9 November 2023

2022/23

Announcement of full-year financial results

1 October 2022 - 30 September 2023

Coloplast delivered Q4 organic growth of 8% and 28% EBIT margin[1)]. Reported revenue in DKK grew 3% to 6,226 million, impacted by unfavourable development in currencies

- Organic growth rates by business area: Ostomy Care 9%, Continence Care 6%, Voice and Respiratory Care 13%, Advanced Wound Care 8% (Advanced Wound Dressings 12%), and Interventional Urology 5%.
- Continued good momentum across regions in Chronic Care. The Ostomy Care business in China posted double-digit growth, as expected. Continence Care growth was driven by continued strong momentum in the intermittent catheters portfolio, partly offset by a decline in sales in Collecting Devices, which was impacted by order phasing.
- Solid quarter in Voice and Respiratory Care, with continued good momentum in both laryngectomy and tracheostomy, as well as some benefit from a lower baseline last year.
- Growth in Advanced Wound Dressings was driven by strong contribution from Europe, which includes benefit from the resolution of the backorders situation, and continued good growth in China, as expected.
- Interventional Urology was up against a high baseline last year, with growth in the quarter mainly driven by Men's Health in the US, while order phasing in Emerging Markets detracted from growth.
- EBIT[1)] was DKK 1,714 million, a 6% decrease from last year. The EBIT margin[1,2)] was 28% against 30% last year, reflecting mostly inflationary headwind on input costs and significant negative impact from currencies.

FY 2022/23 organic growth of 8% and 28% EBIT margin[1)]. Reported revenue in DKK grew 9% to DKK 24,500 million

- Organic growth rates by business area: Ostomy Care 8%, Continence Care 7%, Voice and Respiratory Care 10% (8 months), Advanced Wound Care 7% (Advanced Wound Dressings 6%), and Interventional Urology 10%.
- EBIT[1)] was DKK 6,845 million, down 1% from last year. The EBIT margin[1,2)] was 28% against 31% last year, reflecting inflationary headwind on input costs and an increase in operating expenses which includes DKK 219 million from acquisition-related amortisation cost.
- ROIC after tax and before special items was 17% against 27% last year, negatively impacted by the Atos Medical and Kerecis acquisitions. Diluted earnings per share (EPS) before special items decreased by 6% to DKK 22.46, due to a 4% decrease in net profit, mostly impacted by an increase in net financial expenses as a result of the Atos Medical financing.
- The Board of Directors recommends a year-end dividend of DKK 16.00 per share, which brings the total dividend for the year to DKK 21.00 per share, compared to DKK 20.00 per share last year.

Acquisition of Kerecis finalised on 31 August 2023[3)]

- The equity capital raise related to the financing of the acquisition was completed on 30 August 2023. Coloplast issued 12.2 million new B shares, raising gross proceeds of approximately DKK 9.2 billion.
- For FY 2022/23, Kerecis delivered pro-rata revenues of DKK 772 million with revenue growth of around 50% and an EBIT margin of around 6% (excluding PPA amortisation), in line with expectations.

FY 2023/24 financial guidance – organic revenue growth of around 8% and an EBIT margin of 27-28%

- The organic revenue growth assumes continued momentum across business areas and regions. Reported growth in DKK is expected to be around 12% and includes around 4%-points impact from the acquisition of Kerecis (11 months) and limited negative impact from currencies.
- The reported EBIT margin before special items is expected to be 27-28%. The EBIT margin includes around 100 basis points dilution from Kerecis (incl. around DKK 100 million in PPA amortisation) and negative impact from currencies.
- Capital expenditures are expected around DKK 1.4 billion. The effective tax rate is expected to be around 22%.

"We deliver a solid set of numbers in 2022/23 with 8% organic growth and an EBIT margin of 28%, in line with our financial guidance. We continue to take market share across all our business areas and maintain an industry-leading profitability level. I would like to highlight our strong performance in Chronic Care, where we continue to deliver high-single digit growth despite the negative impact on our ostomy business in China from Covid-19. This year, we also made good progress on innovation and launched our new intermittent catheter Luja™. Finally, in Q4 we completed the acquisition of Kerecis, an emerging category leader in the biologics wound care segment. With our strong core of businesses and the assets added to our portfolio through acquisitions in recent years, I look forward to accelerating our long-term growth to 8-10%, while maintaining a long-term EBIT margin of above 30%," says Kristian Villumsen, President and CEO of Coloplast.

