

Conference call presentation

Q1 2022/23

# Making life easier



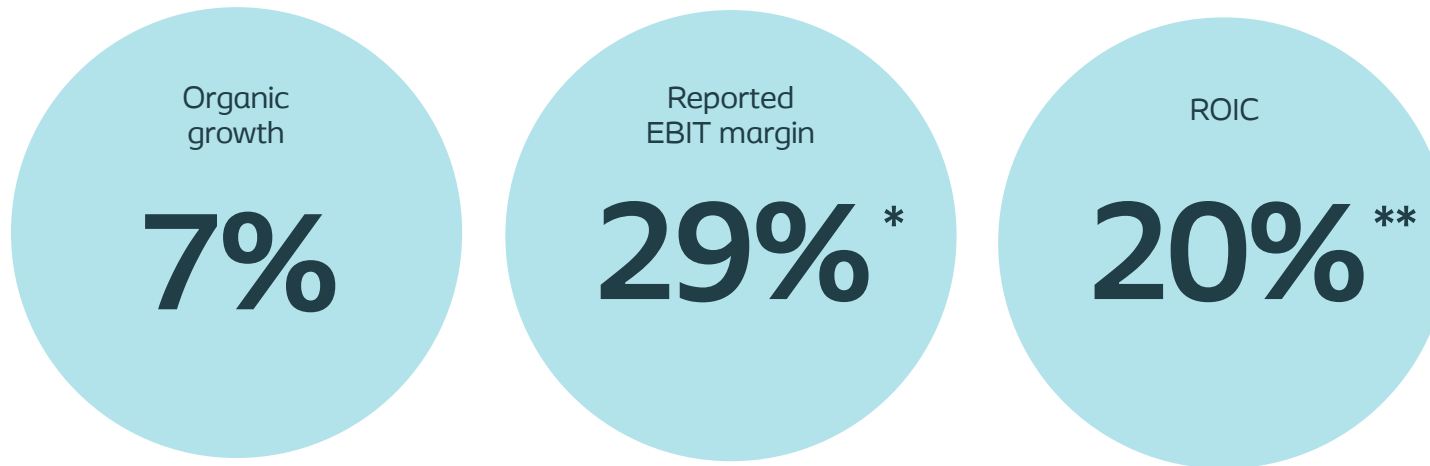
**STRIVE25: SUSTAINABLE GROWTH  
LEADERSHIP**

# Forward-looking statements

The forward-looking statements contained in this presentation, including forecasts of sales and earnings performance, are not guarantees of future results and are subject to risks, uncertainties and assumptions that are difficult to predict. The forward-looking statements are based on Coloplast's current expectations, estimates and assumptions and based on the information available to Coloplast at this time.

