technical equivalent alternatives. Monitoring surgical and medical developments and disruptive technologies that may impact the various business areas.

Climate change

Description	Risk example	Risk response
The industry which Coloplast is in, is not considered to have a high exposure to climate change risks, and therefore not material for Coloplasts risk landscape. However, a preliminary risk assessment performed by internal working groups revealed potential long-term exposures to both physical and transitional climate change risks within our supply chain and manufacturing, in accordance with the Task Force on Climate-related Financial Disclosures framework (TCFD). Coloplast is committed to report step-by-step according to the recommendations of the TCFD framework and has signed the business ambition for 1.5°C aligning with the Paris agreement, and our carbon emission reduction targets are approved by the Science Based Target initiative.	Transitional risks such as increased demand for more sustainable products and packaging and increased legal and compliance requirements with focus on ESG in our supply chain. Physical climate risks such as extreme weather patterns affecting our supply chain and rising sea water levels at own facilities. Recent internal assessment has not found that Coloplast facilities have increased exposure to physical risks due to more frequent and severe weather systems and changing climate conditions in the short- and medium-term. However, a more detailed analysis will be carried out in 2022/23.	A sustainability strategy that is an integral part of our corporate strategy, ***Strive25***, and a sustainability steering committee governed by the Executive Leadership Team, ensuring progress on the strategy. To increase the internal focus on actions to reduce climate change, a performance target linked to climate-related criteria has been implemented in the remuneration for Executive Leadership Team in 2021. The risk reporting process is adjusted to accommodate for reporting on climate-related risks, which usually have a longer time horizon (more than five years and therefore not material for Coloplasts risk landscape) than other risks.

Corporate governance at Coloplast

Governance structure

Coloplast has a two-tier management structure comprised of Board of Directors and the Executive Leadership Team. There are no overlapping members.

The Board of Directors determines the Group's objectives, strategies and overall action plans. On behalf of the shareholders, the Board of Directors supervises the company's organisation, day-to-day management and results.

The Board of Directors also sets guidelines for the Executive Leadership Team's execution of the day-to-day management of the company and for assigning tasks among the individual members of the Executive Leadership Team.

The Board of Directors and the Executive Leadership Team further assess the company's business processes, the definition and implementation of the company's purpose, the organisation, stakeholder relations, strategy, risks, business objectives and controls.

A set of rules of procedure governs the work of Coloplast's Board of Directors. These rules are reviewed annually by the Board of Directors and updated as necessary. The rules set out the guidelines for the activities of the Board of Directors.

Six members of the Board of Directors are elected at the general meeting and three members of the Board of Directors are elected by the employees.

Four out of six shareholder-elected members are considered to be independent in accordance with the Danish corporate governance recommendations.

Nine board meetings were held in the 2021/22 financial year, of which two were extraordinary meetings and one was a strategy meeting.

Annette Brüls was elected as new board member at the annual general meeting held on 2 December 2021 replacing Birgitte Nielsen.

OVERVIEW OF BOARD MEMBERS

Board member	Audit Comm.	Rem. & Nomin. Comm.	Indepen-dent	Nationality	Gender	Board tenure	Election period	Board meetings attended[3]
Lars Rasmussen, Chairman[1]	●	●	No	Danish	Male	4 years	1 year	●●●●●●●●●
Niels Peter Louis-Hansen, Deputy Chairman[1]		●	No	Danish	Male	54 years	1 year	●●●●●●●●●
Marianne Wiinholt[1]	●		Yes	Norwegian	Female	2 years	1 year	●●●●●●●●●
Annette Brüls[1] [2]		●	Yes	Belgian	Female	1 year	1 year	●●●●●●
Jette Nygaard-Andersen[1]		●	Yes	Danish	Female	7 years	1 year	○●●●●●●●●
Carsten Hellmann[1]	●		Yes	Danish	Male	5 years	1 year	●●●●●●●●●
Thomas Barfod[3]			No	Danish	Male	16 years	4 years	●●●●●●●●●
Roland V. Pedersen[3]			No	Danish	Male	4 years	4 years	●●●●●●●●●
Nikolaj Kyhe Gundersen[3]			No	Danish	Male	4 years	4 years	●●●●●●●●●

[1] Shareholder-elected board member.
[2] Birgitte Nielsen attended three out of three board meetings before she left the Board of Directors at the Annual General Meeting held on 2 December 2021.
[3] Employee-elected board member.

Committee structure

The Board of Directors has established two committees: an Audit Committee and a Remuneration and Nomination Committee.

Four Audit Committee meetings were held in the 2021/22 financial year.

Four Remuneration and Nomination Committee meetings were held in the 2021/22 financial year.

AUDIT COMMITTEE

Committee member	Meetings attended[1)]
Marianne Wiinholt, Chairman	● ● ● ●
Lars Rasmussen	● ● ● ●
Birgitte Nielsen[1)]	●
Carsten Hellmann	● ● ○ ●

REMUNERATION AND NOMINATION COMMITTEE

Committee member	Meetings attended
Lars Rasmussen, Chairman	● ● ● ●
Niels Peter Louis-Hansen	● ● ● ●
Jette Nygaard-Andersen	● ● ● ●
Annette Brüls	● ● ●

[1)] Birgitte Nielsen attended one out of one Audit Committee meeting before she left the Board of Directors on the Annual General Meeting 2 December 2021.

Activities and responsibilities of the ***Audit Committee***

The Audit Committee is, among others, responsible for the oversight of:

- The financial reporting and associated processes, including the statutory audit of the financial statements.
- The company's internal control systems and risk management systems, including insurance matters.
- Review of the Group's IT security and the auditors' annual IT audit.
- The independence of the auditors, including the provision of non-audit services to the Group.
- The procedure of selecting and making recommendation to the Board of Directors in respect of the appointment of auditors.
- Activities reported through the Coloplast Ethics Hotline.

In the 2021/22 financial year, the main activities have been:

- Overseeing Atos integration.
- Selecting new audit firm to be elected as of FY 2023/24.
- Evaluating the provision relating to the mesh litigation and Atos US billing compliance.
- Overseeing corporate bond issue.
- Monitoring progress on sustainability targets and reporting.

Activities and responsibilities of the ***Remuneration and Nomination Committee***

The Remuneration and Nomination Committee is, among others, responsible for the oversight of:

- The competence profile and composition of the Board of Directors.
- Nomination of members to the Board of Directors and the Board committees.
- The leadership pipelines.
- The remuneration policy for the members of the Board of Directors and the Executive Management and other tasks on an ad hoc basis as specifically determined by the Board of Directors.

In the 2021/22 financial year, the main activities have been:

- Redesigning process for on-boarding and off-boarding new board members.
- Reviewing governing bodies and ensure proper succession planning.
- Conducting the annual board self-assessment.
- Alignment of the incentive structure in Atos.
- Evaluation of remuneration structure in light of geopolitical changes.

> Clear governance and diverse board profiles ensure that the Board of Directors can operate efficiently and support the company's strategy.

Assessment of the work performed by the Board of Directors

Every year, the Board of Directors conducts a self-assessment. Based on the result of this assessment, the organisation and efficiency of the Board of Directors' work are discussed at a Board meeting.

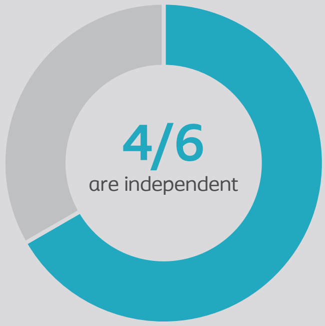
In 2022, the annual self-assessment of the Board of Directors was performed with external assistance as the Board of Directors has decided that the self-assessment will be carried out with external support every second year. The self-assessment consisted of conversations with each member of the Board of Directors as well as each member of the Executive Leadership Team and a bespoke, online questionnaire in which board members as well as the Executive Leadership Team participated anonymously.

The self-assessment shows that there is an open and transparent dialogue between the Board of Directors and the Executive Leadership Team, and the board committees serve as good vehicles for framing the discussions in the Board of Directors and ensure that key risks are addressed.

Furthermore, the self-assessment shows that the composition of the Board of Directors, including relevant competencies, to a large extent matches what the Board of Directors considers necessary to best perform its tasks, such as finance, digital transformation, customer experience, commercialisation, sustainability, industry knowledge, general management, innovation, legal affairs and acquisitions. Furthermore, competencies related to the US market is now explicitly represented in the Board of Directors. However, over time the Board would like to strengthen its competences within Innovation.

During the past year, the Board of Directors has spent time monitoring and discussing the progress made on Coloplast's ***Strive25*** strategy as well as the company's acquisition of Atos Medical AB. Furthermore, the Board of Directors has spent a significant amount of time discussing and addressing challenges caused by current world events. Further, the board strategy days were held in the US where the board conducted a deep dive of the US business.

4 out of 6 shareholder-elected members **are independent**



Independent
Not independent

Gender composition of shareholder-elected members

Female
Male

Remuneration of the Board of Directors and the Executive Management

At the Coloplast Annual General Meeting held on 2 December 2021, the shareholders adopted an updated Remuneration Policy for Coloplast, which had been prepared by the Board of Directors. The Remuneration Policy is available on the company's website.

Coloplast has also prepared a Remuneration Report detailing, among other things, the remuneration to the Board of Directors and the Executive Management which complies with Section 139(b) of the Danish Companies Act. The Remuneration Report was presented and adopted at the Annual General Meeting held on 2 December 2021.

Recommendations on Corporate governance

For the financial year 2021/22, Coloplast is reporting on the new recommendations on corporate governance issued by the Committee on Corporate Governance applying to financial years starting 1 January 2021 or thereafter. Reporting on these recommendations is also required by Supplement A – Nasdaq Copenhagen to Nasdaq's Nordic Main Market Rulebook for Issuers of Shares. The Board of Directors reviews the recommendations in force on a regular basis and at least once a year. The Board of Directors and the Executive Leadership Team share the committee's views and generally complies the recommendations.

The recommendations consist of 40 individual recommendations. Coloplast complies fully with 38 recommendations corresponding to 95%.

Coloplast's position on each of the recommendations as well as a description of the internal control and risk management system relating to financial reporting can be found in the Corporate Governance Report which is prepared pursuant to Section 107(b) of the Danish Financial Statements Act.

Data ethics policy

The Board of Directors has adopted a Data Ethics Policy which applies to all Coloplast group companies. In working with data, Coloplast ensures that appropriate measures are in place to safeguard ethical data processing, and Coloplast has implemented extensive security measures to ensure secure storage of data.

Coloplast adheres to a high standard of data ethics and solely uses and processes data for legitimate purposes that serves shared benefit for all interested parties. Data processing in Coloplast must never lead to any form of discrimination or biased decisions, decision-making or results. Regardless of how Coloplast collects data, Coloplast always respects applicable data privacy laws. When sharing data, Coloplast imposes high standards on the recipients to ensure appropriate data security.

Coloplast never sells data.

To further strengthen adherence with global privacy laws, Coloplast has implemented corporate binding rules.

Download the Remuneration Report
www.coloplast.com/remuneration-reports/

Download the Corporate Governance Report
www.coloplast.com/corporate-governance/

Meet our Board of Directors

Lars Rasmussen
Chairman of the Board, non-independent

Born 1959. Lars Rasmussen has extensive executive management and board experience from international listed companies in the med-tech and pharma industry. He possesses in-depth knowledge within the commercialisation of innovation, B2B and B2C sales models and efficiency improvements.

Other board and management positions:
- H. Lundbeck A/S: Chairman of the Board, Chairman of the Remuneration and Nomination Committee and member of the Audit Committee
- Danish Committee of Corporate Governance: Chairman
- Danish Life Science Council: Chairman
- University of Copenhagen: Board member

Joined the Board of Directors in 2018.

Niels Peter Louis-Hansen
Deputy Chairman of the Board, non-independent

Born 1947. Through decades of board work, Niels Peter Louis-Hansen has gained in-depth knowledge of the industries in which Coloplast operates, its dynamics and key players as well as deep insight into strategy development. Furthermore, Niels Peter Louis-Hansen is a key contributor to preserving the Coloplast-culture.

Other board and management positions:
- Aage og Johanne Louis-Hansens Fond: Chairman of the Board
- Aage og Johanne Louis-Hansen A/S: Chairman of the Board
- N. P. Louis-Hansen ApS: CEO
- NPLH Property Investments ApS: CEO
- NPLH Anpartsinvest ApS: CEO

Joined the Board of Directors in 1968.

Annette Brüls
Board member, independent

Born 1971. Annette Brüls has considerable executive management experience within global medical device businesses. Annette Brüls has in-depth knowledge and understanding of product development and commercialisation within the med-tech industry and in particular in chronic disease management, including digital services and value-based healthcare models .

Other board and management positions:
- Medela AG: CEO

Joined the Board of Directors in 2021.

See the full CVs of the Board of Directors on our website
https://www.coloplast.com/about-coloplast/management1/

Carsten Hellmann
Board member, independent

Born 1964. Carsten Hellmann has considerable executive management experience and extensive experience in product development and international commercialisation within highly regulated industries as well as M&A activities, including post integration.

Other board and management positions:
- ALK-Abelló A/S: President & CEO
- Copenhagen Capacity: Board member
- The Danish Chamber of Commerce: Board member

Joined the Board of Directors in 2017.

Jette Nygaard-Andersen
Board member, independent

Born 1968. Jette Nygaard-Andersen has considerable executive management and board experience within global med-tech, media and entertainment, and digital growth businesses. She has extensive experience within business and marketing strategies, digital transformation, optimisation of customer experience and engagement, working with digital growth start-ups globally and M&A activities, including post integration.

Other board and management positions:
- Entain plc: CEO & Executive Director
- BetMGM, LLC: Board member

Joined the Board of Directors in 2015.

Marianne Wiinholt
Board member, independent

Born 1965. Marianne Wiinholt has considerable executive management experience and extensive experience within finance and accounting. Furthermore, Marianne Wiinholt has considerable knowledge and experience in leading, driving and delivering a sustainability agenda on a global scale.

Other board and management positions:
- WS Audiology A/S: CFO
- Widex A/S: Chairman of the Board
- Norsk Hydro ASA: Board member and Chairman of the Audit Committee

Joined the Board of Directors in 2020.

Thomas Barfod
Employee-elected board member

Born 1970. Title: Team Manager.
Joined the Board of Directors in 2006.

Roland V. Pedersen
Employee-elected board member

Born 1962. Title: Lead Negotiator.
Joined the Board of Directors in 2018.

Nikolaj Kyhe Gundersen
Employee-elected board member

Born 1969. Title: Skilled Precision Engineer.
Joined the Board of Directors in 2018.

Meet our Executive Leadership Team

Kristian Villumsen
President & CEO

With Coloplast since 2008.

Educational background:
MA Political Science, Aarhus University
MA in Public Policy, Harvard University Kennedy School of Government

Other board positions:
Demant A/S: Board member and member of the Audit Committee

Anders Lonning-Skovgaard
Executive Vice President, CFO

With Coloplast since 2006.

Educational background:
MSc Finance and Accounting, Aarhus University

Allan Rasmussen
Executive Vice President, Global Operations

With Coloplast since 1992.

Educational background:
BPSE, IMD
E*MBA, Scandinavian International Management Institute
BSc (Mech. Eng.), Technical University of Denmark

Paul Marcun
Executive Vice President, Growth

With Coloplast since 2015.

Educational background:
MBA in Corporate Finance and Marketing, Sydney University of Technology

Nicolai Buhl Andersen
Executive Vice President, Innovation

With Coloplast since 2005.

Educational background:
MA in Economics and Business, Copenhagen Business School and Sophia University, Japan

Dorthe Rønnau
Senior Vice President, People and Culture

With Coloplast since 2022.

Educational background:
MSc in industrial engineering, University of Copenhagen
MSc Psychology in Organisations (MPO), Roskilde University
Graduate diploma in Business Administration

Ownership and shareholdings

The company had 53,712 shareholders at the end of the financial year, which was 4,052 more than last year. Institutional investors based outside Denmark held 37% of Coloplast's shares on 30 September 2022, compared to 38% a year earlier. Registered shareholders represented 96% of the entire share capital.

Pursuant to the company's articles of association, shares must be registered in the name of the holder to carry voting rights. Three shareholders have reported to the company, pursuant to section 55 of the Danish Companies Act and section 38 of the Danish Capital Markets Act, that at the date of this annual report they held 5% or more of the share capital or voting rights.

	Residence	Ownership share	Voting rights
Shareholders with ownership or voting rights of more than 5%			
Niels Peter Louis-Hansen[1)]	Vedbæk	20.7%	41.1%
Aage og Johanne Louis-Hansens A/S[2)]	Nivå	11.5%	15.2%
Benedicte Find	Humlebæk	3.7%	5.5%

[1)] In addition to the personally held shares, Niels Peter Louis-Hansen's wholly owned company N. P. Louis-Hansen ApS, has an additional 0.5% ownership representing 0.3% of the votes.

[2)] Wholly owned by Aage og Johanne Louis-Hansens Fond.

	A shares '000 units	B shares '000 units	Ownership share	Voting rights
Ownership structure of Coloplast A/S				
Holders of A shares and their families	18,000	77,378	44%	68%
Danish institutions	-	13,314	6%	4%
Foreign institutions	-	79,625	37%	21%
Coloplast A/S[3)]	-	3,693	2%	0%
Other shareholders	-	15,966	7%	4%
Non-registered shareholders	-	8,024	4%	0%
Total	**18,000**	**198,000**	**100%**	**97%**

[3)] The 3,692.876 shares held by Coloplast on 30 September 2022, equivalent to 2% of the share capital, are treasury shares without voting rights.