Conference call
Coloplast will host a conference call on Thursday, 9 November 2023 at 11.00 CET. The call is expected to last about one hour.
To actively participate in the Q&A session please sign up ahead of the conference call on the link here to receive an e-mail with dial-in details [Register here]
Access the conference call webcast directly here: [FY 22/23 conference call]

1) before special items of DKK 69 million in Q4 2022/23 and before special items of DKK 74 million in FY 2022/23.
2) before special items of DKK 36 million in Q4 2021/22 and DKK 471 million in FY 2021/22.
3) The terms of the transaction and the financial assumptions stated in Coloplast's stock exchange announcement no. 03/2023 regarding the acquisition of Kerecis are unchanged and can be found here: Acquisition of Kerecis

Financial highlights and key ratios

1 October 2022 – 30 September 2023, unaudited

Consolidated	2022/23 12 mths	2021/22 12 mths	Change	2022/23 Q4	2021/22 Q4	Change
Income statement, DKK million						
Revenue	24,500	22,579	9%	6,226	6,059	3%
Research and development costs	-872	-866	1%	-231	-217	6%
Operating profit before interest, tax, depr. and amort. (EBITDA) before special items	7,914	7,840	1%	1,991	2,073	-4%
Operating profit before interest, taxes and amortization (EBITA) before special items	7,179	7,170	0%	1,803	1,900	-5%
Operating profit (EBIT) before special items	6,845	6,910	-1%	1,714	1,814	-6%
Special items	-74	-471	N/A	-69	-36	N/A
Operating profit (EBIT)	6,771	6,439	5%	1,645	1,778	-7%
Net financial income and expenses	-746	-312	N/A	-118	-166	-29%
Profit before tax	6,025	6,127	-2%	1,527	1,612	-5%
Net profit for the period	4,783	4,706	2%	1,229	1,230	0%
Revenue growth, %						
Period growth in revenue, %	9	16		3	19	
Growth break down:						
Organic growth, %	8	6		8	5	
Currency effect, %	-2	4		-6	5	
Acquired operations, %	3	6		1	9	
Balance sheet, DKK million						
Total assets[1)]	48,159	37,446	29%	48,159	37,446	29%
Capital invested	37,255	27,679	35%	37,255	27,679	35%
Net interest-bearing debt (NIBD)	18,660	18,091	3%	18,660	18,091	3%
Equity end of period	17,299	8,292	N/A	17,299	8,292	N/A
Cash flow and investments, DKK million						
Cash flows from operating activities	4,226	5,099	-17%	1,881	2,140	-12%
Cash flows from investing activities	-8,957	-11,759	-24%	-8,302	-401	N/A
Investments in property, plant and equipment, gross	-1,020	-927	10%	-324	-308	5%
Free cash flow	-4,731	-6,660	-29%	-6,421	1,739	N/A
Cash flows from financing activities	5,265	6,591	-20%	6,469	-1,959	N/A
Key ratios						
Average number of employees, FTEs	14,903	13,650		15,290	14,577	
Operating margin (EBIT margin) before special items, %	28	31		28	30	
Operating margin (EBIT margin), %	28	29		26	29	
Operating margin before interest, tax, depr. and amort., (EBITDA margin), %	32	33		32	34	
Gearing ratio, NIBD/EBITDA before special items	2.4	2.3		2.4	2.2	
Return on average invested capital before tax (ROIC), %[2)]	21	35		21	26	
Return on average invested capital after tax (ROIC), %[2)]	17	27		17	20	
Return on equity, %	59	64		41	63	
Equity ratio, %[1)]	36	22		36	22	
Net asset value per outstanding share, DKK	77	39	97%	77	39	97%
Share data						
Share price, DKK	748	776	-4%	748	776	-4%
Share price/net asset value per share	9.7	19.9	-51%	9.7	19.9	-51%
Average number of outstanding shares, millions	213.9	212.5	1%	218.4	212.3	3%
PE, price/earnings ratio	33.7	35.0	-4%	34.2	33.5	2%
Pay-out ratio, %[3)]	96.2	83.7	15%	-	-	
Earnings per share (EPS), diluted	22.20	22.11	0%	5.47	5.79	-6%
Earnings per share (EPS) before special items, diluted	22.46	23.82	-6%	5.72	5.92	-3%
Free cash flow per share	-22.1	-31.3	-29%	29.4	8.2	N/A