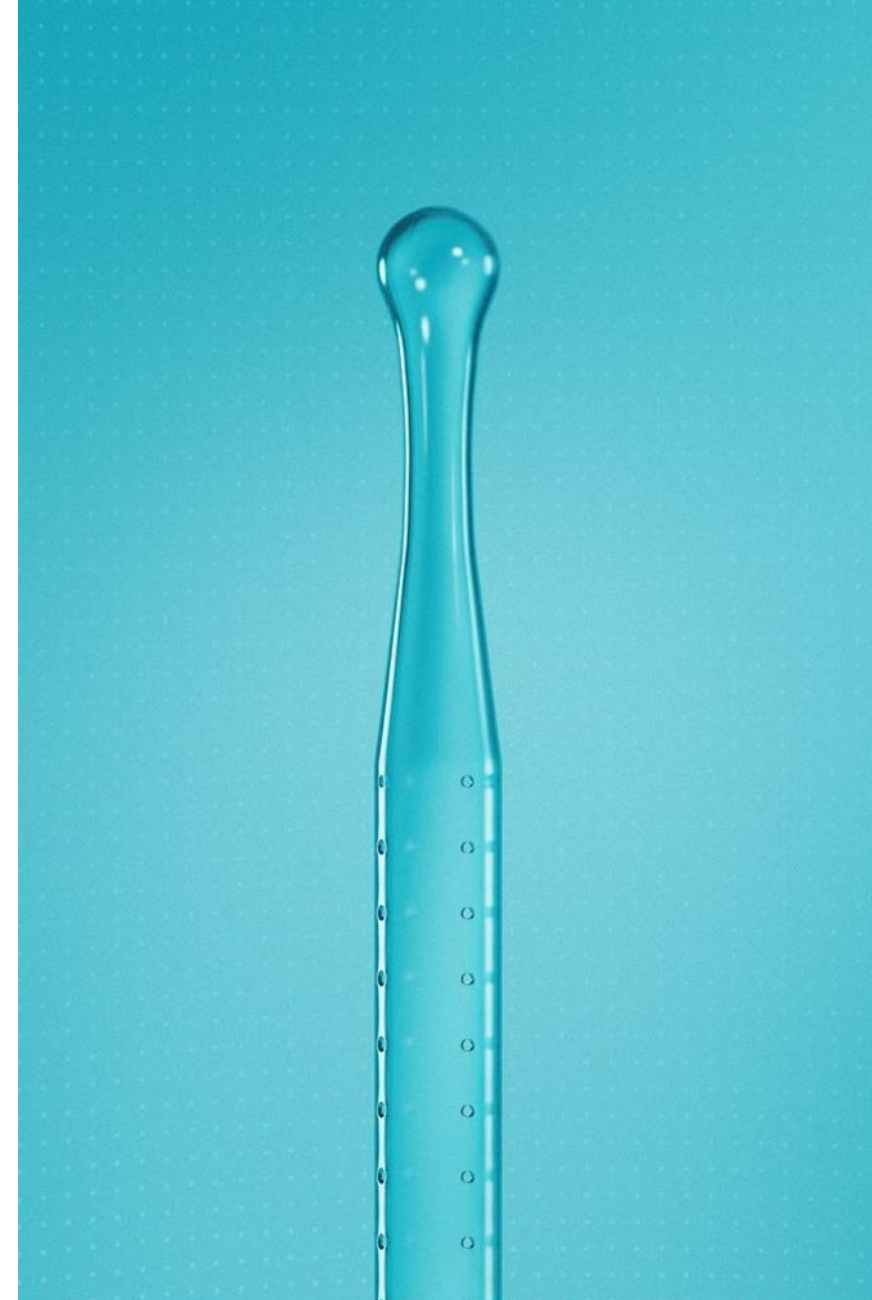
Heavy fluctuations in the exchange rates of important currencies, significant changes in the healthcare sector or major changes in the world economy may impact Coloplast's possibilities of achieving the long-term objectives set as well as for fulfilling expectations and may affect the company's financial outcomes.

# Solid start of 2022/23, in line with expectations



\*before special items of 13 million DKK related to the Atos Medical integration

\*\*after tax and before special items



# Q1 2022/23 organic growth was driven by a solid start in Chronic Care with broad based growth across regions excluding China