	A shares '000 units	B shares '000 units	Number of insiders
Shares held by management			
Board of Directors, non-independent directors	12,285	33,862	5
Board of Directors, independent directors	-	6	4
Executive Management	-	91	5
Total	**12,285**	**33,959**	**14**

Ownership and major shareholders

Share classes and authorisations

Coloplast's share capital is DKK 216 million divided into DKK 18 million A shares and DKK 198 million B shares. Each A and B share has a nominal value of DKK 1.

Each A share entitles the holders to ten votes and each B share entitles the holders to one vote. The A shares are non-negotiable instruments. The B shares are negotiable instruments and were listed on the Copenhagen Stock Exchange (Nasdaq Copenhagen) in 1983. Any change of ownership or pledging of A shares requires the consent of the Board of Directors, whereas B shares are freely negotiable.

The Board of Directors may increase the company's share capital by a nominal value of up to DKK 15 million in one or more issues of B shares either with or without pre-emption rights for existing shareholders. The authorisation is valid until and including 4 December 2023. Moreover, the Board of Directors has been authorised to acquire treasury shares of up to 10% of the company's share capital provided that the company's total holding of treasury shares does not exceed 10% of the company's share capital at any time. The highest and lowest amount to be paid for the shares by the company is the price applicable at the time of purchase +/- 10%. This authorisation is valid until and including 4 December 2024.

At general meetings, matters are decided by a simple majority of votes. Resolutions to amend the company's articles of association require that not less than half of the share capital is represented and that the resolution is adopted by not less than two-thirds of the votes cast as well as of the voting share capital represented at the general meeting. The resolution lapses if the above-mentioned share capital is not represented, or if a resolution is not adopted by two-thirds of the votes cast. If a resolution is adopted by two-thirds of the votes cast but without at least half of the share capital being represented, the Board of Directors must convene a new extraordinary general meeting within two weeks.

If, at this meeting, the resolution is adopted by not less than two-thirds of the votes cast and of the voting share capital represented, it will be passed irrespective of the amount of the share capital represented at the meeting.

In the event of a change of control in the company resulting from a change of ownership, issued share options will be subject to accelerated vesting. No other important agreements are in place that would be affected in the event of a change of control of the company resulting from a takeover, and no special agreements have been made between the company, its management or employees if their positions are discontinued due to a change of ownership. There are no special provisions governing the election of members to Coloplast's Board of Directors.

Open and transparent *communication*

Coloplast has established a policy for communicating information to investors and shareholders, under which the Executive Leadership Team and the Investor Relations team are in charge of communications pursuant to guidelines agreed with the Board of Directors. The communication of information complies with the rules laid down by Nasdaq, comprising:

- Full-year and interim financial statements and the annual report.
- Replies to enquiries from analysts, investors and shareholders.
- Site visits by investors and analysts.
- Presentations to Danish and foreign investors.
- Capital markets days for analysts and investors.
- Conference calls in connection with the release of financial statements.
- Dedicated investor relations section on Coloplast's corporate website.

Meet the Management event 2022

Coloplast hosted an event at the headquarters in Humlebæk, Denmark on 31 August with around 60 in-person participants and around 200 virtual participants. All material from the day is available on our website under the dedicated investor relations section.

Consolidated financial statements

Statement of comprehensive income

1 October – 30 September

DKK million	Note	2021/22	2020/21
Revenue	4	22,579	19,426
Production costs	5, 11, 12, 13	-7,050	-6,113
Gross profit		**15,529**	**13,313**
Distribution costs	5, 11, 12, 13	-6,797	-5,485
Administrative expenses	5, 11, 12, 13	-1,005	-762
Research and development costs	5, 11, 12, 13	-866	-755
Other operating income		74	73
Other operating expenses		-25	-29
Operating profit (EBIT) before special items		**6,910**	**6,355**
Special items	6	-471	-200
Operating profit (EBIT)		**6,439**	**6,155**
Financial income	7	119	137
Financial expenses	7	-431	-59
Profit before tax		**6,127**	**6,233**
Tax on profit for the year	8	-1,421	-1,408
Net profit for the year		**4,706**	**4,825**
Remeasurements of defined benefit plans	18	75	-11
Tax on remeasurements of defined benefit plans		-19	3
Items that will not be reclassified to the income statement		**56**	**-8**
Value adjustment of hedging		281	-110
Transferred to financial items		164	-19
Tax effect of hedging		11	28
Currency adjustment of opening balances and other value adjustments relating to subsidiaries		-409	-11
Tax effect of currency adjustment, assets in foreign currency		-26	-1
Items that may be reclassified to the income statement		**21**	**-113**
Total other comprehensive income		**77**	**-121**
Total comprehensive income		**4,783**	**4,704**

DKK			
Earnings per share (EPS)	9	22.14	22.67
Earnings per share (EPS), diluted	9	22.11	22.63

Statement of cash flows

1 October – 30 September

DKK million	Note	2021/22	2020/21
Operating profit		6,439	6,155
Amortisation		260	129
Depreciation		670	663
Adjustment for other non-cash operating items	24	56	-31
Changes in working capital	24	-849	-75
Interest received, etc.		16	31
Interest paid, etc.		-378	-81
Income tax paid		-1,115	-1,501
Cash flows from operating activities		**5,099**	**5,290**
Investments in intangible assets		-208	-1,047
Investments in land and buildings		-8	-8
Investments in plant and machinery and other fixtures and fittings, tools and equipment		-41	-102
Investments in property, plant and equipment under construction		-878	-809
Property, plant and equipment sold		11	36
Investment in other investments		-2	-14
Acquisition of subsidiaries	32	-10,633	-97
Net sales/purchase of marketable securities		-	30
Cash flows from investing activities		**-11,759**	**-2,011**
Free cash flow		**-6,660**	**3,279**
Dividend to shareholders		-4,041	-3,830
Acquisition of treasury shares		-500	-500
Sale of treasury shares and loss on exercised options		-119	306
Financing from shareholders		**-4,660**	**-4,024**
Repayment of lease liabilities	24	-239	-202
Financing through issuing long-term bonds	24	16,367	-
Hedging gain		521	-
Drawdown on credit facilities	24	-5,398	1,050
Cash flows from financing activities		**6,591**	**-3,176**
Net cash flows		**-69**	**103**
Cash and cash equivalents at 1 October		**448**	**323**
Value adjustment of cash and bank balances		37	20
Cash and cash equivalents, acquired operations		-2	2
Net cash flows		-69	103
Cash and cash equivalents at 30 September	25	**414**	**448**

Balance sheet

Assets

At 30 September

DKK million	Note	2022	2021
Intangible assets	11	20,277	3,651
Property, plant and equipment	12	4,474	3,785
Right-of-use assets	13	677	601
Other equity investments		51	41
Deferred tax asset	14	674	743
Other receivables	16	31	26
Non-current assets		**26,184**	**8,847**
Inventories	15	3,187	2,428
Trade receivables	16	3,940	3,212
Income tax		336	282
Other receivables		383	226
Prepayments		293	172
Marketable securities		219	226
Cash and cash equivalents		414	448
Current assets		**8,772**	**6,994**
Assets		**34,956**	**15,841**

Equity and liabilities

At 30 September

DKK million	Note	2022	2021
Share capital		216	216
Currency translation reserve		-910	-392
Reserve for hedging		415	-41
Proposed ordinary dividend for the year		3,185	2,979
Retained earnings		5,386	5,406
Equity	9, 10	**8,292**	**8,168**
Provisions for pensions and similar liabilities	18	115	181
Provision for deferred tax	14	2,077	671
Other provisions	19	258	56
Bonds	20	16,359	-
Other payables		16	-
Lease liability		496	449
Prepayments		7	2
Non-current liabilities		**19,328**	**1,359**
Provisions for pensions and similar liabilities	18	6	15
Other provisions	19	347	150
Other credit institutions	20	1,644	2,160
Trade payables		1,242	1,036
Income tax		1,342	928
Other payables		2,544	1,840
Lease liability		209	177
Prepayments	26	2	8
Current liabilities		**7,336**	**6,314**
Equity and liabilities		**34,956**	**15,841**

Statement of changes in equity, current year

At 30 September

	Share capital		Reserves				
DKK million	**A shares**	**B shares**	**Currency translation**	**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 year	-	-	-	-	4,247	459	**4,706**
Other comprehensive income	-	-	-518	456	-	139	**77**
Total comprehensive income	**-**	**-**	**-518**	**456**	**4,247**	**598**	**4,783**
Acquisition of treasury shares	-	-	-	-	-	-500	**-500**
Sale of treasury shares and loss on exercised options	-	-	-	-	-	-119	**-119**
Share-based payment	-	-	-	-	-	51	**51**
Tax on share-based payment, etc.	-	-	-	-	-	-50	**-50**
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**	**-618**	**-4,659**
Equity at 30 September	**18**	**198**	**-910**	**415**	**3,185**	**5,386**	**8,292**

Statement of changes in equity, last year

At 30 September

	Share capital		Reserves				
DKK million	A shares	B shares	Currency translation	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 year	-	-	-	-	4,044	781	**4,825**
Other comprehensive income	-	-	-17	-101	-	-3	**-121**
Total comprehensive income	**-**	**-**	**-17**	**-101**	**4,044**	**778**	**4,704**
Acquisition of treasury shares	-	-	-	-	-	-500	**-500**
Sale of treasury shares and loss on exercised options	-	-	-	-	-	306	**306**
Share-based payment	-	-	-	-	-	50	**50**
Tax on share-based payment, etc.	-	-	-	-	-	32	**32**
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**	**-112**	**-3,942**
Equity at 30 September	**18**	**198**	**-392**	**-41**	**2,979**	**5,406**	**8,168**

Notes to the consolidated financial statements

List of notes

Note 1
Basis of preparation

The consolidated financial statements for 2021/2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements pursuant to the Danish Financial Statements Act for Class D companies.

General information
The annual report has been prepared on the basis of the historical cost principle, modified in that certain financial assets and liabilities are measured at fair value. Subsequent to initial recognition, the assets and liabilities are measured as described below in respect of each individual item or in the relevant note.

Significant estimates and judgements
In connection with application of the accounting policies described, it may be necessary for Management to make estimates in respect of the accounting items. The estimates and assumptions applied are based on historical experience and other factors that Management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. In addition, the company is subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates.

It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or due to new information or subsequent events.

A further description of the principal accounting estimates and judgements is provided in the relevant notes.

Management has made significant accounting estimates and judgements in respect of the following areas:

Area	Estimate/ judgement	Note	Risk of impact and degree of estimation
Goodwill and other intangible assets	Estimate and judgement	11	●●○
Acquisitions of businesses	Estimate	11, 32	●●○
Inventories	Estimate	15	●○○
Deferred tax assets and uncertain tax positions	Estimate	14	●○○
Provisions for litigation about transvaginal surgical mesh products	Estimate	6, 19	●●○
Other provisions	Estimate	19	●○○

Note 2
Changes in accounting policies

Effective from the 2021/22 financial year, the Coloplast Group has implemented all new, updated or amended international financial reporting standards and interpretations (IFRSs) as issued by the IASB and IFRSs adopted by the EU that are effective for the 2021/22 financial year.

Coloplast has made an assessment of the impact of the agenda decision in relation to Cloud Computing Arrangement. The assessment showed that the agenda decision did not have an impact on the profit/loss statement or equity.

Further Coloplast has implemented the amendments to IFRS 7, IFRS 9 and IFRS 16 Interests Rate Benchmark Reform - Phase 2. The amendments did not have an impact on recognition or measurement.

The implementation of new, updated or amended international financial reporting standards and interpretations (IFRSs and IFRICs) did not, in all material respects, affect the financial statements.

New financial reporting standards to be adopted
New and amended standards are implemented when taking effect.

Reporting standards or interpretations which are not adopted by the EU have not been applied in this annual report.

Note 3
General accounting policies

This section provides a summary of significant accounting policies, and other general accounting policies. A detailed description of the accounting policies applied and the estimates made relative to each individual item is provided in relevant notes, such that all information about a specific accounting item can be found there.

Foreign currency
The financial statement items of individual Group entities are measured in the currency used in the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Danish kroner (DKK), which is the functional and presentation currency of the parent company. Other currencies are considered foreign currencies.

Translation of foreign currencies
Transactions denominated in foreign currencies are translated into an entity's functional currency at the exchange rate prevailing at the transaction date.

Monetary items denominated in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. Exchange adjustments arising as the difference between exchange rates at the balance sheet date and exchange rates at the transaction date of monetary items are recognised in the income statement as financial income or expenses.

On translation of entities with a functional currency other than DKK, balance sheet items are translated at the exchange rates at the balance sheet date and income statement items are translated at the exchange rates at the transaction date. The resulting exchange adjustments are taken directly to other comprehensive income.

The Argentinian economy has been considered a hyperinflation economy effective from 1 July 2018. Accordingly, the Group's Argentinian subsidiary is recognised in accordance with IAS 29. The subsidiary's financial statements were inflation adjusted at a retail price index increase of 73.9% (source: Bloomberg) prior to recognition in the consolidated financial statements. The income statement and the balance sheet of the inflation-adjusted financial statements are included in the consolidated financial statements at the exchange rate applying at the balance sheet date standing at 5.16.

Consolidation, business combinations and associates
The consolidated financial statements comprise the financial statements of Coloplast A/S (the parent company) and enterprises (subsidiaries) controlled by the parent company. The parent company is considered to exercise control when it has power over the relevant activities of the enterprise, is exposed or has rights to a variable return from the investment and has the ability to affect those returns through its power.

The consolidated financial statements are prepared by aggregating the financial statements of the parent company and the individual subsidiaries, all of which are prepared in accordance with the Group's accounting policies. Intra-group transactions, balances, dividends and unrealised gains and losses on transactions between Group companies are eliminated.

Enterprises, which are not subsidiaries but in which the Group holds at least 20% of the voting rights or otherwise exercise a significant influence, are regarded as associates. The Group's proportionate share of unrealised gains and losses on transactions between the Coloplast Group and associates is eliminated.

Enterprises recently acquired or divested are included in the consolidation in the period in which the Coloplast Group has control of the enterprise. Comparative figures are not restated to reflect acquisitions.

Note 3, continued

Acquisitions are accounted for using the purchase method, according to which the assets and liabilities and contingent liabilities of enterprises acquired are measured at fair value at the date of acquisition.

Goodwill on the acquisition of subsidiaries or associates is calculated as the difference between the fair value of the consideration and the fair value of the Group companies' proportionate share of identifiable assets less liabilities and contingent liabilities at the date of acquisition.

The consideration for an enterprise consists of the fair value of the agreed consideration for the acquired enterprise. If part of the consideration is contingent on future events, such part is recognised at its fair value at the date of acquisition. Costs directly attributable to business combinations are recognised directly in the income statement as special items when incurred.

In cases where the fair value of acquired identifiable assets, liabilities or contingent liabilities subsequently turns out to differ from the values calculated at the date of acquisition, the calculation, including goodwill is adjusted until up to 12 months after the date of acquisition. Subsequently, goodwill is not adjusted. Changes to the estimates of contingent consideration are generally recognised in the income statement.

Goodwill arising in connection with the acquisition of subsidiaries is recognised in the balance sheet under intangible assets in the consolidated financial statements and tested annually for impairment.

Revenue
Revenue comprises income from the sale of goods after deduction of any price reductions, quantity discounts or cash discounts. Sales transactions are recognised in the income statement at the point in time when control of the goods is transferred to the customer, and when the consideration is assessed to be collectible. Revenues from sales transactions are measured at the transaction price to which Coloplast expects to be entitled.

Within all segments, revenues are typically recognised when the customer takes possession of the goods. Exceptions to this comprise Interventional Urology revenues, as revenues from certain surgical products are generated from consignment sales as well as the contract manufacturing business. Certain surgical products within Interventional Urology are always available at our partner hospitals to ensure that all sizes and fits are always available. Revenues from consignment sales are recognised as the goods are used (i.e. in surgery). Revenues from contract manufacturing business is recognised when the products are available for delivery when this coincides with the transfer of control of the products.

Coloplast generates most of its sales through distributors that operate under various conditions and who for that reason require varying sales agreements. Coloplast's distributor agreements contain volume and product-specific rebates, which require data management and monitoring of sales to individual distributors at the product level. In addition, the sales agreements contain various right-of-product-return requirements.

Payment terms for trade receivables from customers depend on creditworthiness, customary business practices and contract negotiations. Payment terms for some customers include a period of credit which commences when the products are shipped while other customers are requested to pay in advance or provide appropriate collateral for the payment. Prepayments from customers are recognised as revenue in the following period upon satisfying the performance obligations.

Variable considerations include volume and product-specific rebates which, for some markets, are accumulated and paid annually or quarterly. Accruals for variable considerations are constrained by uncertainty of future events, such as the expected volume of sales, and require significant estimate.

Note 3, continued

Revenue is measured at the fair value of the agreed consideration. All discounts granted are recognised in revenue. An estimate of expected returns is also recognised in revenue.