1) The opening balance for goodwill has been adjusted due to changes in the purchase price allocation of Atos Medical Group, as a result of the subsequent transfer of the intangible assets to Coloplast A/S is considered an integral part of the transaction, and thus, a deferred tax step-up is recognised as part of the purchase price allocation. This resulted in an increase in goodwill of DKK 2,490 million and an increase in deferred tax liability of DKK 2,490 million. 2) Before special items. After special items, ROIC before tax was 21% (2021/22: 33%), and ROIC after tax was 17% (2021/22: 25%). 3) This item is before special items, the pay-out ratio was 97.4 (2021/22: 90%).
All ratios contained in the table are described in the FY 2022/23 Annual Report under note 34.

Strive25

Update on strategic priorities

In September 2020, we announced our five-year strategy "Strive25 – Sustainable Growth Leadership". Below are key highlights on the progress made during the financial year 2022/23.

Growth

US Ostomy Care
- Advanced our competitive position, with a market share of 15-20% in 2022/23, from previously around 15%.
- Contract with Vizient, the largest Group Purchasing Organisation in the US, extended until 30 June 2026.

Kerecis acquisition completed on 31 August 2023
- Third acquisition during Strive25, part of our strategic ambition to build options for mid- and long-term growth and value creation through M&A.
- An innovative company with a clinically differentiated technology platform based on intact fish skin.
- Strong strategic fit, providing Coloplast with a footprint in the attractive US-centric biologics wound care segment, and Kerecis with global infrastructure for expansion beyond the US.
- Expected organic growth accretion of around 1%-point as of 2024/25 and EPS accretion as of 2026/27.

Innovation

Luja™, a new male intermittent catheter with a Micro-hole Zone Technology
- Launched in six markets, with positive feedback [1].
- Awarded reimbursement by the UK Drug Tariff.
- Received a 510(k) clearance from the FDA in the US.
- Launch in the UK, the US, and other key markets expected in H1 2023/24.
- Product launch backed by two randomised controlled clinical studies, showing significant improvement in bladder emptying with Luja[2].

Heylo, a novel digital leakage platform
- Published the results of the first pivotal clinical study, showing improvement in quality of life and a 31% reduction in leakage.
- Reimbursement applications in Germany and the UK are ongoing, product launch now expected in H1 2023/24.

Sustainability

Improving products and packaging
- Reached our 2025 ambition for production waste recycling, with 75% of the production waste being recycled at the end of 2022/23.

Reducing emissions
- Scope 1 and 2 emissions decreased by 10% in 2022/23 vs. base year 2018/19, positively impacted by energy efficiency improvements, phasing out of natural gas, and electrification. Progress was partly offset by integration of Atos Medical in sustainability performance metrics.

Responsible operations – employee engagement
- Maintained high employee engagement score of 8.1 (out of 10) in the bi-annual employee survey, ahead of the healthcare industry benchmark of 7.6.

Operational efficiency

Global Operations Plan 5 and 6
- Automation programme led to a release of ~800 FTEs at year-end 2022/23 compared to planned ~1,000 FTEs impacted by longer component lead times, with the remaining FTEs expected to be released during 2023/24.
- Ramp-up in Costa Rica continues, accounting for 7% of produced volumes in 2022/23.
- GOP6 launched, with new manufacturing facility in Portugal and procurement programme to drive cost efficiency as key initiatives.

Global Business Support and IT landscape
- Solid progress on the Atos Medical integration, finalised IT infrastructure integration and merger of a number of Atos Medical's and Coloplast's subsidiaries in one legal entity. On track to deliver estimated run-rate operational synergies of up to DKK 100 million.