Q1 2022/23 revenue by business area

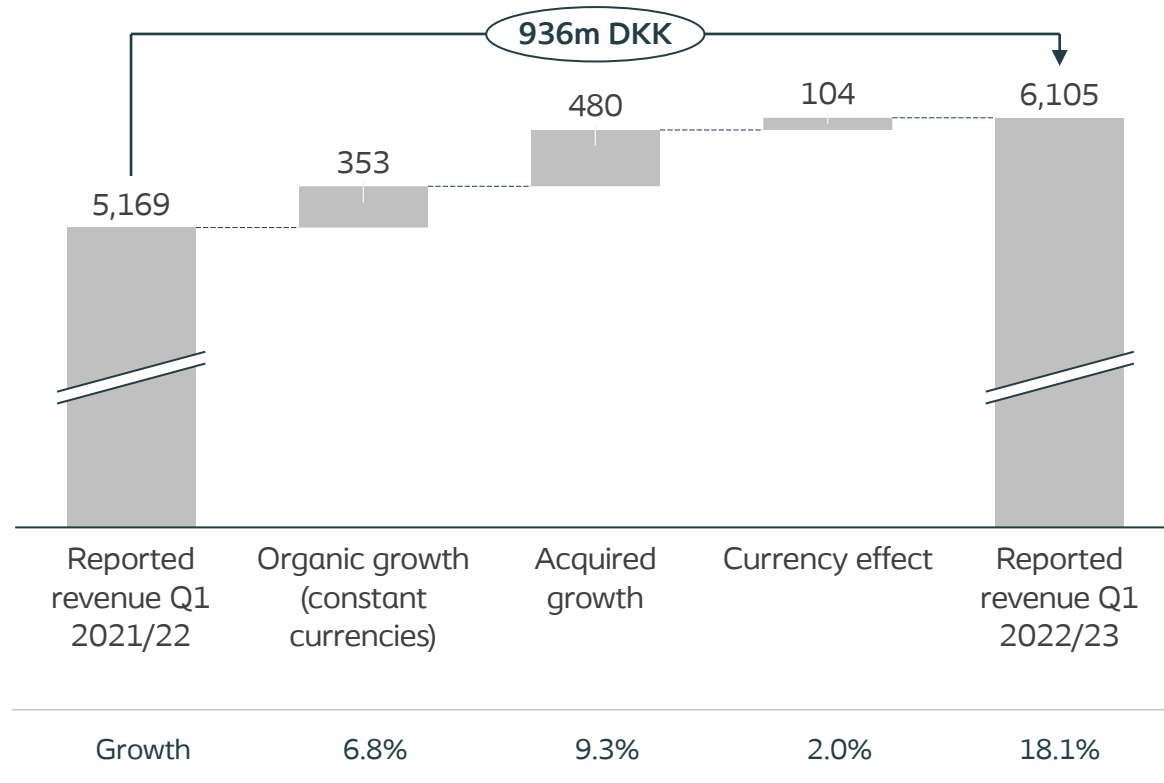
Business area	Reported revenue FY DKKm	Organic growth FY	Share of organic growth
Ostomy Care	2,274	8%	46%
Continence Care	1,987	7%	34%
Voice & Respiratory Care	480	-	-
Wound & Skin Care	678	1%	3%
Interventional Urology	686	11%	18%
<b>Coloplast Group</b>	<b>6,105</b>	<b>7%</b>	<b>100%</b>

Q1 2022/23 revenue by geography

Geographic area	Reported revenue FY DKKm	Organic growth FY	Share of organic growth
European markets	3,434	5%	42%
Other developed markets	1,634	9%	34%
Emerging markets	1,037	9%	24%
<b>Coloplast Group</b>	<b>6,105</b>	<b>7%</b>	<b>100%</b>

# Q1 reported growth was up 18%, ~11%-points above organic growth, due to the inclusion of Atos Medical and currency appreciation