Coloplast applies the practical expedient in IFRS 15, para 63 associated with the determination of whether a significant financing component exists for transactions where payment is expected in less than 12 months from the delivery of goods (transfer of control).

Marketable securities
Marketable securities are part of a portfolio which is managed and measured on a fair value basis as per transaction date. Adjustments to fair value is recognised through profit or loss as financial items.

Bonds forming part of repo transactions, i.e. the sale of bonds that are bought back at a later date remain classified as financial assets in the balance sheet, while amounts received from repo transactions are recognised as repo debt. Returns on such bonds are recognised under financials.

Cash flow statement
The consolidated cash flow statement, which is presented according to the indirect method, shows the Group's cash flow from operating, investing and financing activities as well as the Group's cash and cash equivalents and short-term debt to credit institutions at the beginning and end of the year. Cash and cash equivalents comprise cash and debt to credit institutions recognised under current assets and current liabilities, respectively. Marketable securities include bonds with maturities of more than three months and are recognised under investing activities.

Reporting under the ESEF Regulation
The Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) has introduced a single electronic reporting format for the annual financial reports of issuers with securities listed on the EU regulated markets.

The ESEF Regulation sets out the following main requirements: (1) Issuers shall draw up and disclose their annual financial reports using the XHTML format; and (2) issuers that draw-up their primary consolidated financial statements in accordance with IFRS as endorsed by the EU shall tag those consolidated financial statements using inline eXtensible Business Reporting Language (iXBRL) and with effect from the 2022 annual report block-tag the notes to the consolidated financial statements.

The combination of the XHTML format with the iXBRL tags makes the annual financial reports both human-readable and machine-readable, thus enhancing accessibility, analysis and comparability of the information included in the annual financial reports.

iXBRL tags shall comply with the ESEF taxonomy, which is included in the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation.

As part of the tagging process financial statement line items are marked up to elements in the ESEF taxonomy. If a financial statement line item is not defined in the ESEF taxonomy, an extension to the taxonomy is created. Extensions have to be anchored to elements in the ESEF taxonomy, except for extensions which are subtotals.

The annual report submitted to the Danish Financial Supervisory Authority (The Officially Appointed Mechanisms) consists of the XHTML document together with some technical files all included in a ZIP file named Coloplast-2022-09-30-en.ZIP.

Note 4
Segment information

Accounting policies

The operating segments are defined on the basis of the monthly reporting to the Executive Leadership Team, which is considered the chief operating decision maker, and the management structure. Reporting to Management is based on four operating segments: Chronic Care, Interventional Urology, Wound and Skin Care and Voice and Respiratory Care.

Management does not receive reporting on assets and liabilities by reporting segments. Accordingly, the reporting segments are not measured in this respect, nor do we allocate resources on this background.

Segmentation of the income statement

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 and Skin Care covers the sale of wound and skin care products and the operating segment Voice and Respiratory Care covers the sale of laryngectomy and tracheostomy products, as well as R&D activities. The reporting segments are also Chronic Care, Interventional Urology, Wound and Skin Care and Voice and Respiratory Care. The segmentation reflects the structure of reporting to the Executive Leadership Team.

The shared/non-allocated comprises support functions (production units and staff functions) and eliminations, as these functions do not generate revenue. While the costs of R&D for Interventional Urology and Voice and Respiratory Care are included in the segment operating profit/loss for that segment, R&D activities for Chronic Care and Wound and Skin Care are shared functions which are included in shared/non-allocated. Financial items and income tax are not allocated to the operating segments. The shared/non-allocated costs also include PPA amortisation expenditures related to Voice and Respiratory Care.

Geographic information

Coloplast A/S' registered office is situated in Denmark. No single customer accounted for more than 10% of the Group's revenue in 2020/21 and 2021/22.

DKK million	2021/22	2020/21
Specification of revenue representing over 10% of the Group's revenue by customer location including Denmark		
US	4,269	3,639
UK	3,086	2,836
France	2,462	2,415
Denmark	302	249
Other	12,460	10,287
Total	**22,579**	**19,426**
Specification of non-current assets[1)] by location of the subsidiary		
Denmark	4,239	3,983
Sweden	15,119	-
Hungary	1,430	1,491
Other	4,640	2,563
Total	**25,428**	**8,037**

[1)] Non-current assets by location consist of intangible assets and property plant and equipment.

Note 4, continued

DKK million	Chronic Care	Interventional Urology	Wound and Skin Care	Voice and Respiratory Care[1)]	Total
2021/22					
Segment revenue:					
Ostomy Care	8,620	-	-	-	8,620
Continence Care	7,643	-	-	-	7,643
Interventional Urology	-	2,424	-	-	2,424
Wound and Skin Care	-	-	2,689	-	2,689
Voice and Respiratory Care	-	-	-	1,203	1,203
External revenue as per the Statement of comprehensive income	**16,263**	**2,424**	**2,689**	**1,203**	**22,579**
Costs allocated to segment	-6,677	-1,564	-1,600	-820	-10,661
Segment operating profit/loss	**9,586**	**860**	**1,089**	**383**	**11,918**
Shared/non-allocated					-5,008
Special items not included in segment operating profit/loss (see note 6 to the financial statements)					-471
Operating profit before tax (EBIT) as per the Statement of comprehensive income					**6,439**
Net financials					-312
Tax on profit/loss for the year					-1,421
Profit/loss for the year as per the Statement of comprehensive income					**4,706**

1) Only eight months impact in 2021/22.

DKK million	Chronic Care	Interventional Urology	Wound and Skin Care	Voice and Respiratory Care	Total
2020/21					
Segment revenue:					
Ostomy Care	7,841	-	-	-	7,841
Continence Care	7,003	-	-	-	7,003
Interventional Urology	-	2,097	-	-	2,097
Wound and Skin Care	-	-	2,485	-	2,485
Voice and Respiratory Care	-	-	-	-	-
External revenue as per the Statement of comprehensive income	**14,844**	**2,097**	**2,485**	**-**	**19,426**
Costs allocated to segment	-6,070	-1,279	-1,456	-	-8,805
Segment operating profit/loss	**8,774**	**818**	**1,029**	**-**	**10,621**
Shared/non-allocated					-4,266
Special items not included in segment operating profit/loss (see note 6 to the financial statements)					-200
Operating profit before tax (EBIT) as per the Statement of comprehensive income					**6,155**
Net financials					78
Tax on profit/loss for the year					-1,408
Profit/loss for the year as per the Statement of comprehensive income					**4,825**

Management 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, sales and 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.

Note 5
Staff costs

Accounting policies
Staff costs are recognised in the financial year in which the staff performed the relevant work.

DKK million	2021/22	2020/21
Specification of staff costs recognised in the financial year		
Salaries, wages and directors' remuneration[1)]	5,684	4,755
Pension costs - defined contribution plans (note 18)	359	320
Pension costs - defined benefit plans (note 18)	12	13
Other social security costs	731	525
Total	**6,786**	**5,613**
Staff costs allocated to functions		
Production costs	1,448	1,253
Distribution costs	4,139	3,468
Administrative expenses	662	470
Research and development costs	486	422
Special items	51	-
Total	**6,786**	**5,613**
Average number of employees, FTEs	13,650	12,578
Number of employees at 30 September, FTEs	14,572	12,728
Number of employees at 30 September, headcount	14,783	12,874

[1)] Including share based payment. See note 17 to the financial statements.

See note 28 to the financial statements for information on the Executive Management's and the Board of Directors' remuneration.

Note 6
Special items

Accounting policies
Special items comprise material amounts of a non-recurring nature, such as costs relating to acquisitions, divestment, closure or restructuring, provisions for lawsuits, etc. These items are presented separately to facilitate the comparability of the income statement and to provide a better picture of the operating results.

Note 6, continued

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 19 to the financial statements for more information regarding the litigation about transvaginal surgical mesh products. For 2021/22, special items also contains expenses related to business combinations. See note 32 to the financial statements.

DKK million	2021/22	2020/21
Provisions for litigation about transvaginal surgical mesh products	-300	-200
Expenses related to business combinations	-171	-
Total	**-471**	**-200**

Note 7
Financial income and expenses

Accounting policies

Financial income and expenses include interest, financing costs of leases, realised and unrealised foreign exchange adjustments, gains on net monetary items in hyperinflationary economies, fair value adjustment of forward contracts transferred from other comprehensive income, fair value adjustments of cash settled share options, fees, market value adjustments of securities and dividend received on shares recognised under securities.

See note 23 to the financial statements for more information about accounting policy for items transferred from hedging reserve.

DKK million	2021/22	2020/21
Financial income		
Interest income	12	11
Fair value adjustments of forward contracts transferred from other comprehensive income	-	19
Fair value adjustments of cash-based share options	2	-
Interest hedges	27	-
Net exchange adjustments	57	95
Hyperinflationary adjustment of monetary position	19	11
Other financial income	2	1
Total	**119**	**137**
Financial expenses		
Interest expenses	40	13
Interest expenses, lease liabilities	16	12
Interest expenses, bonds	116	-
Fair value adjustments of forward contracts transferred from other comprehensive income	191	-
Fair value adjustments of cash-based share options	-	2
Other financial expenses and fees	68	32
Total	**431**	**59**

Note 8
Tax on profit for the year

Accounting policies

Coloplast A/S is jointly taxed with wholly owned Danish subsidiaries. The jointly taxed Danish enterprises are covered by the Danish on-account tax scheme.

Additions, deductions and allowances relating to the on-account tax scheme are included in financial items.

Current tax on the net profit or loss for the year is recognised in the income statement together with any change in deferred tax. Tax on changes in other comprehensive income is taken directly in other comprehensive income.

DKK million	2021/22	2020/21
Specification of tax on profit for the year		
Current tax on profit for the year	1,526	1,201
Change in deferred tax on profit for the year	-98	216
Tax on profit from ordinary activities for the year	**1,428**	**1,417**
Adjustment of tax relating to prior years	-5	-12
Change due to change in tax rate	-2	3
Tax on profit for the year	**1,421**	**1,408**
Tax on equity and other comprehensive income entries, income (-) / expense (+)	**-84**	**62**
Reconciliation of tax rate differences		
Danish tax rate	22.0%	22.0%
Effect of change of tax rates	0.0%	0.1%
Deviation in foreign subsidiaries' tax percentage	0.1%	0.1%
Non-taxable income and non-deductible expenses	1.0%	0.0%
Research and development incentives	-0.6%	-1.2%
Acquisitions and divestments	0.0%	0.7%
Other taxes and other adjustments, net	0.7%	0.9%
Effective tax rate	23.2%	22.6%

Note 9
Earnings per share (EPS)

Accounting policies

Earnings per share (EPS) reflects the ratio between profit for the year and the year's weighted average of issued, ordinary shares, excluding ordinary shares purchased by the Group and held as treasury shares. Earnings per share, diluted, is calculated as the net profit for the year divided by the average number of outstanding shares adjusted for the dilutive effect of outstanding share options in the money.

	2021/22	2020/21
Net profit for the year, DKK million	4,706	4,825
Net profit for the year before special items, DKK million	5,073	4,981
Weighted average number of outstanding shares, millions of units	212.5	212.8
Dilutive effect of outstanding share options, millions of units	0.3	0.4
Average number of unrestricted shares including dilutive effect of outstanding share options, millions of units	212.8	213.2
Earnings per share before special items, DKK	23.87	23.40
Earnings per share, DKK	22.14	22.67
Earnings per share before special items, diluted, DKK	23.82	23.36
Earnings per share, diluted, DKK	22.11	22.63

	2021/22		2020/21	
Outstanding shares ('000):	**A shares**	**B shares**	**A shares**	**B shares**
Outstanding shares at 1 October	**18,000**	**194,801**	**18,000**	**194,681**
Sale of treasury shares	-	19	-	618
Acquisition of treasury shares	-	-513	-	-498
Outstanding shares at 30 September	**18,000**	**194,307**	**18,000**	**194,801**
Holding of treasury shares at 30 September	-	3,693	-	3,199
Total shares issued at 30 September	**18,000**	**198,000**	**18,000**	**198,000**

Both share classes have a face value of DKK 1 per share. Class A shares carry 10 votes each, while class B shares carry 1 vote each. The class A shares are non-negotiable instruments. Any change of ownership or pledging of class A shares requires the consent of the Board of Directors. B shares are negotiable instruments, and no restrictions apply to their negotiability. No special dividend rights attach to either share class. The Group does not hold A shares.

Note 10
Dividend per share

Accounting policies
Dividend is recognised in the balance sheet as a liability when adopted at the Annual General Meeting. Proposed but not yet paid dividend for the financial year is recognised in equity until approved by the shareholders at the general meeting.

DKK	2021/22	2020/21
Interim dividend per share	5.00	5.00
Proposed dividend per share	15.00	14.00
Total dividend per share	**20.00**	**19.00**
Total dividend for the year, DKK million	4,247	4,044
Payout ratio	90%	84%

The Board of Directors recommends that the shareholders attending the general meeting approve an additional dividend of DKK 15.00 per share. An interim dividend of DKK 5.00 per share was distributed in the financial year, bringing the total dividend per share for the year to DKK 20.00. The increase in dividend per share, compared to last financial year, amounts to 5%. The payout ratio after special items for the year is 90%.

Note 11
Intangible assets

Accounting policies

Intangible assets with a finite life are measured at cost less accumulated amortisation and impairment losses. Subsequent milestone payments related to acquired patents, trademarks and know-how payable on achievement of a contingent event will be capitalised when the contingent event is achieved. Borrowing costs are recognised as part of cost. Amortisation is made on a straight-line basis over the expected useful lives of the assets, which are:

Software	3 – 5 years
Acquired patents, customer list, trademarks and know-how etc.	5 – 15 years

Goodwill and other intangible assets with indefinite lives are tested for impairment annually or whenever there is an indication of impairment, while the carrying amount of intangible assets with finite lives measured at cost or amortised cost are assessed if there is an indication of impairment. If a write-down is required, the carrying amount is written down to the higher of net selling price and value in use. For the purpose of assessing impairment, assets are grouped in the smallest group of assets that generates identifiable cash inflows (cash-generating units). The cash-generating units are defined as the smallest identifiable group of assets that generates cash inflows and which are largely independent of cash flows from other assets or groups of assets.

For other intangible assets, the amortisation period is determined on the basis of Management's best estimate of the expected economic lives of the assets. The expected economic lives are assessed at least annually, and the amortisation period is determined based on the latest assessment. For purposes of calculating amortisation, the residual value of the assets is nil, unless a third party has committed to purchasing the asset after its use or there is an active market for the asset. With the exception of goodwill and some specific trademarks, all intangible assets have a finite life.

All in-house research costs are recognised in the income statement as incurred. Management believes that mandatory regulatory approvals of products, completing the development of new products involves a high degree of uncertainty, for which reason the technical feasibility criteria are not considered to have been met.

Gains or losses on the disposal of intangible assets are stated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal and are included in the income statement under other operating income or other operating expenses, respectively.

Key accounting estimates and judgements

Goodwill and other intangible assets: The measurement of intangible assets, including goodwill and acquired patents, could be materially affected by significant changes in estimates and assumptions underlying the calculation of values. The carrying amount of intangible assets was DKK 20,277 million as at 30 September 2022 (30 September 2021: DKK 3,651 million).

Atos Medical was acquired in 2022 and the acquisition method for the Intangible assets involves the use of significant estimates as the identifiable net assets of the acquiree are recognised at their fair value for which observable market prices are typically not available. 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 valuated using a WACC of 6.7% as discount rate. Technology and corporate trademarks has been measured by applying the income-based (relief from royalty) method to the revenue stream.

Nine Continents Medical was acquired in a share deal in 2020. Shortly following the acquisition, all intangible assets was transferred to Coloplast A/S resulting in US exit taxation. The subsequent transfer of the intangible assets to Coloplast A/S is considered an integral part of the transaction and, consequently, the tax base in Coloplast A/S is considered established upon the acquisition. The transfer is considered an integral part of the transaction because not transferring the intangible assets to Coloplast A/S with the current tax setup of the Groups is not a viable solution.

Note 11, continued

DKK million	Acquired patents, trademarks and know-how etc.	Goodwill	Software	Prepay-ments and intangible assets in progress	Total intangible assets
2021/22					
Cost at 1 October	**3,010**	**2,028**	**526**	**84**	**5,648**
Exchange adjustment	-30	-259	-1	-1	**-291**
Additions from acquisitions	7,112	10,039	23	14	**17,188**
Transfers	-	-	93	-93	**-**
Additions during the year	8	-	36	164	**208**
Disposals during the year	-	-	-15	-16	**-31**
Cost at 30 September	**10,100**	**11,808**	**662**	**152**	**22,722**
Amortisation at 1 October	**1,628**	**-**	**369**	**-**	**1,997**
Exchange adjustment	220	-	-1	-	**219**
Amortisation for the year	190	-	70	-	**260**
Amortisation reversed on disposals during the year	-	-	-15	-16	**-31**
Amortisation at 30 September	**2,038**	**-**	**423**	**-16**	**2,445**
Carrying amount at 30 September	**8,062**	**11,808**	**239**	**168**	**20,277**
2020/21					
Cost at 1 October	**1,729**	**1,976**	**458**	**76**	**4,239**
Exchange adjustment	13	7	2	-	**22**
Additions from acquisitions	50	45	-	-	**95**
Transfers	-	-	51	-51	**-**
Additions during the year	1,218	-	38	59	**1,315**
Disposals during the year	-	-	-23	-	**-23**
Cost at 30 September	**3,010**	**2,028**	**526**	**84**	**5,648**
Amortisation at 1 October	**1,533**	**-**	**342**	**-**	**1,875**
Exchange adjustment	13	-	3	-	**16**
Amortisation for the year	82	-	47	-	**129**
Amortisation reversed on disposals during the year	-	-	-23	-	**-23**
Amortisation at 30 September	**1,628**	**-**	**369**	**-**	**1,997**
Carrying amount at 30 September	**1,382**	**2,028**	**157**	**84**	**3,651**

Note 11, continued

Goodwill

Goodwill mainly relates to the acquisitions of Atos Medical in 2022, Mentor's urology and continence business in 2006, Mpathy in 2010, Comfort Medical in 2016, Lilial in 2018, Hope Medical and Affordable Medical in 2021 as well as Goodwill from the acquired businesses has been allocated on the individual cash-generating units according to earnings at the date of acquisition. The allocation was made to the operating segment Chronic Care, Interventional Urology and the new operating segment Voice and Respiratory Care.