1) 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

2) Relevant clinical data on Luja is available via this link

Sales performance

Organic growth for the full-year 2022/23 was 8%. Reported revenue in DKK was up by 9% to DKK 24,500 million. Exchange rate developments decreased revenue by 2%-points, mainly related to the depreciation of GBP and several emerging markets currencies against DKK. Revenue from acquisitions contributed 3%-points to reported growth and includes a four-months impact from the acquisition of Atos Medical (October 2022-January 2023) and a one-month impact from the acquisition of Kerecis (September 2023).

Organic growth in the fourth quarter was 8%. Reported revenue in DKK was up by 3% to DKK 6,226 million. Exchange rate developments decreased revenue by 6%, mainly related to the depreciation of the USD and several emerging markets currencies against DKK. Revenue from acquisitions contributed 1%-point to reported growth, related to the Kerecis acquisition.

Sales performance by business areas	DKK million		Growth composition (12 mths)			
	2022/23 (12 mths)	2021/22 (12 mths)	Organic growth	Acquired operations	Exchange rates	Reported growth
Ostomy Care	9,024	8,620	8%	-	-3%	5%
Continence Care	7,958	7,643	7%	0%	-3%	4%
Voice and Respiratory Care	1,939	1,203	10%	52%	-1%	61%
Advanced Wound Care	2,905	2,689	7%	3%	-2%	8%
Interventional Urology	2,674	2,424	10%	-	0%	10%
Revenue	**24,500**	**22,579**	**8%**	**3%**	**-2%**	**9%**
	DKK million		Growth composition (Q4)			
	2022/23 (Q4)	2021/22 (Q4)	Organic growth	Acquired operations	Exchange rates	Reported growth
Ostomy Care	2,300	2,253	9%	-	-7%	2%
Continence Care	2,014	2,030	6%	-	-7%	-1%
Voice and Respiratory Care	489	446	13%	-	-3%	10%
Advanced Wound Care	780	688	8%	11%	-6%	13%
Interventional Urology	643	642	5%	-	-5%	0%
Revenue	**6,226**	**6,059**	**8%**	**1%**	**-6%**	**3%**

Sales performance by region	DKK million		Growth composition (12 mths)			
	2022/23 (12 mths)	2021/22 (12 mths)	Organic growth	Acquired operations	Exchange rates	Reported growth
European markets	13,908	12,916	5%	3%	0%	8%
Other developed markets	6,480	5,775	9%	4%	-1%	12%
Emerging markets	4,112	3,888	14%	1%	-9%	6%
Revenue	**24,500**	**22,579**	**8%**	**3%**	**-2%**	**9%**
	DKK million		Growth composition (Q4)			
	2022/23 (Q4)	2021/22 (Q4)	Organic growth	Acquired operations	Exchange rates	Reported growth
European markets	3,504	3,380	4%	-	0%	4%
Other developed markets	1,723	1,663	8%	5%	-9%	4%
Emerging markets	999	1,016	21%	-	-23%	-2%
Revenue	**6,226**	**6,059**	**8%**	**1%**	**-6%**	**3%**

Ostomy Care

Ostomy Care generated 8% organic sales growth for the 2022/23 financial year, with reported revenue in DKK growing by 5% to DKK 9,024 million.

The SenSura® Mio portfolio was the main contributor to growth, with solid performance across the product range which includes Convex, Concave and Flat products. The Brava® range of supporting products also made a solid contribution to growth. At the product level, SenSura Mio Convex was the main growth contributor driven by Europe, in particular the UK and Germany, as well as the US. The SenSura and Assura/Alterna® portfolios continued to contribute to growth in the Emerging markets, where they are being actively promoted, most notably LATAM. Growth in the Brava range of supporting products was driven by the US and Europe, in particular Germany, and broad-based contribution from Emerging markets.

From a geographical perspective, all regions contributed to growth. In Europe, growth was driven by solid contributions from key markets, such as the UK and Germany. The US had another solid year with continued market share gains. Growth in Emerging markets was broad-based, led by LATAM.

China delivered low single-digit growth for the year, negatively impacted by COVID-19 and consumer sentiment, as expected. Despite this, Coloplast maintains its strong leadership position in the ostomy care market. Sales returned to double-digit growth in H2, following a normalisation in inflow of new patients to pre-COVID levels, while the average value per patient remains below pre-COVID levels, impacted by consumer sentiment.