## Q1 2022/23 Revenue development (DKKm)

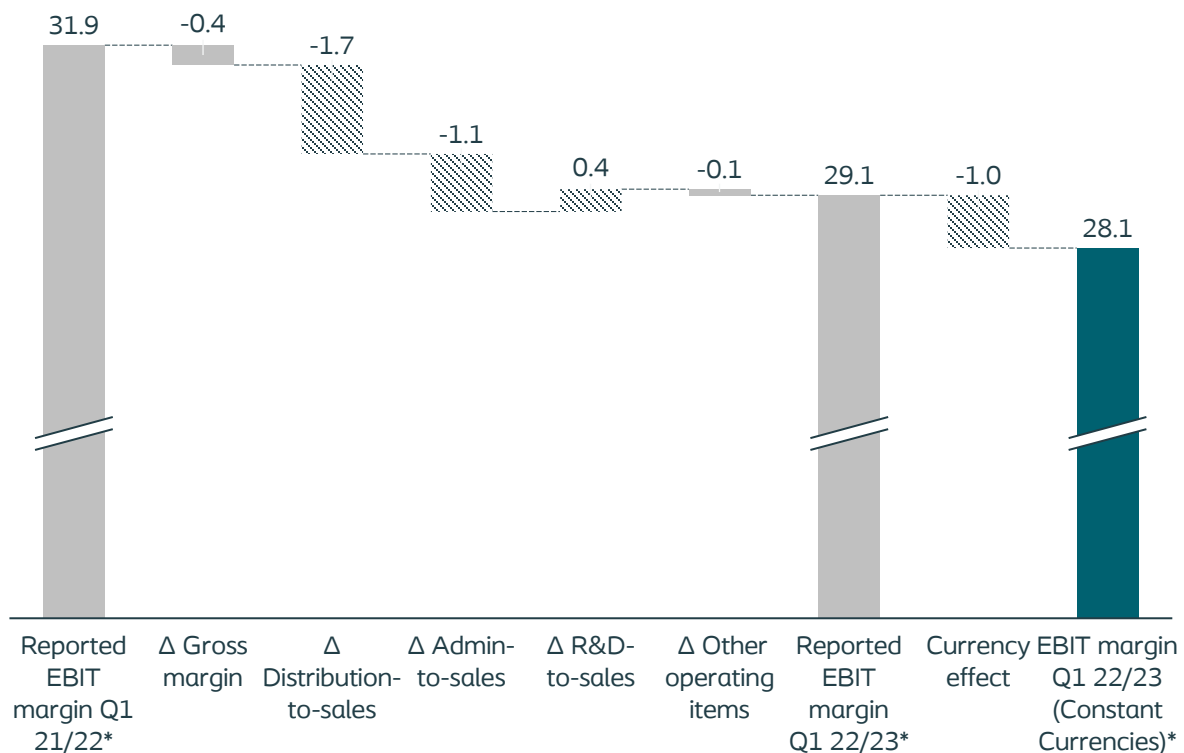


## Q1 2022/23 highlights

- Organic growth was 7% or DKK 353 million, driven by:
  - Solid start in Chronic Care across geographies ex. China
  - Strong start in Ostomy Care driven by Europe, especially the UK, and double-digit growth in the US, while China remained impacted by COVID-19
  - In Continence Care, backorders in Collecting Devices detracted from growth, but were offset by strong growth in the Intermittent Catheters portfolio
  - Wound Care detracted from growth due to a high baseline, continued backorders, and negative growth in China. Continued good underlying momentum in Europe
  - Interventional Urology had a strong start with a nicely balanced growth across business areas and geographies
- Acquired revenue contributed 9%-points to reported growth or DKK 480 million. The organic growth for Voice & Respiratory Care was high single-digit, in line with expectations
- Foreign exchange rates had a positive impact of DKK 104 million or 2%-points on reported growth, mainly related to appreciation of the USD against the DKK

# Reported EBIT margin of 29%\* in Q1, reflecting an impact from cost inflation, increased level of commercial activity and amortisation costs