Pursuant to IAS 36, a goodwill impairment test is performed when there is an indication of impairment, but at least once a year. In the impairment test, the carrying amount is compared with the recoverable amount (value in use or fair value less cost of disposal) of each cash-generating unit, calculated as the discounted expected future cash flows.

Future cash flows are determined using forecasts based on realised sales growth, earnings and strategy plans, etc. These forecasts are based on specific assumptions for each cash-generating unit during the planning period with respect to sales, results of operations, working capital, capital investments and assumptions for cost of capital, inflation and the level of interest rates.

Growth rates during the terminal period correspond to the expected long-term rate of inflation.

	2021/22			2020/21	
	Chronic Care	Interventional Urology	Voice and Respiratory Care	Chronic Care	Interventional Urology
Key parameters applied in the calculation of recoverable amounts:					
Revenue growth in terminal period	2.1%	2.1%	1.5%	1.4%	1.4%
Tax percentage	23.0%	27.0%	21.8%	23.0%	27.0%
Carrying amount of trademarks[1], DKK million	54	-	3,235	54	-
Carrying amount of goodwill, DKK million	1,762	394	9,652	1,690	338

[1] Carrying amount includes only those trademarks with indefinite useful lives.

	2021/22		2020/21	
	Before tax	After tax	Before tax	After tax
Discount rates applied in the calculation of recoverable amounts:				
Chronic Care	7.9%	6.5%	7.7%	6.1%
Interventional Urology	12.5%	9.5%	12.3%	9.1%
Voice and Respiratory Care	8.1%	6.7%	-	-

The discount rate for 2021/22 and 2020/21 is based on the WACC used by the external analysts' covering Coloplast.

Special assumptions applied in impairment tests performed in Chronic Care
Chronic Care consists of the Ostomy Care and the Continence Care businesses. The Ostomy Care business involves the production and sale of ostomy pouches and accessories. The Continence Care business involves the production and sales of disposable catheters and various types of products designed for people suffering from urinary or faecal incontinence.

The impairment test performed for Chronic Care was based on forecasts for the 2022/23 financial year. Assumptions for Coloplast's long-term strategy were applied for the financial years 2023/24 to 2025/26.

Note 11, continued

Revenue growth rates of 6-7% were assumed for the budget period, which are supported by the organic growth rates in recent financial years. On the other hand, it was assumed that the gross margin will decrease slightly until the terminal period due to anticipated price pressures and healthcare reforms. It was also assumed that the Group's focus on cost management and regular efficiency improvements will ensure that overhead costs will increase at a rate lower than revenue, which will produce an annual margin improvement.

The Group's general tax rate was applied in the impairment test for Chronic Care because these products are sold in all of the Group's markets. Working capital invested has been projected using the same growth rate as that for revenue.

Special assumptions applied in impairment tests performed in Interventional Urology
The interventional urology business consists of the production and sale of products used in surgical procedures in urology and gynaecology, including prostate catheters, stents, vaginal slings used to restore continence, mesh products used to treat weak pelvic floor and penile implants for men experiencing severe impotence.

The impairment test performed for Interventional Urology was based on forecasts for the 2022/23 financial year. Assumptions for the long-term strategy of the urology business were applied for the financial years 2023/24 to 2025/26.

Revenue growth rates of 5-9% were assumed for the budget period, which are supported by the Interventional Urology organic growth rates in recent financial years. On the other hand, it was assumed that the gross margin will decrease slightly until the terminal period due to general anticipated price pressures and healthcare reforms. It was also assumed that the Group's focus on cost management and regular efficiency improvements will ensure that overhead costs would increase at a rate lower than revenue, which will in turn produce an annual margin improvement.

The tax rate applied in the impairment test for Interventional Urology was higher than the rate applied for the Group because sales and production mostly take place in the US, which imposes a corporate tax rate higher than the Group average. Working capital invested has been projected using the same growth rate as that for revenue.

Special assumptions applied on Voice and Respiratory Care
The voice and respiratory care business consists of sales of laryngectomy and tracheostomy products, used to treat removal of all or part of the larynex.

The impairment test performed for Voice and Respiratory Care was based on forecasts for the 2022/23 financial year from the Management approved business case. Assumptions for Coloplast's long-term strategy were applied for the financial years 2023/24 to 2030/31.

Revenue growth rates of 7-10% were assumed for the budget period, which are supported by the organic growth rates in recent financial years. On the other hand, it was assumed that the gross margin will decrease slightly until the terminal period due to anticipated price pressures and health care reforms. It was also assumed that the Group's focus on cost management and regular efficiency improvements will ensure that overhead costs will increase at a rate lower than revenue, which will produce an annual margin improvement. A tax rate of 21.8% was applied in the impairment test for Voice and Respiratory Care because these products are sold in all of the Group's markets. Working capital invested has been projected using the same growth rate as that for revenue.

The disclosed key parameters and discount rate arose from the Management approved business case regarding Atos Medical Group, consequently the carrying amount is compared with fair value less cost to sell based on a discount cash flow model (level 3 in the fair value hierarchy). The key parameters and discount rate are assessed to still be prudent as of 30 September 2022, and no impairment triggers are identified in the subsequent period, hence Management has used the business case as basis for the impairment test as of 30 September 2022.

Note 11, continued

Acquired patents, trademarks and know-how etc.

This year's additions of acquired customer list, patents and trademarks are associated with the acquisition in 2022 of Atos Medical, where Coloplast completed the acquisition of all shares and voting rights of Atos Medical at a cash consideration of DKK 10,622 million. Acquired patents and trademarks are associated with the acquisition of Mentor's urology business in 2006, the Mpathy acquisition in 2010. Coloplast acquired during 2020/21 three small US direct-to-consumer Durable Medical Equipment (DME) dealers, Hope Medical Supply, Rocky Mountain Medical Supply and Affordable Medical, LLC amounted to DKK 50 million, and Nine Continents Medical of DKK 1,218 million, where of the full amount has not been paid in cash. In connection with the acquisitions, intangible assets were identified, and the cost was allocated to net assets at fair value at the date of acquisition, calculated on the basis of factors such as expected sales and revenue trends. Each component is amortised over its estimated useful life using the straight line method, we refer to note 32.

Patented and unpatented technologies
On acquiring Atos Medical in January 2022, Coloplast acquired several patented technologies and unpatented technologies.

Unpatented technologies include:

- Unpatented inventions
- Trade secrets
- Know-how
- Confidential information
- Copyrights on computer software, databases or instruction manuals and the like

On acquiring Nine Continents Medical in November 2020, Coloplast acquired a number of patented and unpatented technologies. Unpatented technologies include inventions not patentable or protectable, know-how, confidential information and copyrights on computer software and the like. Most relate to know-how regarding various technologies. Division of the individual components into small intangible assets is not considered material or relevant.

On acquiring Mentor's urology business, Coloplast acquired a large number of patented technologies (more than 300) and unpatented technologies. On acquiring Mpathy, Coloplast acquired about 50 patented technologies.

Trademarks
In addition to patented and unpatented technologies, Coloplast acquired the Atos Medical and TRACOE trademarks through the acquisition of Atos Medical. On acquiring Mentor, Coloplast acquired a large number (more than 150) of registered and unregistered trademarks, including pending applications for trademark registration, but Coloplast did not acquire the Mentor trademark. Individual acquired trademarks, each representing a limited value, are not material for Coloplast's sales, as is also the case for patented and unpatented technologies. On acquiring Mpathy, Coloplast acquired a small number (less than 20) of trademarks. On acquiring Nine Continents, Coloplast acquired some unregistered trademarks and a domain name.

Management has assessed that the value of brands with indefinite useful life can be maintained for an indefinite period, as these are well-established brands in their markets, having existed for decades. The industry is characterised as being very stable with consistent consumer demand and a predictable competitive environment, and is expected to be profitable for the foreseeable future. Control of the brands is legally established and enforceable indefinitely. In management's opinion, the risk of the useful life of these brands becoming finite is minimal because of their individual market positions and because current and planned marketing initiatives are expected to sustain their useful life.

Note 11, continued

Customer lists/loyalties
Coloplast also acquired a substantial number of customer relationships on acquiring Atos Medical. Customer relationships include lists of and access to Atos' existing customers, both users, hospitals and distributors. On acquiring both Mentor and Mpathy, Coloplast also acquired a substantial number of customer relationships. As long-term customer contracts are rarely made in the field of urology, customer lists are valued as a whole at the date of acquisition.

	2021/22	2020/21
Amortisations on intangible assets break down as follows		
Production costs	21	60
Distribution costs[1)]	219	59
Administrative expenses	10	6
Research and development costs	10	4
Total	**260**	**129**

[1)] Includes amortisation costs related to the acquisition of Atos Medical.

Note 12
Property, plant and equipment

Accounting policies
Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Cost comprises the cost of acquisition and expenses directly attributable to an acquisition until the asset is ready for use. In case of assets manufactured by the company, cost comprises materials, components, sub-supplier services, direct labour and costs directly attributable to the manufactured asset. In addition, borrowing costs are recognised as part of cost.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are:

Land	not depreciated
Buildings	15 – 25 years
Building installations	5 – 10 years
Plant and machinery	5 – 15 years
Other fixtures and fittings, tools and equipment	3 – 7 years

At the balance sheet date, the residual values, remaining useful lives and depreciation pattern of the assets are reassessed. Any changes are treated as changes to accounting estimates. Gains and losses on the sale or scrapping of an item of property, plant and equipment are recognised in the income statement as other operating income and other operating expenses, respectively.

DKK million	2021/22	2020/21
Depreciations on property, plant and equipment break down as follows		
Production costs	339	377
Distribution costs	35	33
Administrative expenses	23	10
Research and development costs	38	38
Total	**435**	**458**

Note 12, continued

DKK million	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepay-ments and assets under construc-tion	Total property, plant and equipment
2021/22					
Cost at 1 October	**2,748**	**4,957**	**1,172**	**802**	**9,679**
Exchange and other adjustments	36	-115	14	-10	**-75**
Additions from acquisitions	137	32	49	29	**247**
Transfers	251	326	72	-649	**-**
Additions and improvements during the year	8	15	26	878	**927**
Disposals during the year	-13	-89	-14	-35	**-151**
Cost at 30 September	**3,167**	**5,126**	**1,319**	**1,015**	**10,627**
Depreciation at 1 October	**1,501**	**3,494**	**899**	**-**	**5,894**
Exchange and other adjustments	-13	-42	11	-	**-44**
Depreciations for the year	116	205	114	-	**435**
Depreciations reversed on disposals during the year	-8	-110	-14	-	**-132**
Depreciation at 30 September	**1,596**	**3,547**	**1,010**	**-**	**6,153**
Carrying amount at 30 September	**1,571**	**1,579**	**309**	**1,015**	**4,474**
Cost of property, plant and equipment fully depreciated	705	2,515	862	-	4,082
2020/21					
Cost at 1 October	**2,467**	**4,505**	**1,122**	**764**	**8,858**
Exchange and other adjustments	23	30	7	3	**63**
Transfers	289	409	61	-759	**-**
Additions and improvements during the year	8	68	34	809	**919**
Disposals during the year	-39	-55	-52	-15	**-161**
Cost at 30 September	**2,748**	**4,957**	**1,172**	**802**	**9,679**
Depreciation at 1 October	**1,409**	**3,321**	**817**	**-**	**5,547**
Exchange and other adjustments	10	12	6	-	**28**
Depreciations for the year	106	225	127	-	**458**
Depreciations reversed on disposals during the year	-24	-64	-51	-	**-139**
Depreciation at 30 September	**1,501**	**3,494**	**899**	**-**	**5,894**
Carrying amount at 30 September	**1,247**	**1,463**	**273**	**802**	**3,785**
Cost of property, plant and equipment fully depreciated	1,024	2,314	623	-	3,961

The Group has signed agreements with contractors for the supply of buildings, technical plant and machinery for DKK 250 million at 30 September 2022 (DKK 126 million at 30 September 2021).

Note 13
Right-of-use assets

Accounting policies
At the commencement date, when a leased asset is made available for use, a right-of-use asset and a corresponding lease liability is recognised on the balance sheet.

Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made prior to the commencement date and any initial direct costs. Subsequently, the right-of-use asset is measured at cost less depreciation and impairment losses and adjusted for the remeasurement of the lease liability. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the useful life of the right-of-use asset.

Options to extend the initial leasing period are only included in the initial measurement if it is reasonably certain that the option will be utilised.

Lease liabilities are initially measured at the present value of future lease payments. The lease payments are discounted using the implicit rate of the lease contract or, if not readily determinable, the incremental borrowing rate of Coloplast for loans with similar term and security. As a practical expedient, the discount rates are determined on basis of a portfolio of leases with similar characteristics, e.g. a portfolio of leased cars in a specific country. The lease liabilities are subsequently reduced by the portion of lease payments which is regarded as repayment of those lease liabilities. Lease liabilities are remeasured in the event of a lease modification or a reassessment of the lease term which in turn may also impact the carrying value of the right-of-use assets. The lease term is reassessed when a significant event or change, which is within the control of Coloplast, affects the prior assessment.

Short-term leases and leases of low-value assets are exempted from the above accounting model. Consequently, lease payments associated with such lease contracts are recognised as an operating expense on either a straight-line basis over the lease term or another systematic basis which is more representative of the pattern of the benefit of the leased assets.

The majority of the Group's right-of-use assets comprise office space, warehouses, cars and IT equipment. Leasing arrangements are preferred for certain types of assets as it stabilises cash flows and reduces capital invested in non-current assets.

In certain situations, the leasing contracts include a right for Coloplast to extend the leasing period but this is only reflected in the cost of the right-of-use assets, and the corresponding lease liability, if it is reasonably certain that the option will be utilised.

Variable lease payments, which are not included in the measurement of the lease liability, are expensed directly in profit or loss. These payments are mainly related to consumption-based charges, e.g. extra mileage in leased cars.

The Group enters into new lease contracts continually, e.g. to replace an old right-of-use asset which is returned to lessor. The new contracts are usually entered prior to commencing the leasing period when a right-of-use assets is available for use. Consequently, the Group may have committed to lease contracts, which are insignificant from an individual perspective, at the balance sheet date which are not yet recognised on the balance sheet date.

The extent of residual value guarantees for right-of-use assets is limited and expected payments are included in the initial amount of the lease liability.

Note 13, continued

DKK million	Land and buildings	Other fixtures and fittings, tools and equipment	Total right-of-use assets
2021/22			
Carrying amount at 1 October	**447**	**154**	**601**
Exchange and other adjustments	-2	5	**3**
Additions from acquisitions	51	23	**74**
Additions during the year	151	100	**251**
Disposals during the year	-20	-77	**-97**
Depreciations for the year	-128	-107	**-235**
Depreciations reversed on disposals during the year	9	71	**80**
Carrying amount at 30 September	**508**	**169**	**677**

DKK million	Land and buildings	Other fixtures and fittings, tools and equipment	Total right-of-use assets
2020/21			
Carrying amount at 1 October	**437**	**178**	**615**
Exchange and other adjustments	4	1	**5**
Additions during the year	126	93	**219**
Disposals during the year	-43	-62	**-105**
Depreciations for the year	-108	-97	**-205**
Depreciations reversed on disposals during the year	31	41	**72**
Carrying amount at 30 September	**447**	**154**	**601**

DKK million	2021/22	2020/21
Depreciations on right-of-use assets break down as follows		
Production costs	24	22
Distribution costs	182	157
Administrative expenses	27	24
Research and development costs	2	2
Total	**235**	**205**
Other lease expenses recorded in the income statement		
Lease payments related to short-term leases	11	4
Lease payments related to low-value assets	23	19
Variable lease payments	21	18
Total	**55**	**41**
Total cash outflow for leases		
Payments related to right-of-use assets	243	204
Payments related to other lease contracts	49	36
Total	**292**	**240**

Note 13, continued

DKK million	2022	2021
Maturity analysis of lease liabilities (undiscounted)		
In less than one year	227	191
Current lease liability (undiscounted)	**227**	**191**
Within 1 to 5 years	406	362
After more than 5 years	110	102
Non-current lease liability (undiscounted)	**516**	**464**
Total lease liability (undiscounted)	**743**	**655**

Note 14
Deferred tax

Accounting policies

Full provision is made for deferred tax on the basis of all temporary differences in accordance with the balance sheet liability method. Temporary differences arise between the tax base of assets and liabilities and their carrying amounts which are offset over time.