Q4 organic growth was 9% and reported revenue in DKK increased by 2% to DKK 2,300 million.

The SenSura Mio portfolio was the main growth contributor, followed by the Brava range of supporting products. At the product level, SenSura Mio Convex was the main contributor to growth driven by Europe, most notably the UK and Germany, as well as the US. The SenSura and Assura/Alterna portfolios contributed to growth driven by Emerging markets, most notably China and LATAM. Revenue growth in the Brava range of supporting products was broad-based, with solid contribution from Europe, in particular Germany and the UK, the US and Emerging markets.

From a geographical perspective, all regions contributed to growth, with broad-based growth in Emerging markets, led by China and LATAM, and solid contributions from Europe, led by the UK, as well as the US.

China posted double-digit growth in the quarter, as expected, and benefited from a lower baseline last year, as well as the normalised level of inflow of new patients.

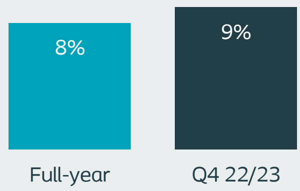
FY 2022/23 ostomy care market
The global market for ostomy care products was worth an estimated DKK 22-23 billion and is comprised of a bags and plates category and a supporting products category. The annual market growth is estimated at 4-5%. Coloplast is the global market leader with a market share of 35-40%.

Around DKK 4 billion of the overall market are in the supporting products category, growing 6-8%, where Coloplast is the market leader with a market share of 35-40%.

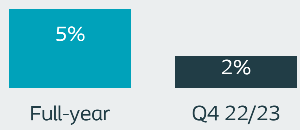
2.3 billion

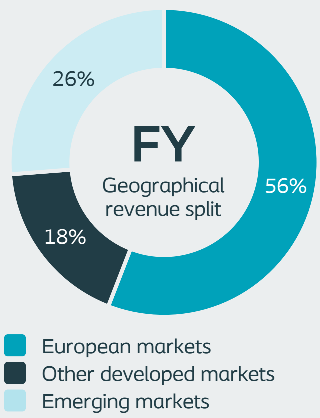
Reported revenue in DKK for Q4 2022/23

Organic growth



Reported growth





Continence Care

Continence Care generated 7% organic sales growth for the 2022/23 financial year, with reported revenue in DKK growing by 4% to DKK 7,958 million.

The SpeediCath® ready-to-use hydrophilic intermittent catheters were the main drivers of revenue growth. Sales growth in the SpeediCath portfolio was broad-based across standard, compact, and flexible catheters, and driven by the US and Europe, in particular France and the UK. SpeediCath Flex Set, a flexible hydrophilic catheter with a new integrated sterile bag, has been launched in nine markets and continues to perform well. SpeediCath Navi, a hydrophilic catheter specifically designed for emerging markets and lower priced developed markets, also contributed nicely to growth.

Luja™, the new male intermittent catheter with a Micro-hole Zone Technology, has been launched in six markets, and is off to a good start with positive customer feedback.

Bowel Care made a solid contribution to growth, driven by Peristeen® Plus in Europe and the US.

Collecting Devices delivered flat growth for the year as sales were negatively impacted by backorders on Conveen® urisheaths in H1 2022/23.

From a geographical perspective, growth was driven by the US and Europe, in particular the UK. The Emerging markets region also contributed to growth, led by LATAM. Markets with recent reimbursement openings, such as Poland, Australia, Japan, and South Korea, continued to perform well and posted double-digit growth.

Q4 organic growth was 6% and reported revenue in DKK decreased by 1% to DKK 2,014 million.

Sales growth in the fourth quarter was driven by strong performance across the SpeediCath portfolio, and more specifically compact, standard, and flexible catheters.

Bowel Care continued to perform well and delivered a solid contribution to growth, driven by strong growth in the US and solid performance in Europe, most notably Germany.

Collecting Devices detracted from growth in the fourth quarter, as sales of Conveen® urine bags were impacted by phasing of orders.

From a geographical perspective, growth continued to be broad-based with solid contribution from the US and a good quarter in the Emerging markets region, led by LATAM. Europe also contributed to growth in the quarter, driven by the UK, however, performance in the region was held back by the negative impact from Collecting Devices.