## Q1 2022/23 EBIT margin development before special items (%)



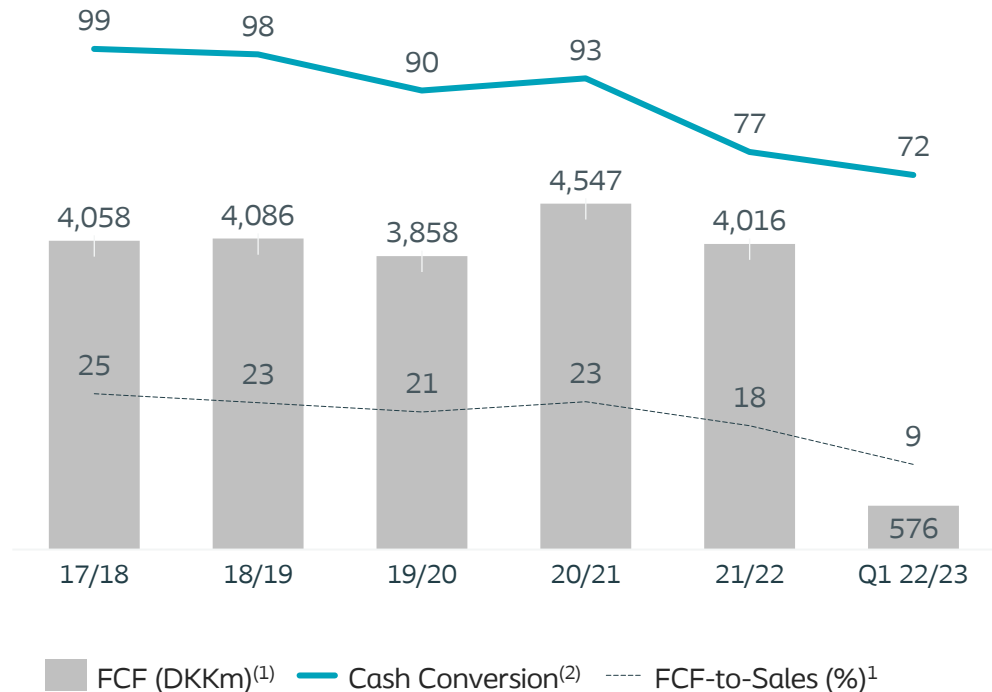
\*Before special items of DKK 13 million in Q1 2022/23 related to integration costs for the Atos Medical acquisition, and DKK 34 million in Q1 2021/22 related to one-off legal and advisory fees, in connection with the acquisition of Atos Medical.

## Q1 2022/23 highlights

- **Gross margin** was 68%, on par with last year (positive FX impact of 90 bps)
  - Positive impact from: price increases and country and product mix, the Atos Medical acquisition, operating leverage and efficiency savings. Negative impact from: increased prices for raw materials, energy, and transportation, double-digit wage inflation in Hungary and ramp-up costs in Costa Rica
- **Operating expenses** increased 26% from last year, and 11% excl. Atos Medical, in line with expectations. Atos Medical operating expenses were DKK 290 million, impacting all cost lines, with amortisation costs of DKK 54 million included under distribution costs
- **Distribution-to-sales** ratio was 31% (29% last year)
  - Distribution costs were up 25% vs. last year, driven by Atos Medical, increased sales & marketing activities post COVID-19, higher logistics costs, and continued commercial investments (Interventional Urology, consumer and digital, Atos Medical)
- **Admin-to-sales** ratio was 5% (4% last year), impacted mostly by Atos Medical. **R&D-to-sales** ratio was 4%, on par with last year
- **EBIT before special items** was DKK 1,774 million, an 8% increase. Reported EBIT margin before special items was 29% compared to 32% last year (positive impact of 100 bps from FX)
- **Net profit** declined 7%, due to increased financial expenses driven by non-cash effect from currencies

# Adj. FCF in Q1 was DKK 576 million, negatively impacted by an increase in net working capital. NWC-to-sales still expected at 24% for the FY

## FCF development<sup>1</sup>



## Q1 2022/23 highlights

- Free cash flow for Q1 2022/23 was an inflow of DKK 212 million compared to an inflow of DKK 930 million in the same period last year
  - The decrease was driven by a decline in cash flow from operating activities, mostly due to an increase in net working capital, as well as higher income tax paid. Adjusted for Mesh payments and the payment related to the US Veteran Affairs contractual management matter<sup>3</sup>, the free cash flow for Q1 2022/23 was an inflow of DKK 576 million
- Operating cash flow for Q1 2022/23 was DKK 487 million, compared to DKK 1,131 million last year, due to increased inventory levels, phasing of trade receivables, and the above-mentioned payments
  - Reported EBIT before special items was DKK 125 million (8%) higher than Q1 2021/22
  - NWC-to-sales of 26% compared to 25% at year-end 2021/22. NWC-to-sales for the year still expected around 24% of revenue
- CAPEX-to-sales ratio of 5%, on par with last year
  - CAPEX in Q1 was driven by investments in automation at volumes sites as part of GOP5, IT investments, and Atos Medical capex and integration capex