Deferred tax relating to differences between initial recognition of assets or liabilities is not recognised if at the transaction date neither the accounting profit nor the taxable income is affected unless such differences occurred in a business combination.

Uncertain tax positions generally relate to transfer pricing disputes and are recognised under payable tax and measured according to current tax rules and at the tax rates assumed in the year in which the assets are expected to be utilised.

Deferred tax assets are recognised to the extent that it is probable that future positive taxable income will be generated, against which the temporary differences and tax losses can be offset. Deferred tax assets are measured at expected net realisable values.

The value of future tax deductions in relation to share option programmes is recognised as deferred tax, until they are exercised by the employees. Any estimated excess tax deduction compared to the costs realised in the income statement is charged to equity.

Key accounting estimates and judgements

The recognition of deferred tax assets and uncertain tax positions requires an assessment by management. Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised if management estimates that the tax assets can be utilised within a foreseeable future by offsetting against future positive taxable income. The assessment is made annually on the basis of budgets and business plans for the following years, including any scheduled business measures. As the Group conducts business globally, transfer pricing disputes may arise with tax authorities in respect of settlement prices etc. Management applies a probability-weighted assessment to determine obligations in connection with transfer pricing disputes.

The Group's tax losses expiring after more than five years amount to DKK 34 million at 30 September 2022 (DKK 21 million at 30 September 2021). Of these tax losses, the Group has recognised a tax asset of DKK 4 million on a DKK 15 million tax loss at 30 September 2022 (DKK 6 million on a DKK 21 million tax loss at 30 September 2021).

Note 14, continued

The tax value of the Group's tax credits amounts to DKK 134 million at 30 September 2022 (DKK 128 million at 30 September 2021). This amount includes a recognised tax asset of DKK 39 million at 30 September 2022 (DKK 51 million at 30 September 2021). The tax credits expire after more than five years.

Taxable temporary differences regarding investments in subsidiaries and branches are insignificant and no deferred tax has been provided because the company controls the timing of the elimination of the temporary difference, and it is probable that the temporary difference will not be reversed in the foreseeable future.

DKK million	2021/22	2020/21
Deferred tax at 1 October, net	**72**	**300**
Exchange adjustments	9	4
Additions from acquisitions	-1,581	-5
Adjustment due to change in tax rate	2	-3
Prior-year adjustments	4	3
Other changes in deferred tax – charged to income statement	98	-216
Change in deferred tax - charged to equity	-7	-11
Deferred tax at 30 September, net	**-1,403**	**72**

DKK million	2022	2021
Recognised in the balance sheet as follows		
Deferred tax assets	674	743
Provision for deferred tax	-2,077	-671
Deferred tax at 30 September, net	**-1,403**	**72**
Deferred tax relates to the following items		
Intangible assets	-2,084	-553
Property, plant and equipment	-184	-179
Indirect production costs	-14	-11
Unrealised gain from intra-group sale of goods	451	455
Trade receivables	-33	-67
Provisions	142	155
Jointly taxed companies (recaptured balances)	-10	-9
Share options	33	106
Tax losses carried forward and tax credits	44	56
IFRS 16 liabilities	112	109
Effect from hedge of cash flow and interest rates	131	11
Other	9	-1
Deferred tax at 30 September, net	**-1,403**	**72**

Note 15
Inventories

Accounting policies

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the FIFO principle. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and indirect production overheads. Production overheads comprise indirect material and labour costs, maintenance and depreciation of the machinery and production buildings used in the manufacturing process as well as costs of production administration and management. Net realisable value is the expected selling price less cost of completion and costs to sell.

Key accounting estimates and judgements

Capitalised production overheads have been calculated using a standard cost method, which is reviewed regularly to ensure the relevant assumptions concerning capacity utilisation, lead times and other relevant factors in the calculation of actual costs of sales. Changes to the calculation method for production overheads, including levels of capacity utilisation, lead times, etc. could affect the gross margin and the overall valuation of inventories.

DKK million	2022	2021
Raw materials and consumables	621	453
Work in progress	722	580
Manufactured goods	1,844	1,395
Inventories at 30 September	**3,187**	**2,428**

DKK million	2021/22	2020/21
Write-downs at 1 October	**50**	**37**
Additions from acquisitions	9	-
Write-downs realised during the year	-21	-14
Write-downs reversed during the year	-23	-12
Additional write-downs made during the year	34	39
Write-downs at 30 September	**49**	**50**

Production overheads was included in the carrying amount of inventories with DKK 889 million at 30 September 2022 (DKK 649 million at 30 September 2021).

Production costs include directly attributable production costs of DKK 4,633 million related to goods sold (2020/21: DKK 3,844 million).

Note 16
Trade receivables and other receivables

Accounting policies

Receivables consist mainly of trade receivables. On initial recognition, receivables are measured at fair value and subsequently at amortised cost. Receivables are written down on the basis of an individual assessment and the simplified approach in accordance with IFRS 9 where loss allowances are based on lifetime expected credit losses.

DKK million	2022	2021
Ageing of trade receivables		
Not due	2,825	2,626
Due up to 30 days	384	233
Due between 30 and 90 days	238	140
Due more than 90 days	601	352
Trade receivables at 30 September, gross	**4,048**	**3,351**
Loss allowance at 30 September	-108	-139
Trade receivables at 30 September, net	**3,940**	**3,212**
Loss allowance at 1 October	**-139**	**-122**
Exchange adjustment	-4	-1
Allowances used during the year (realised losses)	17	31
Unused allowances reversed during the year	38	-
Additional allowances recognised during the year	-20	-47
Loss allowance at 30 September	**-108**	**-139**

Given the profile of our customers, including large wholesalers and government-backed agencies, the risk of loss allowance is assessed to be limited, consequently the loss allowance in percent of due amounts is low.

Other receivables, non-current

The portion of other receivables, which are falling due after more than one year after the balance sheet date, is recognised in the balance sheet as non-current assets and amounts to DKK 31 million (DKK 26 million at 30 September 2021).

The majority of the non-current other receivables falls due after three years of the balance sheet date. Interest accruing on receivables is 0%.

Note 17
Share options

Accounting policies

Share options are granted to the executive management and senior management. For equity-settled schemes, the fair value of options is determined at the grant date. The option value is subsequently recognised over the vesting period as staff costs. For cash-settled schemes, the fair value of options granted during the period is recognised as staff costs, whereas the fair value adjustment of granted options from previous periods is recognised under financial items. The purchase and selling prices of treasury shares on exercise are deducted from or added to equity, as the case may be.

Share options are granted to members of the executive management and other senior management for the purpose of motivating and retaining a qualified management group and in order to align the interests of management with those of the shareholders. Options are awarded as unconditional allocations at the date of grant, but vest over a three-year period. The value of options at the date of grant equalled an average of three months' salary for each recipient, with the exception of the executive management.

The carrying amount of the cash settled share option programmes was DKK 2 million at 30 September 2022 (DKK 7 million at 30 September 2021), while the fair value of all option programmes amounted to DKK 226 million at 30 September 2022 (DKK 553 million at 30 September 2021).

DKK million	2021/22	2020/21
Share options have affected the profit or loss for the year as follows		
Staff costs, accounting value of cash and equity-settled programmes	51	51
Financial costs, fair value adjustment of cash-settled programmes	-2	2
Cost of share options recognised in profit or loss	**49**	**53**

The fair value of the options was calculated using the Black-Scholes formula at the date of the grant, in which the interest rate applied was the yield on Danish government securities. Volatility in the share is calculated as monthly movements (period-end to period-end) over five years. Options are assumed to be exercised on average one year into the exercise period.

	2021	2020
The following assumptions were applied in determining the fair value of share options granted during the financial year		
Black-Scholes value, DKK	119.70	92.17
Share price, DKK	1,154.91	934.15
Exercise price, DKK	1,212.65	980.86
Expected dividend per share, DKK	1.50%	1.50%
Expected duration, years	4.00	4.00
Volatility	19.90%	19.65%
Risk-free interest	-0.39%	-0.63%
Value, million DKK	63.97	59.45

Note 17, continued

	2021/22			2020/21		
	No. of options	Average exercise price	Average share price	No. of options	Average exercise price	Average share price
Outstanding share options at 1 October	**2,080,407**	**768**		**2,061,254**	**625**	
Options awarded	534,416	1,209		647,806	977	
Options forfeited	-61,570	1,053		-6,586	1,013	
Options exercised	-321,732	580	1,018	-622,067	496	1,018
Outstanding share options at 30 September	**2,231,521**	**892**		**2,080,407**	**768**	

Year of issue	No. of options issued	Share options lapsed	Options exercised	Not exercised at 30 September 2022[1]	Exercise price[2][3]	Exercise period
Specification of outstanding share options						
2017	596,363	-41,711	-372,093	**182,559**	497	31/12/20 - 31/12/22
2017 US	107,767	-3,807	-53,136	**50,824**	533	31/12/20 - 31/12/22
2018	501,877	-10,461	-185,212	**306,204**	620	31/12/21 - 31/12/23
2018 US	119,260	-	-28,388	**90,872**	635	31/12/21 - 31/12/23
2019	403,750	-11,337	-	**392,413**	859	31/12/22 - 31/12/24
2019 US	88,846	-	-	**88,846**	870	31/12/22 - 31/12/24
2020	531,920	-24,981	-	**506,939**	974	31/12/23 - 31/12/25
2020 US	109,900	-9,902	-	**99,998**	1,002	31/12/23 - 31/12/25
2020 JP	3,232	-	-	**3,232**	974	31/12/23 - 31/12/25
2021[4]	436,138	-21,075	-	**415,063**	1,208	31/12/24 - 31/12/26
2021 US	95,846	-3,707	-	**92,139**	1,213	31/12/24 - 31/12/26
2021 JP	2,432	-	-	**2,432**	1,208	31/12/24 - 31/12/26
Total	**2,997,331**	**-126,981**	**-638,829**	**2,231,521**		

[1] Exercisable options as per 30 September 2022 was 630,459.

[2] Average exercise price for options exercisable at the balance sheet date was DKK 578.73.

[3] The exercise prices are adjusted for payment of dividend. In 2021/22, the adjustment of the exercise price was DKK -1.43.

[4] Of which 134,837 was granted to key management.

Coloplast's holding of treasury shares fully covers the option programmes, so the options exercised under the programme will not influence the Group's cash position by forcing it to buy up shares in the market. See note 9 to the financial statements for an overview of treasury shares held by Coloplast at the balance sheet date.

Note 18
Provisions for pensions and similar obligations

Accounting policies
In defined contribution plans, the Group makes regular payments of fixed contributions to independent pension funds and insurance companies. The Group is under no obligation to pay additional contributions. Costs for defined contribution plans are recognised in the income statement as Coloplast assumes an obligation to make the payment.

In defined benefit plans, the Group is under an obligation to pay a defined benefit on retirement. The actuarially calculated present value less the fair value of any plan assets is recognised in the balance sheet under provision for pension and similar obligations or in plan assets in the balance sheet. The total service costs of the year plus calculated interest based on actuarial estimates and financial assumptions at the beginning of the year are recognised in the income statement. The difference between the forecast development in plan assets and liabilities and the realised values at the end of the year is called actuarial gains or losses and is recognised in other comprehensive income. In connection with a change in benefits regarding the employees' employment with the Group to date, there will be a change in the actuarial calculation of the net present value, which is taken directly to the profit or loss.

Defined contribution plans
The Group offers pension plans to certain groups of employees in Denmark and abroad. Most of the pension plans are defined contribution plans. The Group funds the plans through regular payments of premiums to independent insurance companies responsible for the pension obligations towards the beneficiaries. Once the pension contributions for defined contribution plans have been made, the Group has no further obligation towards current or former employees. Contributions to defined contribution plans are recognised in the income statement when paid. In 2021/22, DKK 359 million (2020/21: DKK 320 million) was recognised.

Defined benefit plans
For certain groups of employees in foreign subsidiaries, the Group has signed agreements to pay defined benefits, including pension payments.

Share of gross obligation by country	2022	2021
France	21%	19%
Germany	12%	9%
UK	66%	71%
Italy	1%	1%
Total	100%	100%

These pension liabilities are not or are only partly covered by insurance (in the UK). Defined benefit liabilities are recognised in the balance sheet and in the income statement as indicated below. Coloplast funds the plans in the UK and Italy have been closed, and no further payments are made.

The figures below include liabilities regarding the post-service remuneration scheme applicable to Board members prior to the amendment to the articles of association adopted at the Annual General Meeting held in 2002.

The pension plans are based on the individual employee's salary and years of service with the company, and benefits are paid as a lifelong pension. The active plans are not exclusive to any particular employee group.

Note 18, continued

Special funding requirements apply in the UK, while this is not the case for the other countries. In the UK, employee interests are handled by a Trustee Board. Accounts are prepared every three years and funding of any deficit is determined. Any surplus reverts to Coloplast. The plans have no requirements for risk diversification on equities or for matching strategies. The plans have a duration of an average of 11 years, and all plans generally mature after more than 10 years.

The Group expects to pay DKK 6 million to the defined benefit plans in 2022/23.

DKK million	2021/22	2020/21
Defined contribution plans	359	320
Defined benefit plans	12	13
Cost of pension plans recognised in profit or loss	**371**	**333**
Pension costs concerning current financial year	10	10
Pension costs concerning prior financial years	-	1
Net interest expenses	2	2
Cost of defined benefit plans recognised in profit or loss	**12**	**13**
Costs of defined benefit plans break down as follows		
Production costs	3	3
Distribution costs	8	9
Research and development costs	1	1
Cost of defined benefit plans recognised in profit or loss	**12**	**13**
Actuarial gains/losses on pension obligations	227	-8
Actuarial gains/losses on plan assets	-152	-3
Actuarial gains/losses on defined benefit plans recognised in other comprehensive income	**75**	**-11**
Plan assets at 1 October	**397**	**376**
Exchange adjustments	-2	23
Actual rate of interest	8	6
Actuarial gains/losses on plan assets	-152	-3
Paid by the Coloplast Group	14	16
Benefit paid out	-16	-21
Plan assets at 30 September	**249**	**397**

DKK million	2022	2021
Specification of plan assets		
Shares, listed	63	72
Bonds	57	112
Investments funds	126	210
Cash and similar assets	3	3
Plan assets at 30 September	**249**	**397**

Note 18, continued

DKK million	2021/22	2020/21
Specification of present value of defined benefit obligation		
Present value of defined benefit liability at 1 October	**593**	**565**
Exchange adjustments	-	22
Current service costs	10	10
Past service costs	-	1
Calculated interest on liability	10	8
Actuarial gains/losses, financial assumptions	-223	15
Actuarial gains/losses, demographic assumptions	11	-
Actuarial gains/losses, experience	-15	-7
Benefit paid out	-16	-21
Present value of defined benefit liability at 30 September	**370**	**593**
Fair value of plan assets at 30 September	-249	-397
Net liability of defined benefit plans at 30 September	**121**	**196**
Net liability of defined benefit plans at 1 October	**196**	**189**
Expenditure for the year	12	13
Actuarial gains/losses on pension obligation	-227	8
Exchange adjustment	2	-1
Actuarial gains/losses on plan assets	152	3
Payments received	-14	-16
Net liability of defined benefit plans at 30 September	**121**	**196**
Actuarial assumptions applied at the balance sheet date (expressed as an average)		
Discount rate	3.5%	1.1%
Future rate of salary increases	2.0%	1.6%
Inflation	1.7%	1.6%

The below sensibility analysis shows the change in one of the actuarial assumptions, while other assumptions are kept constant. In practice, a change in one of the assumptions will in many instances be matched by a change in the other assumptions.

	2021/22		2020/21	
	+1%-point	-1%-point	+1%-point	-1%-point
Percentage increase/decrease in the gross liability resulting from a change in a single actuarial assumption				
Discount rate	-13%	15%	-21%	23%
Future rate of salary increases	2%	-2%	3%	-2%
Inflation	8%	-7%	15%	-14%

Note 19
Other provisions

Accounting policies

Provisions are recognised when the Group has a legal or constructive obligation arising from a past event, and it is probable that an outflow of the Group's financial resources will be required to settle the obligation. Provisions are measured as Management's best estimate of the amount with which the liability is expected to be settled. The Group recognises a provision for the replacement of products covered by warranties at the balance sheet date.

Key accounting estimates and judgements

Provisions for legal obligations consist of provisions for pending litigation. Management makes assessments of provisions and contingent liabilities, including the probable outcome of pending and possible future litigation, which is inherently subject to uncertain future events. Based on information available, Management believes that adequate provisions have been made for pending litigation, but there can be no assurance that the scope of these matters will not be extended, nor that material lawsuits, claims, legal proceedings or investigations will not arise in the future.

