

## 9M 2022/23 Pre-close brief – June 2023

Prior to entering our close period on July 3, 2023, ahead of reporting our 9M results on August 17, 2023 for the period ending June 30, 2023, we would like to bring the following highlights to your attention:

### Product updates

- Coloplast is launching Luja™, the new male intermittent catheter with a Micro-hole Zone Technology. Luja has been launched in five markets, most recently in Switzerland in June. Launch in key markets is expected over the next 8 months\*.
- The new digital ostomy tool, Heylo™, is expected to be launched in 2023.
- Thulium Fiber Laser (TFL) Drive, the first laser equipment in the Interventional Urology portfolio is being launched in key markets during 2022 and 2023.

### Financial guidance for FY 2022/23

*(DKK guidance is based on spot rates as of May 9, 2023)*

- The high inflationary environment and the re-opening in China are continuously monitored and evaluated, and result in a higher degree of uncertainty.
- Organic revenue growth is expected at around 8% in constant exchange rates. Reported growth in DKK is expected to be 8-9% and assumes negative ~2%-points impact from currencies. Contribution from the Atos Medical acquisition to reported growth is around 3%-points (4 months).
  - In Chronic Care, the guidance assumes:
    - Europe – continued good momentum.
    - US – sustained good momentum in Ostomy Care and improvement in growth in Continence Care.
    - Emerging markets ex. China – broad-based double-digit growth.
    - China – expected improvement in growth in H2 2022/23, driven mainly by a lower baseline last year, as well as expected gradual improvement in inflow of new patients, following the improved hospital access towards the end of Q2. The average value per patient is expected to remain below pre-COVID levels, impacted by consumer sentiment.
  - Wound & Skin Care is expected to deliver in line with the Strive25 ambition of above market growth.
    - China Wound Care assumes an improvement in growth in H2 2022/23, mainly driven by a lower baseline last year, as well as improved hospital access and procedural volumes.
  - Interventional Urology is expected to deliver growth of around 10%.
  - Voice & Respiratory Care is expected to grow at 8-10%, with 8 months impact on Group organic growth in FY 2022/23.
  - Phasing – H2 organic growth expected at a similar level to H1, and assumes the following key movements:
    - China is expected to return to growth in H2.
    - Backorders in Collecting Devices have been resolved, and the impact from backorders in Wound Care is expected to gradually diminish in H2.
    - Slower growth in Interventional Urology expected in H2, following a strong H1 with a growth rate of 14%.
  - The organic growth by quarter for FY 2021/22 was: Q1 6.1%, Q2 6.8%, Q3 7.5%, Q4 4.8%.
  - Positive pricing impact expected, at a similar level to FY 2021/22.
  - Continued uncertainty in Russia due to the ongoing war in Ukraine. Revenue exposure is expected to be on par with FY 2021/22, around 1% of group revenues, with a negative growth contribution in FY 2022/23.
- The gross margin for FY 2022/23 is expected to be 66-67%, impacted by inflationary headwinds across cost categories:
  - Double-digit price increase on raw materials (around 55% of costs of goods sold in FY 2021/22\*\*).
  - Energy cost expected to be around double compared to FY 2021/22 (around 2% of costs of goods sold in FY 2021/22\*\*), driven by significant increases in electricity prices in Hungary. Around 60% of

\* Luja is a medical device for which CE-mark has been affixed. Product availability is subject to regulatory process of individual countries and is not guaranteed

\*\* Costs of goods sold were DKK 7,050 million in FY 2021/22

H2 2022/23 electricity consumption in Hungary is hedged at around 400 EUR/MWh, and the remaining 40% will be paid at spot rates, currently significantly below the hedged level.

- Around 80% of electricity consumption for FY 2023/24 is now hedged at an average price of around 150 EUR/MWh.
- Double-digit wage inflation in Hungary (direct salaries were around 9% of costs of goods sold in FY 2021/22\*\*, majority of which in Hungary).
- Freight cost expected to be at a similar absolute level as in FY 2021/22 (around 6% of costs of goods sold in FY 2021/22\*\*), with a tailwind in H2 as a result of a decline in sea freight rates.
- Positive impact from operating leverage and efficiency gains from the Global Operations Plan 5, positive contribution from Atos Medical, and positive pricing impact.
- Currencies expected to impact the gross margin negatively.
- The reported EBIT margin before special items is expected at 28-29% and assumes:
  - Negative contribution from currencies to the EBIT margin, based on spot rates as of May 9, 2023.
  - Leverage effect on fixed costs e.g., distribution, admin, and R&D costs (as a rule of thumb the leverage effect kicks in at around 5% organic growth).
  - Prudent management of operating costs, expected to grow below reported revenue growth, excluding acquired growth. The guidance assumes additional incremental investments at the lower end of the Strive25 guidance of up to 2% of sales.
  - The EBIT margin assumes around DKK 230m in amortisation charges related to the Atos Medical acquisition.
- Italian payback system implementation – financial impact expected to be managed within the given EBIT margin guidance before special items for FY 2022/23.
- Special items of around DKK 50m expected in FY 2022/23, related to integration costs from the Atos Medical acquisition.
- CAPEX guidance for 2022/23 is around DKK 1.4bn 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.
- The net financials for the FY 2022/23 are expected around DKK -700m, based on spot rates as of May 9, 2023, and include impact from the financing of the Atos Medical acquisition, with a blended interest rate around 2.9% in FY 2022/23 (based on fixing of the interest rate on the 2-year bond as of 19.02.2023; latest fixing as of 19.05.2023 is less favourable).
- The effective tax rate is expected to be around 21%, positively impacted by the transfer of Atos Medical intellectual property.
- Net working capital for the year is still expected to be around 24% of revenue.

## Foreign exchange rates

- Please see below an updated spot rate overview based on spot rates as of June 14. You can also find the exchange rate exposure and our hedging policy on page 62 in our latest roadshow presentation ([Coloplast roadshow presentation](#)).

Currency	Average exchange rate for FY 2021/22 <sup>1)</sup>	Spot rate, June 14, 2023	Change in spot rates compared with the average exchange rate for FY 2021/22	Average exchange rate for YTD 2022/23 (Oct 1, 2022 to June 14, 2023)	Change in average exchange rates for YTD compared with the average exchange rate for FY 2021/22
Key currencies:					
USD	688	691	0%	704	2%
GBP	878	872	-1%	850	-3%
HUF	1.97	2.01	2%	1.90	-4%
Other selected currencies:					
CNY	105	96	-8%	101	-4%
JPY	5.54	4.93	-11%	5.15	-7%
AUD	490	469	-4%	471	-4%
BRL	132	142	8%	136	4%
ARS <sup>2)</sup>	5.16	2.80	-46%	2.80	-46%

1) Average exchange rate from October 1 2021 to September 30 2022

2) The hyperinflationary economy in Argentina entails that results denominated in Argentinian Peso must be adjusted for inflation and be translated at the exchange rate of the balance sheet day which was DKK 5.16 per ARS 100.00 at 30 September 2022, DKK 2.80 per ARS 100.00 at 14 June 2023.

Please do not hesitate to reach out to Investor Relations if you have any questions.

Best regards,

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**Forward-looking statements**

*Any forward-looking statements included herein do not constitute a guarantee of future results and are subject to risk, uncertainty and assumptions, the consequence 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 but actual results may differ significantly from any forward-looking statement.*

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