1) FCF in Q1 2022/23 adjusted for Mesh payments and payment related to the formal resolution of the US Veteran Affairs matter of incorrect management of contractual obligations. FCF in FY 2021/22 adjusted for acquisitions, mostly the impact of the Atos Medical acquisition (net assets acquired and goodwill of DKK 10,622 million) and Mesh payments. FCF in FY 2020/21 adjusted for acquisitions (mostly Nine Continents Medical) and Mesh payments. FCF in FY 2018/19 adjusted for Mesh payments. FCF in 2017/18 adjusted for Mesh payments and acquisitions. 2) Cash Conversion calculated as FCF ex. Mesh payments, interest payments, tax payments, M&A and marketable securities relative to EBIT before special items. Cash Conversion is trailing twelve months. 3) Payment related to the formal resolution of the US Veteran Affairs matter of incorrect management of contractual obligations related to past agreements, uncovered and disclosed to authorities in FY 2016/17

FY 2022/23 guidance of 7-8% organic growth and an EBIT margin of 28-30%\* unchanged

Organic revenue growth	7-8%
Reported revenue growth in DKK	9-10%
Reported EBIT margin*	28-30%
Effective tax rate	Around 21%
Capital expenditures	Around 1.4 bn DKK

\*before special items related to the Atos Medical integration (expected around 50 million DKK in FY 2022/23)