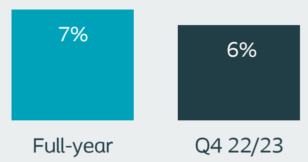
FY 2022/23 continence care market
The global market for continence care products, comprised of intermittent catheters, bowel care and collecting devices, was worth an estimated DKK 17-18 billion. The annual market growth is estimated at 5-6%. Coloplast is the global market leader with a market share of 40-45%.

The intermittent catheters category is the biggest category, accounting for around 75% of the continence care market, growing at a mid-single digit rate. The collecting devices category accounted for around 20% of the market, growing low-single digit. Bowel care accounted for the remaining around 5% of the market, with a high-single digit growth rate.

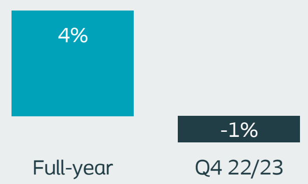
2.0 billion

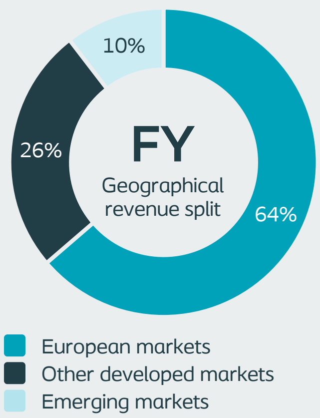
Reported revenue in DKK for Q4 2022/23

Organic growth



Reported growth





* 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

Voice and Respiratory Care

Voice and Respiratory Care delivered reported revenue of DKK 1,939 million for the 2022/23 financial year. The Voice and Respiratory Care acquired growth contribution to Group reported growth was 3%-points (four months impact), with high-single digit underlying growth.

The organic growth for the period since February 1, 2023 was 10%, with solid contribution from both Laryngectomy and Tracheostomy.

Laryngectomy delivered high single-digit organic growth. Growth was driven by an increase in patients served in existing and new markets and an increase in patient value driven by the Provox® Life™ portfolio, Atos Medical's new personalised solution and product line which has been launched in 16 markets. The Provox Life portfolio is designed to optimise patients' breathing ability under different circumstances, further enabling 24/7 use of Heat and Moisture Exchangers (HMEs) for improved pulmonary health.

Tracheostomy and ENT (Ear, Nose and Throat) posted double-digit organic growth, driven by solid demand and positive impact from forward integration in key European markets and the US.

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

Q4 organic growth was 13% and reported revenue in DKK increased by 10% to DKK 489 million. Growth in the quarter was driven by solid momentum in both Laryngectomy and Tracheostomy. Q4 growth also included some benefit from a lower baseline last year.

Growth in Laryngectomy was high single-digit and continued to be driven by growth in patients served in existing and new markets as well as an increase in patient value driven by the Provox Life portfolio.

Tracheostomy and ENT delivered double-digit growth, with continued solid demand and positive impact from forward integration in key European markets and the US.

From a geographical perspective, all regions continued to contribute to growth, driven by Europe, as well as solid contribution from Other developed markets, driven by the US, and the Emerging markets region.

FY 2022/23 laryngectomy and tracheostomy market

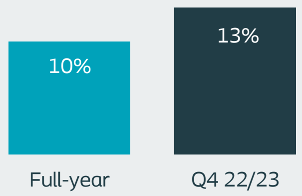
The global market for laryngectomy products was worth an estimated DKK 1-1.5 billion, and the annual market growth is estimated at 8-10%. Coloplast is the global market leader in laryngectomy, with a market share of around 85%. The market remains significantly underpenetrated with a large unserved patient population. The low market penetration is due to lack of clinical standards in existing markets, low treatment compliance, and lack of reimbursement in emerging markets.

The tracheostomy market was worth an estimated DKK 4-6 billion, with an annual growth rate estimated at 5-6%. Coloplast's global market share in the tracheostomy market is around 10%.