	2021/22			2020/21		
DKK million	**Legal claims**	**Other**	**Total**	**Legal claims**	**Other**	**Total**
Provisions at 1 October	**194**	**12**	**206**	**276**	**11**	**287**
Exchange adjustment	61	-5	**56**	-6	-	**-6**
Additions from acquisitions	-	400	**400**	-	-	**-**
Provisions used during the year	-361	-	**-361**	-296	-	**-296**
Unused provisions reversed during the year	-12	-	**-12**	-4	-1	**-5**
Additional provisions	315	1	**316**	224	2	**226**
Provisions at 30 September	**197**	**408**	**605**	**194**	**12**	**206**
Expected maturities						
Non-current liabilities	51	207	**258**	50	6	**56**
Current liabilities	146	201	**347**	144	6	**150**
Provisions at 30 September	**197**	**408**	**605**	**194**	**12**	**206**
Provisions charged to profit or loss during the year	303	1	**304**	220	1	**221**

Note 19, continued

Legal claims
The amounts are gross amounts relating to certain legal claims.

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 former MDL cases have been settled to date.

An additional expense of DKK 0.3 billion has been recognised in the 2021/22 financial year to cover further costs to resolve the remaining claims as the process takes longer than previously anticipated. The expense is recognised under special items in the income statement. This brings the total amount recognised since the 2013/14 financial year for expected costs of litigation in the US to DKK 6.15 billion including legal costs (before insurance cover of DKK 0.5 bn).

The total expected 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 September 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.

Other
Other liabilities relate to provisions for expenses associated with restructuring, guarantees and other non-legal claims.

The majority of the provisions are related to Atos Medical Inc. (US) which is on a regular basis subject to public audits regarding billing compliance. It is assessed that these audits are associated with a material risk of recoupment and based on the preliminary high-level analysis the maximum exposure was estimated to around DKK 500 million at the acquisition date. The exposure and the related provision has been reassessed at the end of the financial year 2021/22 which lead to an adjustment so the provision at 30 September 2022 amounts to DKK 400 million.

Note 20
Credit institutions

Accounting policies

Borrowings from credit institutions are recognised at fair value less expenses incurred and subsequently at amortised cost. Repo debt relates to mortgage bonds forming a part of repo transactions. Repo debt is recognised at amortised cost plus accumulated repo interest.

Note 20, continued

DKK million	2022	2021	Maturity
Repo debt to credit institutions	199	203	Less than one month
Other borrowings from credit institutions	1,445	1,957	Less than one year
Borrowings from credit institutions at 30 September	**1,644**	**2,160**	
Bonds	16,359	-	Matures in 2024, 2027 and 2030
Lease liability	705	626	See note 13 'Right-of-use assets'
Other payables	16	-	Less than one month
Marketable securities	-219	-226	Matures in 2022-2023
Bank balances	-414	-448	Available for withdrawal
Net interest-bearing debt at 30 September	**18,091**	**2,112**	

Debt to credit institutions from repo transactions

Coloplast has concluded repo transactions on mortgage bonds, according to which Coloplast has an obligation to buy back the bonds at a fixed price. Repo transactions are accounted for as lending transactions. Repo debt amounted to DKK 199 million at 30 September 2022 (DKK 203 million at 30 September 2021) with a due date of 14 October 2022. The repo debt carries a fixed rate of interest of 0.8% from the transaction date (minus 0.3% at 30 September 2021).

Bonds for which the ownership has been transferred to the counterpart as part of a repo transaction had a carrying amount of DKK 199 million at 30 September 2022 (DKK 203 million at 30 September 2021). See note 22 to the financial statements for information on interest rate risk relating to bonds.

Other borrowings from credit institutions

Other borrowings from credit institutions mainly comprise drawdowns on revolving credit facilities which are committed for three years on the balance sheet date in addition to minor bank overdrafts on authorised short-term facilities. The borrowings from credit institutions are presented as current liabilities due to its nature as instruments for liquidity management.

Bonds

Coloplast has in 2021/22 raised EUR 2.2 billion in debt financing through the issuance of senior unsecured notes in an aggregate principal amount of EUR 2.2 billion under the Coloplast Euro Medium Term Note programme. The Notes are unconditionally and irrevocably guaranteed by Coloplast. COLOCB1 EUR 650 million Floating Rate Note carries a coupon adjusted quarterly. COLOCB2 EUR 700 million carries a fixed coupon for five years, and COLOCB3 EUR 850 million a fixed coupon for eight years. COLOCB2 and COLOCB3 can be redeemed at a market price fixed on the redemption date in relation to named EUR bonds with similar maturity.

A pre-hedge was made with Interest swaps on COLOCB2 and COLOCB3 with mandatory breakage on the day the bonds are issued to limit the financial risks. The gain of DKK 521 million has as per hedge accounting been set off in the equity and transferred to the financial items during the lifetime of the bonds.

Short name	Currency	Nom. amount, million	Due < 1 year	Due 1-5 years	Due > 5 years	Coupon[1)]
COLOCB1	EUR	650	7	655	-	1,10
COLOCB2	EUR	850	19	927	-	2.25
COLOCB3	EUR	700	19	77	758	2.75

[1)] Fixed for COLOCB1 as per 17-08-2022. The coupon rate is set as 3M Euribor + 0.75%.

Note 21
Financial instruments by category

Accounting policies
Financial instruments are measured at either amortised cost or fair value. Those financial instruments, which are measured at fair value, can be categorised according to the fair value measurement hierarchy below:

Level 1: Observable prices in active markets for identical instruments.
Level 2: Valuation models primarily based on observable prices or traded prices of comparable instruments.
Level 3: Valuation models primarily based on non-observable prices.

The fair value of forward exchange contracts and other derivative financial instruments are considered a level 2 fair value measurement as the fair value is determined directly based on the published exchange rates and quoted forward exchange rates at balance sheet dates. The fair value of derivative financial instruments is calculated on the basis of current market data.

DKK million	Amortised cost	Fair value through profit or loss (level 1)	Hedging instruments at fair value through OCI (level 2)	Total
2022				
Trade receivables	3,940	-	-	**3,940**
Other receivables	325	-	89	**414**
Marketable securities[1]	-	219	-	**219**
Cash and cash equivalents	414	-	-	**414**
Financial assets	**4,679**	**219**	**89**	**4,987**
Other credit institutions	1,644	-	-	**1,644**
Bonds[2]	16,359	-	-	**16,359**
Trade payables	1,242	-	-	**1,242**
Other payables	2,389	-	171	**2,560**
Lease liability	705	-	-	**705**
Financial liabilities	**22,339**	**-**	**171**	**22,510**
2021				
Trade receivables	3,212	-	-	**3,212**
Other receivables	234	-	18	**252**
Marketable securities[1]	-	226	-	**226**
Cash and cash equivalents	448	-	-	**448**
Financial assets	**3,894**	**226**	**18**	**4,138**
Other credit institutions	2,160	-	-	**2,160**
Trade payables	1,036	-	-	**1,036**
Other payables	1,777	-	63	**1,840**
Lease liability	626	-	-	**626**
Financial liabilities	**5,599**	**-**	**63**	**5,662**

[1] The securities portfolio consists of mortgage bonds and corporate bonds. The bond portfolio carried an effective rate of interest of 1-6% (2020/21: 1-6%). [2] The fair value of the bonds amounts to DKK 15,636 million calculated based on market prices (level 2).

Note 22
Financial risks

Risk management policy
Financial risks are managed centrally and, accordingly, all derivative instruments are managed and controlled by the parent company. The framework is determined by the financial policy approved annually by the Board of Directors. The financial policy comprises policies for foreign exchange, funding, liquidity and financial counterparts. The core principle is for financial risk to be managed with a view to reducing significant risk.

Foreign exchange risk
A number of the Group's financial instruments is exposed foreign exchange risks as a natural consequence of its global activities. The Board of Directors determines the level of risk as a percentage of EBITDA. Foreign exchange risk is calculated by applying the principles of a cash-flow-at-risk model. The foreign exchange risk related to financial instruments is concentrated in receivables, payables and cash positions denominated in foreign currencies. In addition to this, the fair value of the Group's hedging instruments is significantly exposed to changes in foreign exchange rates. On the other hand, there is only a low foreign exchange risk attached to the Group's marketable securities as these are denominated in DKK and EUR. Borrowings from credit institutions, including repo debt, are denominated in DKK, and bonds in EUR.

While EUR is a key currency for the Group, the foreign exchange risk is regarded as low due to fixed exchange rate policy of the central bank of Denmark.

As at 30 September 2022, an average of 59% of the following twelve months of expected net cash flows were hedged (30 September 2021: 52% of the following twelve months of cash flows).

The table below show how a theoretical change of +/- 5% in all currencies against Danish kroner will impact the financial instruments recognised at the balance sheet date. The impact on profit or loss comes mainly from receivables denominated in foreign currencies. The impact on other comprehensive income relates to the fair value of hedging instruments. The hedged exposure is included in the sensitivity analysis and, therefore, the effect is reduced.

	2021/22					2020/21				
DKK million	USD	GBP	HUF	EUR	Other	USD	GBP	HUF	EUR	Other
Impact from a 5% increase in currencies										
Profit or loss	50	-6	20	-786	59	11	8	-16	-29	153
Other comprehensive income	-48	-61	19	-	-72	-38	-52	23	-	-67
Total comprehensive income	**2**	**-67**	**39**	**-786**	**-13**	**-27**	**-44**	**7**	**-29**	**86**
Impact from a 5% decrease in currencies										
Profit or loss	-50	6	-20	786	-59	-11	-8	16	29	-153
Other comprehensive income	48	61	-19	-	72	38	52	-23	-	67
Total comprehensive income	**-2**	**67**	**-39**	**786**	**13**	**27**	**44**	**-7**	**29**	**-86**

The increase and decrease resulting from a 5% change are the same as all hedging instruments are forward contracts.

Note 22, continued

Interest rate risk
60% of the Group's net interest-bearing debt is carrying fixed interest rate for 5-8 years, and 40% is at floating interest rate. The duration as per balance sheet date was 4.3 years.

Liquidity risk
The exposure to liquidity risks is considered to be low. In addition to cash available for withdrawal and marketable securities, the Group's cash reserves comprise a mix of committed and uncommitted credit facilities to ensure an adequate level of funding for the Group's activities, even in periods of operational uncertainty.

DKK million	2022	2021
Cash and cash equivalents	414	448
Marketable securities	219	226
Liquid assets recorded on the balance sheet at 30 September	**633**	**674**
Committed credit facilities, unutilised (2 years term)	4,370	2,359
Uncommitted credit facilities, unutilised (short-term)	3,170	1,221
Financial reserves at 30 September	**8,173**	**4,254**

The Board of Directors generally intends to distribute excess cash to the shareholders by way of dividends and share buybacks. It is expected that dividends will be paid twice a year: after the Annual General Meeting and after the release of the half-year interim report. However, share buybacks and distribution of dividend will always be made with due consideration for the Group's liquidity requirements and plans.

The capital management objective of the Group is to raise new debt only for acquisition purposes or for other special purposes. The Group assesses the capital on the basis of the solvency ratio, which is calculated in accordance with the guidelines issued by the Danish Society of Financial Analysts.

Credit risk
The Group's credit risk relates to the possibility that the counterparties of its financial assets are not able to meet their obligetions as they fall due. The carrying amount of the financial assets represents the maximum credit risk exposure. The Group's policy for managing credit risks involves an ongoing credit assessment of major customers and other key business partners.

The credit risk exposure relates to (i) receivables, (ii) bank deposits, (iii) marketable securities (mortgage bonds and corporate bonds) as well as (iv) derivative financial instruments (forward exchange contracts) with a positive fair value at the balance sheet date.

- The credit risk relating to trade receivables and other receivables is diversified over a large number of customers and other counterparties. For this reason, the credit risk is regarded as insignificant. See also note 16.
- The credit risk relating to bank deposits is, pursuant to the Group's counterparty policy, managed and mitigated by making money market deposits only with selected financial institutions holding a satisfactory credit rating. In addition, the maximum deposit limits have been defined for each financial counterparty.
- The credit risk relating to marketable securities is considered to be limited as investment is only made in selected liquid bonds with a high credit rating.
- The credit risk relating to derivative financial instruments is aligned with the credit risk for bank deposits as derivative contracts are only entered with selected financial institutions with a satisfactory credit rating.

Note 23
Derivative financial instruments

Accounting policies

At the initiation of derivative contracts, it is assessed whether they qualify for hedge accounting and the derivatives are classified as either cash flow hedges or fair value hedges. Cash flow hedges relates to highly probable forecasted transactions at a future point in time. Fair value hedges relate to changes in the fair value of assets or liabilities recognised on the balance sheet.

Upon initial recognition, the fair values of derivative financial instruments are recognised as an asset or a liability on the balance sheet date. These are presented together with other receivables or other payables, respectively. The fair values of derivative financial instruments are subsequently remeasured at fair value at each reporting date.

The subsequent value adjustments of cash flow hedges are recognised through other comprehensive income as a cash flow hedge reserve when the hedging relationship continues to meet the effectiveness requirement. The reserve is recognised in the income statement upon realisation of the hedged transactions. Interest hedge of bonds with fixed rate is recognized in the other comprehensive income as reserve for currency hedging, until the hedged interests will be recognized in the income statement. If a derivative financial instrument used to hedge expected future transactions expires, is sold or no longer qualifies for hedge accounting, any accumulated reserve remains in equity until the hedged transaction is concluded. If a transaction is no longer expected to be concluded, any reserve accumulated under equity is transferred to the income statement.

The subsequent value adjustments of fair value hedges are recognised through profit or loss along with any adjustments of the value of the hedged asset that concern the hedged risk.

Pursuant to the Group's foreign exchange policy, forward exchange contracts are used for the purpose of neutralising and delaying the effect of exchange rate fluctuations in profit or loss and thereby enhance the predictability of the financial results.

The foreign exchange risk is calculated by applying the principles of a cash-flow-at-risk model, with the Board of Directors determining the level of risk as a percentage of operating profit (EBITDA). The risk is managed and mitigated through cash flow hedges and, in some cases, through fair value hedges. Sources of hedging ineffectiveness comprise mainly those that arise from assumptions on expected 12-month rolling cash flows not being realised.

The Group hedges key currencies e.g. USD, GBP, JPY and HUF, and selectively hedges emerging markets currencies taking the cost of hedging into consideration.

The Group does not hedge forecasted cash flows denominated in EUR as the foreign exchange risk is regarded as low due to the fixed exchange rate policy of the central bank of Denmark.

Note 23, continued

Specification of derivative financial instruments held at the balance sheet date.

DKK million	Contract amount at year-end[1)]	Fair value of contract at year-end[2)]	Average exchange rate per the hedging contracts	Expiry period of the contracts
2022				
USD	960	-107	671.49	Oct 22 - Aug 23
GBP	1,367	44	859.67	Oct 22 - Aug 23
JPY	177	8	5.54	Oct 22 - Sep 23
HUF	-438	-39	1.82	Oct 22 - Aug 23
Other currencies	953	-6	n/a	Oct 22 - Sep 23
Forward exchange contracts at 30 September, cash flow hedges	**3,019**	**-100**		
HUF	275	18	1.84	Nov 22 - Jan 23
Forward exchange contracts at 30 September, fair value hedges	**275**	**18**		
Deferred gain on settled interest swaps:				
EUR	2,974	120		May 27
EUR	5,577	373		May 30
Interest swaps at 30 September, to hedge future interest payments	**8,551**	**493**		
2021				
USD	821	-28	617.01	Oct 21 - Aug 22
GBP	1,145	-12	848.16	Oct 21 - Sep 22
JPY	176	1	5.76	Oct 21 - Sep 22
HUF	-490	-2	2.04	Oct 21 - Sep 22
Other currencies	828	-11	n/a	Oct 21 - Sep 22
Forward exchange contracts at 30 September, cash flow hedges	**2,480**	**-52**		
HUF	310	6	2.07	Oct 21 - Sep 22
Forward exchange contracts at 30 September, fair value hedges	**310**	**6**		

[1)] Amount is translated to DKK millions using the exchange rates per the hedging contracts. Positive amounts indicate a forecasted sale of the currency in question; negative amounts indicate a forecasted purchase of currency in question.

[2)] Positive amounts indicate that the net fair value of the hedging contracts is an asset. Negative amounts indicate that the net fair value of the hedging contracts is a liability.

Note 24
Specifications of cash flow from operating and financing activities

DKK million	2021/22	2020/21
Net gain/loss on divestment of non-current assets	7	4
Change in other provisions	-3	-85
Other non-cash operating items	52	50
Adjustment for other non-cash operating items	**56**	**-31**
Inventories	-540	-161
Trade receivables	-351	-235
Other receivables, including amounts held in escrow	-295	97
Trade and other payables etc.	337	224
Changes in working capital	**-849**	**-75**

	2021/22				2020/21		
DKK million	Lease liability	Bonds	Credit facilities	Total	Lease liability	Credit facilities	Total
Balance at 1 October	**626**	**-**	**2,160**	**2,786**	**636**	**1,111**	**1,747**
Addition from acquisitions	74		4,882	4,956	-	-	-
Additions during the year	251	-	-	251	219	-	219
Cash flows	-239	16,367	-5,398	10,730	-202	1,050	848
Exchange and other adjustments	-7	-8		-15	-27	-1	-28
Balance at 30 September	**705**	**16,359**	**1,644**	**18,708**	**626**	**2,160**	**2,786**

Note 25
Cash and cash equivalents

Accounting policies

Cash and cash equivalents, recognised under current assets, comprise bank deposits and cash at hand and are measured at fair value.