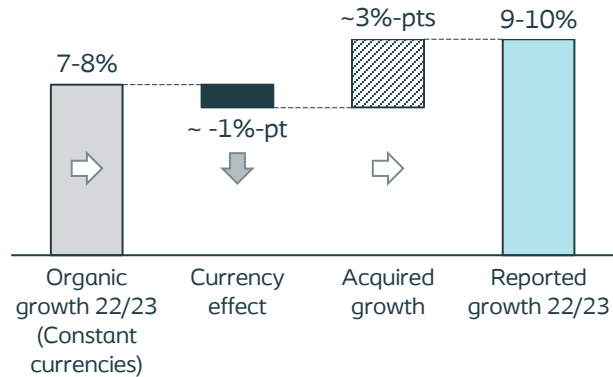


# FY 2022/23 guidance breakdown: significant negative impact from input cost increases on EBIT margin

## Revenue growth assumptions

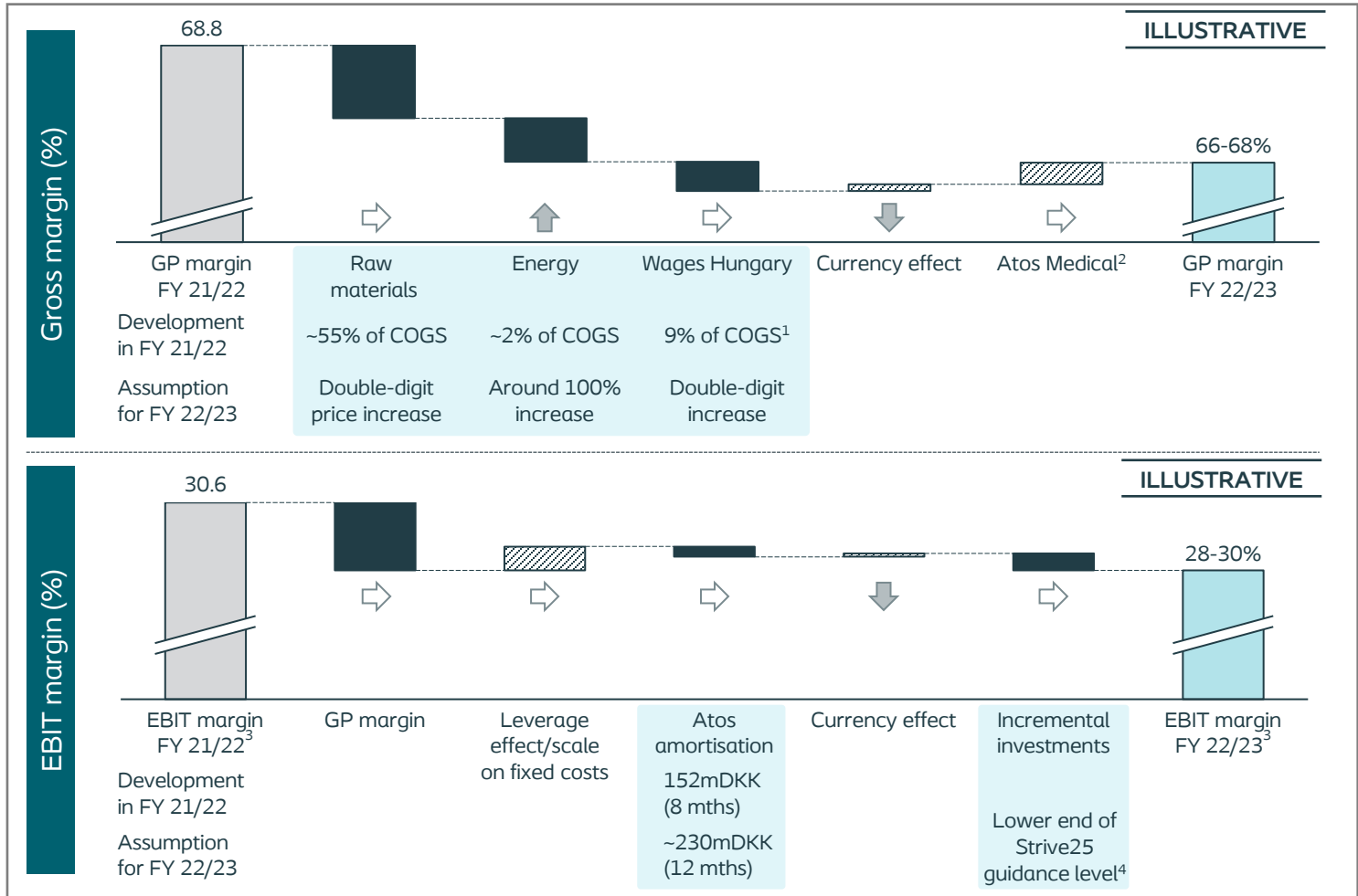
### Unchanged FY 2022/23 organic growth expectations at 7-8% in constant currencies

- China Ostomy Care and Wound Care – expected to remain negatively impacted by COVID-19, impacting hospital access and procedural volumes
- US – sustained momentum in Ostomy Care, and improvement in Continence Care growth driven by the normalisation of growth in new patients to pre-COVID levels in H2 2021/22
- Voice & Respiratory Care expected to grow 8-10%, with 8 months impact on organic growth



## Key impacts on gross- and EBIT margin development in 2022/23

Development since issue of FY guidance  
 Positive ↑ Unchanged ⇨ Negative ↓



<sup>1)</sup> Direct salaries as % of total COGS. 80% of production volumes are in Hungary. <sup>2)</sup> 4 months incremental impact in 2022/23.

<sup>3)</sup> Before special items. Special items of DKK 471 million in FY 21/22, of which DKK 300 million related to Mesh litigation provisions and the remaining DKK 171 million related to the Atos Medical acquisition. Around DKK 50 million integration cost expected in FY 2022/23, to be treated as special items. <sup>4)</sup> Strive25 guidance: Investments of up to 2% of sales in incremental OPEX investments

#### Mission

Making life easier for people with intimate healthcare needs

#### Values

Closeness... to better understand

Passion... to make a difference

Respect and responsibility... to guide us

#### Vision

Setting the global standard for listening and responding