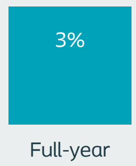
0.5 billion

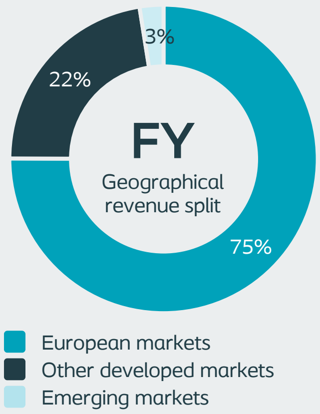
Reported revenue in DKK for Q4 2022/23

Organic growth



Acquired growth impact





Advanced Wound Care

Advanced Wound Care generated 7% organic sales growth for the 2022/23 financial year, with reported revenue in DKK growing by 8% to DKK 2,905 million. The reported revenue includes one month of impact (DKK 75 million) from the acquisition of Kerecis, which was completed on 31 August 2023.

Advanced wound dressings in isolation delivered 6% organic growth for the 2022/23 financial year.

The Biatain® Silicone portfolio was the main contributor to growth. Biatain Fiber continues to perform well and also contributed to growth.

From a geographical perspective, growth was broad-based across Europe, led by Germany, the US and Emerging markets, led by China.

China delivered a solid year, with flat growth in H1 2022/23 due to COVID-19 related restrictions. Growth improved in H2 2022/23, driven by a lower baseline and normalisation of hospital activities, following the lifting of the COVID-19 related restrictions.

Skin Care, which is mostly a US hospital business, and the Compeed contract manufacturing both contributed to growth in the year. The Compeed contract manufacturing grew double-digit, driven by solid consumer demand.

FY 2022/23 pro-forma revenue for Kerecis amounted to DKK 772 million, with growth of around 50%, in line with expectations. Revenue growth was broad-based, with main growth contribution from the hospital channel and surgical wounds. From a geographical perspective, the US accounted for the vast majority of both sales and growth.

Q4 organic growth for Advanced Wound Care was 8%, while reported revenue in DKK increased by 13% to DKK 780 million, impacted by the aforementioned acquisition of Kerecis.

Advanced wound dressings in isolation delivered 12% organic growth.

Growth in Q4 was driven by Europe and Emerging markets. The backorder situation, impacting mostly Europe, was resolved in Q4, as expected, with limited impact on sales in the quarter.

Performance in Europe was driven by Germany and solid contribution from the Biatain Silicone portfolio. In Emerging markets, growth was driven by China and tender phasing in the Middle East region. China delivered another good quarter, as expected, and benefited from a lower baseline last year.

The Skin Care business contributed to growth in the quarter, while the Compeed contract manufacturing business detracted from growth due to order phasing.

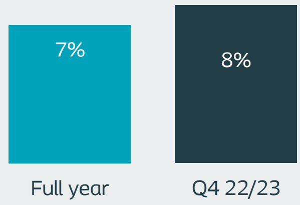
FY 2022/23 advanced wound care market

The global advanced wound care market was worth an estimated DKK 41-44 billion, comprised of the advanced dressings segment (DKK 26-28 billion) and the biologics segment (DKK 15-16 billion). The annual market growth is estimated at 2-4% in advanced dressings and 6-8% in biologics. Coloplast is the fifth largest manufacturer in both segments, with a market share of 5-10% in advanced dressings, and around 5% in biologics.

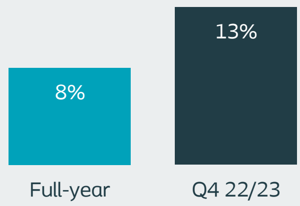
0.8 billion

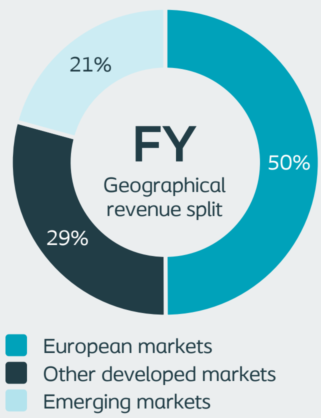
Reported revenue in DKK for Q4 2022/23

Organic growth



Reported growth





Interventional Urology

Interventional Urology generated 10% organic sales growth for the 2022/23 financial year, with reported revenue in DKK growing by 10% to DKK 2,674 million. As expected, growth for the year was front-end loaded, reflecting baseline dynamics which included a lower baseline in H1 last year.