DKK million	2022	2021
Bank deposits, short term	414	448
Cash and cash equivalents at 30 September	**414**	**448**

Note 26
Public grants

Accounting policies

Public grants comprise of grants for research, development and other investments. Grants for investments are recognised as deferred income, which is recognised systematically in the income statement under production costs from the date when the conditions attaching to them are deemed to be complied with until the date on which the deadline for retaining such conditions expires. Other grants are recognised as income on a systematic basis, so that they are matched with the related costs for which they compensate.

The Group has received DKK 4 million in public grants for research and development purposes (2020/21: DKK 1 million) and DKK 5 million in public grants for investments (2020/21: DKK 4 million). An income of DKK 13 million relating to investment grants has been recognised under production costs in the income statement (2020/21: DKK 13 million).

Note 27
Contingent liabilities and guarantees

As part of the normal course of business, Coloplast is involved in pending litigations, claims and investigations. Provisions for probable losses have been made for those matters Management has assessed as needed, but there are uncertainties associated with these estimates. Please also see note 19 to the financial statements.

Coloplast does not expect any pending litigations, claims and investigations to materially influence the Group's future earnings, cash flows or financial position, neither individually nor in aggregate, in addition to the amounts recognised as provisions.

Bonds in repo transactions have been provided as collateral for repo debt. Bonds provided as collateral were valued at DKK 199 million at 30 September 2022 (DKK 203 million at 30 September 2021). See note 20 to the financial statements for information on interest rate risk relating to bonds.

Note 28
Remuneration of the Board of Directors and Executive Management

The current policy for the remuneration of the Board of Directors and Executive Management was adopted in 2020 and sets out the general guidelines for the remuneration of the Group's management. The guidelines for the remuneration of the Board of Directors and Executive Management are available on the Group website.

In addition to the disclosures provided in this note, more details on the remuneration of Executive Management and Directors are provided in the separate Remuneration report for the Coloplast Group, which is not a part of the audited financial statements. The report is also available on the Group website.

Fees to Board members in respect of the current financial year
Fees to Board members make up DKK 7.0 million (2020/21: DKK 7.0 million) of the total staff costs (see note 5 to the financial statements) and are specified as follows:

DKK million	2021/22	2020/21
Ordinary board member fee	5.3	5.3
Audit Committee	1.0	1.1
Nomination and Remuneration Committee	0.7	0.6
Fee to members of the Board of Directors	**7.0**	**7.0**

In addition, the accounting cost of not-yet-vested share options held by the Chairman amount to DKK 0.9 million in 2021/2022 (2020/21: DKK 2.8 million) of the total staff costs (see note 5 to the financial statements). The accounting cost is calculated in line with IFRS 2 and relates to share options awarded to him during his term as CEO.

Remuneration of members of the Executive Management in respect of the current financial year
Remuneration of members of Executive Management make up DKK 61 million (2020/21: DKK 61.6 million) of the total staff costs (see note 5 to the financial statements) and are specified as follows:

DKK million	2021/22	2020/21
Base salaries	33.2	32.3
Pension	4.9	4.8
Other benefits	1.9	1.7
Cash bonus	5.7	7.5
Remuneration of Executive Management, excluding value of share options and contingent salary items	**45.7**	**46.3**
Share options	14.9	12.9
Contingent bonus schemes[1]	0.4	2.4
Remuneration of Executive Management	**61.0**	**61.6**

[1] When Paul Marcun joined Executive Management in 2018/19, he was offered a contingent cash bonus as compensation for waiving long-term incentive schemes offered by his previous employer. The cash bonus is contingent on continued employment, whereof DKK 5.1 million was paid in December 2020 and the remaining DKK 5.1 million was paid in December 2021. The cash bonus is expensed in profit or loss over the vesting period.

Note 28, continued

The value of share options, which is calculated as the fair value of share options at the grant date using the Black-Scholes Formula in line with IFRS 2, comprise the annual accounting cost of share options awarded in the current and in prior years in accordance with the accounting policies applied. Consequently, it does not represent the fair value of share options awarded or exercised in the current financial year.

If a member of Executive Management is given notice of termination by the company and such termination is not due to breach on the part of the member of Executive Management, such member is entitled to compensation corresponding to a maximum of two years' salary and pension contribution.

Share options are granted to members of Executive Management and senior management. See note 17 to the financial statements for further information regarding share-based payments as well as the separate Remuneration Report for the Coloplast Group, which is not part of the audited financial statements. The report is available on the Group website.

Note 29
Related party transactions

Related parties to the Coloplast Group include members of the Board of Directors and the Executive Management and main shareholders of the parent company, Coloplast A/S. There were no major transactions with related parties. Information about the remuneration of the Management is set out in note 28 to the financial statements.

Note 30
Fees to auditors appointed by the Annual General Meeting

DKK million	2021/22	2020/21
Statutory audit	12	9
Assurance engagements other than audit	1	1
Tax advisory	3	1
Other services	2	2
Fee to PricewaterhouseCoopers	**18**	**13**

Fee for non-audit services provided to the Group by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, Denmark, amounted to DKK 4 million (2020/21: DKK 3 million), relating to tax compliance, transfer pricing, due diligence and other assurance assessments and opinions.

Certain of the Group's subsidiaries are not subject to an audit by PricewaterhouseCoopers.

Note 31
Events occurring after the balance sheet date

No events have occurred after the balance sheet date which are deemed to have a material impact on the financial results or equity at 30 September 2022.

Note 32
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 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 DKK 171 million, which has been recognised under special items in the statement of comprehensive income. Transaction costs accounts for DKK 95 million.

Fair value of acquired net assets and recognised goodwill
The fair value of the acquired net assets has been identified and goodwill recognised. Net assets, goodwill and contingent assets and liabilities recognised at the reporting date are to some extent still provisional. Adjustments may be applied to the purchase price allocation for a period of up to 12 months from the acquisition date in accordance with IFRS 3.

The main categories of net assets, for which acquisitional accounting is still ongoing, are mainly related to other provisions and deferred tax assets.

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 10,039 million, which is not deductible for tax purposes.

Note 32, continued

DKK million	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	407
Corporate tax	48
Trade payables	60
Other payables	310
Deferred tax liability	1,513
Total liability	**7,404**
Total net assets acquired	**583**
Goodwill	10,039
Cash consideration	**10,622**
Acquired cash	-
Consideration, cash and debt-free	**10,622**

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.

Atos Medical is recognised in consolidated net revenue at DKK 1,203 million and in consolidated operating profit before special items at DKK 231 million, which also includes around DKK 152 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 September 2022 of the combined Group would have been approximately DKK 23,165 million and DKK 7,000 million, respectively.

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

Note 32, continued

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 valuated 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 on a regular basis subject to public audits regarding billing compliance. It is assessed that these audits are associated with a material risk of recoupment and based on the preliminary high-level analysis the maximum exposure was estimated to around DKK 500 million at the acquisition date. The exposure and the related provision has been reassessed at the end of the financial year 2021/22 which lead to an adjustment so the provision at 30 September 2022 amounts to DKK 400 million.

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.

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 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 is identified and recognised. The purchase price is recognised as 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.

Note 33
Company overview

Company	Country	Ownership
Parent company		
Coloplast A/S	Denmark	
Sales subsidiaries		
Coloplast de Argentina SA	Argentina	100%
Atos Medical Pty Ltd	Australia	100%
Coloplast Pty Ltd	Australia	100%
Atos Medical Austria GmbH	Austria	100%
Coloplast Ges.m.b.H.	Austria	100%
TRACOE Medical GmbH	Austria	100%
Atos Medical BVBA	Belgium	100%
Coloplast Belgium NV/SA	Belgium	100%
Atos Medical Brasil Ltda	Brazil	100%
Coloplast do Brasil Ltda.	Brazil	100%
Atos Medical Canada Inc.	Canada	100%
Coloplast Canada Corporation	Canada	100%
Atos (Beijing) Medical Technology CO. Ltd	China	100%
Coloplast (China) Medical Devices Ltd.	China	100%
Coloplast (Hong Kong) Ltd.	China	100%
Coloplast Czech s.r.o.	Czech Republic	100%
Atos Medical ApS	Denmark	100%
Coloplast Danmark A/S	Denmark	100%
Coloplast Oy	Finland	100%
Atos Medical SAS	France	100%
Laboratoires Coloplast S.A.S.	France	100%
Lilial S.A.S.	France	100%
Atos Medical GmbH	Germany	100%
Coloplast GmbH	Germany	100%
Coloplast (India) Private Limited	India	100%
Coloplast Israel Ltd.	Israel	100%
Atos Medical Srl	Italy	100%
Coloplast S.p.A.	Italy	100%
Atos Medical Japan Inc.	Japan	100%
Coloplast K.K.	Japan	100%
Coloplast Korea Limited	Korea	100%
Atos Medical BV	Netherlands	100%
Coloplast B.V.	Netherlands	100%
MC Europe BV	Netherlands	100%
Atos Medical Ltd.	New Zealand	100%
Atos Medical AS	Norway	100%
Coloplast Norge AS	Norway	100%
Atos Medical Poland Sp. Z.o.o.	Poland	100%
Coloplast Sp. zo.o.	Poland	100%
Coloplast II Portugal, Unipessoal Lda	Portugal	100%
Coloplast Portugal, Sociedade Unipessoal, Lda	Portugal	100%
Coloplast LLC	Russia	100%
Coloplast Slovakia s.r.o.	Slovakia	100%
Atos Medical S.L.	Spain	100%
Coloplast Productos Médicos S.A	Spain	100%
Coloplast AB	Sweden	100%
Coloplast AG	Switzerland	100%
Coloplast Taiwan Co., Ltd.	Taiwan	100%
Coloplast Turkey Medikal Gereçler San. ve Tic. A.Ş.	Turkey	100%
Atos Medical UK Ltd.	UK	100%
Charter Healthcare Limited	UK	100%
Coloplast Limited	UK	100%
Coloplast Medical Limited	UK	100%
Kapitex Healthcare Ltd	UK	100%
Porges UK Limited	UK	100%
Affordable Medical LLC	USA	100%
Atos Medical Inc.	USA	100%
Coloplast Corp.	USA	100%
Comfort Medical, LLC	USA	100%
Hope Medical Supply Company	USA	100%
Rocky Mountain Medical, LLC	USA	100%

Note 33, continued

Company	Country	Ownership
Manufacturing subsidiaries		
Coloplast (China) Ltd.	China	100%
Coloplast Volume Manufacturing Costa Rica S.A.	Costa Rica	100%
Coloplast Manufacturing France S.A.S.	France	100%
Coloplast Distribution GmbH	Germany	100%
TRACOE Medical GmbH	Germany	100%
Coloplast Hungary Kft.	Hungary	100%
Atos Medical AB	Sweden	100%
Coloplast Manufacturing US, LLC	USA	100%

Coloplast representative offices and branches

Dubai	Saudi Arabia
Egypt	Singapore
Hungary	South Africa
New Zealand	Ukraine

Atos group representative offices and branches

Bahrain	Korea
Czech Republic	Portugal
Finland	Switzerland
Hungary	

Company	Country	Ownership
Other		
Coloplast Ejendomme A/S	Denmark	100%
Mercure Medical (société à responsabilité limité)	France	100%
Heimomed Heinze Gmbh & Co KG	Germany	100%
Heimomed Heinze Verwaltungs-GmbH	Germany	100%
iSKiA GmbH & Co KG	Germany	100%
iSKiA Verwaltungs-GmbH	Germany	100%
NRH Medizintechnik GmbH & Go KG	Germany	30%
NRH Medizintechnik Verwlatungs-GmbH	Germany	30%
Coloplast Finance B.V.	Netherlands	100%
Coloplast Business Centre Sp. zo.o.	Poland	100%
Atos Medical Holding	Sweden	100%
Lary 2 AB	Sweden	100%
Lary 3 AB	Sweden	100%
Lary 4 AB	Sweden	100%
XTR Holding Ltd.	UK	100%
Francis Medical	USA	13%
Griffin Laboratories Inc.	USA	100%
Nine Continents, Inc.	USA	100%

Note 34
Definitions of key ratios

The ratios are calculated and applied in accordance with Recommendations and Financial Ratios issued by the Danish Society of Financial Analysts. Key ratios are shown on page 2.

EBIT
Earnings before interest and tax

EBITDA
Earnings before interest, tax, depreciation and amortisation

Invested capital
Assets less cash, less marketable securities plus accumulated goodwill amortised before 1 October 2002 less non-interest bearing debt including provisions

EBIT margin, %
EBIT as a percentage of revenues

Return on average invested capital (ROIC), %
EBIT as a percentage of invested capital (average)

Return on equity, %
Profit for the year attributable to Coloplast as a percentage of equity before minority interests (average)

Equity ratio, %
Equity at year-end as a percentage of total assets at year-end

Net asset value per share, DKK
Equity excluding minority interests per outstanding share

Market price/net asset value per share
Market price per share relative to net asset value per share

PE, price/earnings ratio
Market price per share relative to earnings per share (EPS)

Payout ratio, %
Dividend declared as a percentage of profit for the year attributable to Coloplast

Earnings per share (EPS)
Profit for the year attributable to Coloplast per outstanding share (average of four quarters)

Free cash flow per share
Free cash flow per outstanding share (average of four quarters)

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today considered and approved the Annual Report of Coloplast A/S for the financial year 1 October 2021 – 30 September 2022.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and further requirements set out in the Danish Financial Statements Act.

The parent company financial statements have been prepared in accordance with the Danish Financial Statements Act. In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 30 September 2022 and of the results of the Group's and the parent company's operations and the cash flows for the Group for the financial year 1 October 2021 – 30 September 2022.

In our opinion, the Management's report includes a fair account of the development and performance of the Group and the parent company, the results for the year and of the financial position of the Group and the parent company, together with a description of the principal risks and uncertainties that the Group and the parent company face.

In our opinion, the Annual Report for the financial year 1 October 2021 to 30 September 2022 with the file name Coloplast-2022-09-30-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend the annual report for adoption at the Annual General Meeting.

Humlebæk, 7 November 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

Independent Auditor's Reports

To the shareholders of Coloplast A/S

Report on the audit of the Financial Statements

Our opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 30 September 2022 and of the results of the Group's operations and cash flows for the financial year 1 October 2021 to 30 September 2022 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 30 September 2022 and of the results of the Parent Company's operations for the financial year 1 October 2021 to 30 September 2022 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements of Coloplast A/S for the financial year 1 October 2021 to 30 September 2022 comprise statement of comprehensive income, statement of cash flows, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies.

The Parent Company Financial Statements of Coloplast A/S for the financial year 1 October 2021 to 30 September 2022 comprise income statement, balance sheet and notes, including summary of significant accounting policies.

Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of Coloplast A/S on 12 June 1998 for the financial year 1997/98. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 25 years including the financial year 2021/22.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2021/22. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Accounting for the acquisition of Atos Medical Group On 31 January 2022, Coloplast acquired Atos Medical Group (Atos) for a cash consideration of DKK 10,622 million. Identification of assets and liabilities as part of the acquisition of Atos is considered a key judgement by Management, whereas the determined fair values to the identified assets and liabilities are considered to be key estimates applied by Management. The purchase price allocation was performed with assistance from an independent valuer expert, who advised on the applied valuation techniques and significant assumptions, in particular in respect of the valuation of the identified intangible assets and provisions. In order to determine the fair value of the identified intangible assets, the multi-period excess earnings method and the income-based relief method were applied, which uses a number of significant assumptions regarding the expected useful life of customers, revenue growth, royalty rate and discount rate. In order to determine the fair value of liabilities, the most significant assumption relates to the fair value of provisions, where Management has identified a possible future financial exposure related to a potential audit regarding billing compliance. The most significant assumption involved is Management's assessment of the likelihood of a number of scenarios in relation to this matter, which by nature is subject to significant judgement by Management, when assessing the likelihood of the potential loss being incurred. We focused on this area because purchase price allocation requires significant estimation by Management in determining the fair value of identified assets and liabilities, which is significantly sensitive to changes in those applied assumptions. We refer to note 3 and 32 in the Consolidated Financial Statements.	We assessed whether the acquisition met the criteria for a business combination. We verified the assets and liabilities recognised in the opening balance sheet by performing audit procedures in relation to the opening balance sheet. We tested management's process and methodology (including assessing the competency and objectivity of management's expert) for determining the fair values. We included our in-house valuation experts to evaluate the appropriateness of the valuation techniques used by management's experts, including tests of the completeness and accuracy of the models. We challenged the significant assumptions, including the expected useful life of customers, revenue growth, royalty rate and discount rate used to determine the fair value of the acquired assets and liabilities in the business combination, including the fair value of intangible assets and provisions. We also evaluated the completeness of identified legal claims and disputes identified by Management and assessed whether these meet the definition of a liability to be recognised under IFRS 3. We assessed the appropriateness of the disclosure in note 3 and 32 of the Consolidated Financial Statements.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition The preparation and negotiation of sales agreements take place with due consideration of territorial healthcare reforms, diverse legislation, increased competition, growth strategies and requirements relating to various tenders. The main part of Coloplast's sales is carried out through distributors, who operate under diverse circumstances and consequently have different requirements that affects the sales agreements. Coloplast's agreements with distributors include rebates and discounts, which fall under certain commercial and government-mandated contracts and reimbursement agreements. These arrangements result in deductions to gross sales in arriving at net sales and give rise to obligations for the Group to provide rebates, discounts and allowances, which for unsettled amounts are recognised as a provision. We focused on these arrangements because they are complex and require significant estimation by Management in establishing an appropriate provision for the unsettled amounts. This includes estimation of sales volumes subject to the rebates, including estimation of applicable rebate rates. We refer to note 3 and 4 in the Consolidated Financial Statements.	We discussed the recognition principles with Management, including sales agreements and the related rebates and discounts. We evaluated and tested relevant controls related to sales agreements, including recognition of provision on rebates and discounts as well as the applicable information systems and Management's monitoring controls. We tested a sample of revenue transactions to the underlying sales agreements, including the related discount and rebate. We obtained Management's calculations and evaluated the accuracy of the calculations made by Management. Further, we assessed and tested key data inputs and significant assumptions and recalculated the rebate percentages. We considered the Group's historical provisions by comparing the actual rebate with the rebate percentage estimate used by Management to recognise the provision, including performing a retrospective review of the prior period provision compared to subsequent payments to evaluate the accuracy of Management's estimate and to identify any potential management bias. We assessed the appropriateness of the disclosure in note 3 and 4 of the Consolidated Financial Statements.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of Coloplast A/S for the financial year 1 October 2021 to 30 September 2022 with the filename Coloplast-2022-09-30-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;

- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;

- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and

- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Coloplast A/S for the financial year 1 October 2021 to 30 September 2022 with the file name Coloplast-2022-09-30-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 7 November 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Mogens Nørgaard Mogensen
State Authorised Public Accountant
mne21404

Rikke Lund-Kühl
State Authorised Public Accountant
mne33507

Parent company financial statements Coloplast A/S

Income statement

1 October - 30 September

DKK million	Note	2021/22	2020/21
Revenue	3	14,548	13,822
Production costs	4	-7,182	-6,473
Gross profit		**7,366**	**7,349**
Distribution costs	4	-1,256	-1,193
Administrative expenses	4, 5	-864	-644
Research and development costs	4	-889	-786
Other operating income		11	18
Other operating expenses		-	-7
Operating profit (EBIT)		**4,368**	**4,737**
Profit/loss after tax on investments in subsidiaries	10	682	870
Financial income	6	183	143
Financial expenses	6	-363	-24
Profit before tax		**4,870**	**5,726**
Tax on profit for the year	7	-908	-995
Net profit for the year	2	**3,962**	**4,731**

Balance sheet

At 30 September

DKK million	Note	2022	2021
Assets			
Intangible assets	8	2,121	2,091
Property, plant and equipment	9	689	661
Financial assets	10	19,378	3,916
Non-current assets		**22,188**	**6,668**
Inventories	11	1,240	1,027
Trade receivables		478	388
Receivables from Group companies		3,152	3,016
Other receivables		183	117
Prepayments		183	73
Amounts held in escrow	12	-	-
Marketable securities		219	226
Cash and cash equivalents		201	85
Current assets		**5,656**	**4,932**
Assets		**27,844**	**11,600**
Equity and liabilities			
Share capital		216	216
Reserve for hedging		415	-41
Proposed ordinary dividend for the year		3,185	2,979
Retained earnings		2,528	3,877
Equity	13	**6,344**	**7,031**
Provisions for pensions and similar liabilities	14	2	2
Provision for deferred tax	15	200	324
Other provisions	14	30	30
Payable to Group companies		16,360	-
Non-current liabilities		**16,592**	**356**
Other provisions	14	139	138
Other credit institutions		1,794	2,306
Trade payables		373	270
Payable to Group companies		1,015	531
Income tax		782	506
Other payables		805	462
Current liabilities		**4,908**	**4,213**
Liabilities		**21,500**	**4,569**
Equity and liabilities		**27,844**	**11,600**
Contingent items and other financial liabilities	16		

Note 1
Accounting policies

Basis of preparation
The parent company's financial statements are presented in accordance with the Danish Financial Statements Act for companies in reporting class D.

The accounting policies of the parent company are the same as those of the Group, but with the addition of the policies described below. The Group's accounting policies are set out in note 1, 2 and 3 to the consolidated financial statements. Other than as set out hereinabove, there have been no changes to the accounting policies relative to last year.

General information
No separate cash flow statement has been prepared for the parent company as per the exemption clause of section 86(4) of the Danish Financial Statements Act. The consolidated cash flow statement is set out on page 63.

Intangible assets
Goodwill is measured at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over the expected useful life, estimated at 10 years. This estimate was made on the basis of estimated useful lives of the other assets acquired in the transaction.

Property, plant and equipment
Leases, under which substantially all risk and rewards or ownership of an asset are transferred, are classified as finance leases. Other leases are classified as operating leases. No finance leases have been recognised in the parent company's financial statements.

Financial assets
In the parent company's financial statements, investments in subsidiaries and associates are recognised according to the equity method. The share of the results of subsidiaries less unrealised intra-group gains is recognised in the parent company's income statement. Net revaluation of investments in subsidiaries and associates exceeding the dividend declared by such companies is recognised in equity as reserve for net revaluation according to the equity method.

Financial instruments
The accounting policies and other information about derivative financial instruments are set out in note 23 to the consolidated financial statements.

Tax
The parent company is taxed jointly with its domestic subsidiaries. The jointly taxed Danish subsidiaries are covered by the Danish on-account tax scheme. Current tax for jointly taxed companies is recognised in each individual company.

Note 2
Profit distribution

DKK million	2021/22	2020/21
Profit distribution		
Retained earnings	-285	687
Dividend paid during the year	1,062	1,065
Proposed dividend for the year	3,185	2,979
Total	**3,962**	**4,731**

Note 3
Revenue

DKK million	2021/22	2020/21
Business areas		
Intimate healthcare	14,548	13,822
Total	**14,548**	**13,822**
Geographical markets		
Europe	9,411	8,824
Americas	3,361	3,168
Rest of the world	1,776	1,830
Total	**14,548**	**13,822**

Note 4
Staff costs

DKK million	2021/22	2020/21
Specification of staff costs recognised in the financial year		
Salaries, wages and directors' remuneration	1,148	1,126
Pensions	98	92
Other social security costs	11	10
Total	**1,257**	**1,228**
Average number of employees, FTEs	1,378	1,339

See note 28 to the consolidated financial statements for information on the remuneration for the Board of Directors and Executive Management.

Note 5
Fees to auditors appointed by the Annual General Meeting

DKK million	2021/22	2020/21
Statutory audit	5	4
Assurance engagements other than audit	1	1
Tax advisory	2	1
Other services	2	1
Fee to PricewaterhouseCoopers	**10**	**7**

Fee for non-audit services provided to the Parent Company by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, Denmark, amounted to DKK 4 million (2020/21: DKK 3 million), relating to tax compliance, transfer pricing, due diligence and other assurance assessments and opinions.

Note 6
Financial income and expenses

DKK million	2021/22	2020/21
Financial income		
Interest income, etc.	7	5
Interest income from Group companies	109	20
Interest hedges	27	-
Net exchange adjustments	40	99
Fair value adjustments, forward contracts	-	19
Total	**183**	**143**
Financial expenses		
Interest expenses, etc.	48	22
Interest expenses from Group companies	124	2
Net exchange adjustments	-	-
Fair value adjustments, forward contracts	191	-
Total	**363**	**24**

Note 7
Tax on profit for the year

DKK million	2021/22	2020/21
Current tax on profit for the year	994	732
Change in deferred tax on profit for the year	-98	264
Adjustment of tax relating to prior years	12	-1
Tax on profit for the year	**908**	**995**
Tax on equity entries, income	**8**	**74**

Note 8
Intangible assets

DKK million	Acquired patents, trademarks and know-how etc.	Goodwill	Software	Prepayments and intangible assets in progress	Total 2021/22	Total 2020/21
Cost at 1 October	2,743	1,546	464	84	**4,837**	**3,441**
Transfers	-	-	81	-81	**-**	**-**
Additions and improvements during the year	-	-	33	163	**196**	**1,419**
Disposals during the year	-	-	-	-	**-**	**-23**
Cost at 30 September	**2,743**	**1,546**	**578**	**166**	**5,033**	**4,837**
Amortisation at 1 October	1,414	1,025	307	-	**2,746**	**2,582**
Amortisation for the year	8	96	62	-	**166**	**187**
Amortisation reversed on disposals during the year	-	-	-	-	**-**	**-23**
Amortisation at 30 September	**1,422**	**1,121**	**369**	**-**	**2,912**	**2,746**
Carrying amount at 30 September	**1,321**	**425**	**209**	**166**	**2,121**	**2,091**

Note 9
Property, plant and equipment

DKK million	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments and assets under construction	Total 2021/22	Total 2020/21
Cost at 1 October	613	868	206	**1,687**	**1,584**
Transfers	15	42	-57	**-**	**-**
Additions during the year	12	12	165	**189**	**208**
Disposals during the year	-15	-	-33	**-48**	**-105**
Cost at 30 September	**625**	**922**	**281**	**1,828**	**1,687**
Depreciations at 1 October	356	670	-	**1,026**	**945**
Depreciations for the year	36	82	-	**118**	**144**
Depreciations reversed on disposals during the year	-5	-	-	**-5**	**-63**
Depreciations at 30 September	**387**	**752**	**-**	**1,139**	**1,026**
Carrying amount at 30 September	**238**	**170**	**281**	**689**	**661**

Note 10
Financial assets

DKK million	Investments in Group companies	Receivables from Group companies	Other securities and investments	Total 2021/22	Total 2020/21
Cost at 1 October	5,126	93	42	**5,261**	**4,068**
Capital investments	10,449	4,984	2	**15,435**	**1,532**
Divestments	-	-3	-	**-3**	**-339**
Cost at 30 September	**15,575**	**5,074**	**44**	**20,693**	**5,261**
Value adjustments at 1 October	**-1,344**	**-**	**-1**	**-1,345**	**-457**
Profit after tax	682	-	-	**682**	**870**
Dividend received	-1,639	-	-	**-1,639**	**-679**
Exchange adjustments	102	-	8	**110**	**56**
Other adjustments	877	-	-	**877**	**-1,135**
Value adjustments at 30 September	**-1,322**	**-**	**7**	**-1,315**	**-1,345**
Carrying amount at 30 September	**14,253**	**5,074**	**51**	**19,378**	**3,916**

See note 33 in the consolidated financial statements for an overview of subsidiaries.

Note 11
Inventories

DKK million	2022	2021
Raw materials and consumables	61	41
Work in progress	303	229
Manufactured goods	876	757
Inventories at 30 September	**1,240**	**1,027**

The company has not provided inventories as security for debt obligations.

Note 12
Amounts held in escrow

Amounts paid into escrow accounts relate to the litigation about transvaginal surgical mesh products. See note 19 to the consolidated financial statements for more information regarding the litigation about transvaginal surgical mesh products.

Note 13
Statement of changes in equity

DKK million	Share capital: A shares	Share capital: B shares	Hedging reserve	Proposed dividend	Retained earnings	Total equity: 2021/22	Total equity: 2020/21
Equity at 1 October	**18**	**198**	**-41**	**2,979**	**3,877**	**7,031**	**6,367**
Net profit for the year	-	-	-	4,247	-285	**3,962**	**4,731**
Value adjustment of hedging	-	-	281	-	-	**281**	**-109**
Transferred to financial items	-	-	164	-	-	**164**	**-19**
Tax effect of hedging	-	-	11	-	-	**11**	**28**
Currency adjustment of opening balances and other adjustments relating to subsidiaries	-	-	-	-	-505	**-505**	**-109**
Transactions with shareholders							
Acquisition of treasury shares	-	-	-	-	-500	**-500**	**-500**
Sale of treasury shares and loss on exercised options	-	-	-	-	-89	**-89**	**395**
Share-based payment	-	-	-	-	33	**33**	**31**
Tax on equity entries	-	-	-	-	-3	**-3**	**46**
Interim dividend paid out in respect of 2021/22	-	-	-	-1,062	-	**-1,062**	**-1,065**
Dividend paid out in respect of 2020/21	-	-	-	-2,979	-	**-2,979**	**-2,765**
Equity at 30 September	**18**	**198**	**415**	**3,185**	**2,528**	**6,344**	**7,031**

Note 14
Provisions

DKK million	Legal claims	Pension	Total: 2021/22	Total: 2020/21
Provisions at 1 October	168	2	170	270
Exchange adjustments	60	-	**60**	**-6**
Provisions used during the year	-359	-	**-359**	**-294**
Additional provisions	300	-	**300**	**200**
Provisions at 30 September	**169**	**2**	**171**	**170**
Expected maturities				
Non-current liabilities	30	2	**32**	**32**
Current liabilities	139	-	**139**	**138**
Provisions at 30 September	**169**	**2**	**171**	**170**

See note 19 to the consolidated financial statements for more information regarding the litigation about transvaginal surgical mesh products.

Note 15
Deferred tax

DKK million	2022	2021
Calculation of deferred tax is based on the following items		
Intangible assets	341	333
Property, plant and equipment	36	44
Production overhead	12	11
Provisions	-46	-48
Jointly taxed companies (recaptured balances)	9	10
Cash flow hedges	-131	-11
Other	-21	-15
Deferred tax at 30 September, net	**200**	**324**

Note 16
Contingent items and other financial liabilities

	2022			2021		
DKK million	Rent	Other operating leases	Total	Rent	Other operating leases	Total
Falling due in						
Less than one year	54	15	**69**	49	26	**75**
Within 1 to 5 years	4	22	**26**	49	22	**71**
After more than 5 years	-	-	**-**	-	-	**-**
Other financial liabilities at 30 September	**58**	**37**	**95**	**98**	**48**	**146**

The parent company had provided guarantees for loans raised by Group companies amounting to DKK 542 million at 30 September 2022 (DKK 519 million at 30 September 2021).

The parent company has issued a letter of subordination to the benefit of other creditors of subsidiaries.

The parent company is involved in minor lawsuits, which, other than as described in note 19 to the consolidated financial statements, are not expected to influence the parent company's future earnings.

The parent company is jointly and severally liable for tax on the Group's jointly taxed Danish income, etc.

Bonds in repo transactions have been provided as collateral for repo debt. Bonds provided as collateral were valued at DKK 199 million at 30 September 2022 (DKK 203 million at 30 September 2021).

Financial calendar, analysts following Coloplast and contact information

Announcements 2021/22

2021

06/2021	Full-year Financial Results 2020/21
07/2021	Annual Report 2020/21 and Remuneration Report 2020/21
08/2021	Sustainability Report 2020/21
09/2021	Agreement to acquire Atos Medical
10/2021	Notice of Annual General Meeting
11/2021	Decisions of Annual General Meeting 2021

2022

01/2022	Interim Financial Report, Q1 2021/22
02/2022	Coloplast completes the acquisition of Atos Medical
03/2022	Share Buyback Programme
04/2022	Interim Financial Report, H1 2021/22
05/2022	Establishment of Euro Medium Term Note programme
06/2022	Successful issuance of EUR 2.2 billion senior notes under Euro Medium Term Note programme
07/2022	Interim Financial Report, 9M 2021/22
08/2022	Financial Calendar 2021-22

Financial calendar 2022/23

2022

10 October	Silent period until 7 November
19 October	Deadline for submission of agenda points for the Annual General Meeting
7 November	Financial Statements for the full year 2021/22 and Annual Report 2021/22
1 December	Annual General Meeting 2022
6 December	Dividends for 2021/22 at the disposal of shareholders
27 December	Silent period until 3 February 2023

2023

3 February	Interim Financial Statements for Q1 2022/23
11 April	Silent period until 11 May
11 May	Interim Financial Statements for H1 2022/23
3 July	Silent period until 17 August
17 August	Interim Financial Statements for 9M 2022/23
11 October	Silent period until 9 November
25 October	Deadline for submission of agenda points for the Annual General Meeting
9 November	Financial Statements for the full year 2022/23 and Annual Report 2022/23
7 December	Annual General Meeting 2023
12 December	Dividends for 2022/23 at the disposal of shareholders

Banks and stockbroking companies following Coloplast

ABG Sundal Collier
AlphaValue
Barclays
Berenberg
BofA Securities
Carnegie
CFRA
Credit Suisse
Danske Bank
DNB
Exane BNP Paribas
Handelsbanken
J.P. Morgan
Jefferies
Jyske Bank
Kepler Cheuvreux
Morgan Stanley
Morningstar Inc.
Nykredit
ODDO BHF
Redburn
SEB
Sydbank
UBS

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The Coloplast story begins back in 1954. Elise Sørensen is a nurse. Her sister Thora has just had an ostomy operation and is afraid to go out in public, fearing that her stoma might leak. Listening to her sister's problems, Elise conceives the idea of the world's first adhesive ostomy bag.

Based on Elise's idea, Aage Louis-Hansen, a civil engineer and plastics manufacturer, and his wife Johanne Louis-Hansen, a trained nurse, created the ostomy bag. A bag that does not leak, giving Thora – and thousands of people like her – the chance to live the life they want.

A simple solution that makes a difference.

Today, our business includes Ostomy Care, Continence Care, Wound and Skin Care, Interventional Urology, and Voice and Respiratory Care. We operate globally and employ more than 14,500 employees.

Our mission

Making life easier for people
with intimate healthcare 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

Ostomy Care | Continence Care | Wound and Skin Care | Interventional Urology | Voice and Respiratory Care

Coloplast

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 healthcare. Our business includes ostomy care, continence care, wound and skin care, interventional urology, and voice and respiratory care. We operate globally and employ more than 14,500 employees.

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