Growth was broad-based across business areas and geographies, with strong contribution from the Men's Health business in the US, driven by the Titan® penile implants. The Endourology portfolio, driven by Europe, and the Women's Health business in the US, also made solid contributions to growth.

From a geographical perspective, the US was the main growth contributor, followed by Europe, most notably France.

Coloplast has launched its first laser equipment, Thulium Fiber Laser (TFL) Drive, in key markets. The launch is off to a good start with positive customer feedback.

Q4 organic growth was 5% and reported revenue in DKK came in at DKK 643 million, at a similar level to Q4 last year.

All business areas contributed to growth in the quarter, up against a high baseline last year. Men's Health was the main contributor to growth, driven by the Titan penile implants in the US. Endourology in Europe and Women's Health in the US also contributed to growth.

From a geographical perspective, the main growth contributor in Q4 was the US, followed by Europe, most notably France. Emerging markets detracted from growth in the fourth quarter due to order phasing.

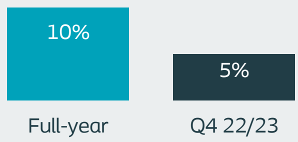
FY 2022/23 interventional urology market

The global market for interventional urology products in which Coloplast operates was worth an estimated DKK 18-20 billion. Around half of the interventional urology market is within endourology, including around DKK 3 billion in the lasers segment, with the remaining half of the market split almost equally between men's health, women's health, and bladder health. The annual market growth is estimated at 4-6%. Coloplast holds a market share of around 15% and is the fourth largest global manufacturer in the market.

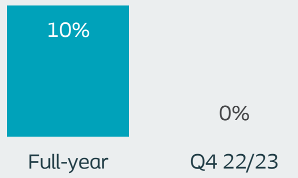
0.6 billion

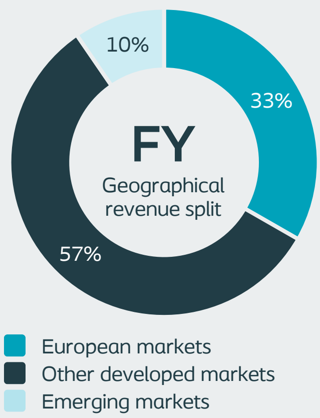
Reported revenue in DKK for Q4 2022/23

Organic growth



Reported growth





Earnings

Gross profit
Gross profit was DKK 16,328 million compared to DKK 15,529 million last year and equivalent to a gross margin of 67%, compared to 69% last year. The gross margin was negatively impacted by raw material price increases, higher energy cost, double-digit wage inflation in Hungary, as well as ramp-up costs in Costa Rica. The gross margin also includes negative impact of around 40 basis points related to a one-off provision for a pay-back reform implemented in Italy. Further, the gross margin included negative impact from currencies, mainly related to the depreciation of GBP and several emerging markets currencies against DKK.

The above-mentioned negative drivers were only partly offset by positive contribution from the inclusion of Atos Medical, price increases, country and product mix, as well as efficiency savings from the Global Operations Plan 5. Coloplast continues to have a strong focus on offsetting the inflationary pressure, with 80+ pricing projects across regions and business areas.

In Q4, gross profit was DKK 4,132 million, corresponding to a Q4 gross margin of 66% against 69% in Q4 last year. The Q4 margin was impacted by the above-mentioned drivers. Transportation and energy costs were a tailwind in the quarter, as expected, driven by a decline in sea freight rates and a government-imposed cap on electricity price levels in Hungary, resulting in a one-off subsidy in Q4. Raw material prices showed a positive trend in Q4, with a lower level of increases. The gross margin in Q4 included a negative impact from currencies, related to the depreciation of the USD and several other currencies against DKK, and appreciation of the HUF against DKK. Around 75% of the company's production volumes are in Hungary.

Income statement, DKK million	2022/23	Index
Revenue	**24,500**	**109**
Production costs	-8,172	116
Gross profit	**16,328**	**105**
Distribution costs	-7,518	111
Administrative expenses	-1,115	111
Research and development costs	-872	101
Other operating income	56	76
Other operating expenses	-34	136
Operating profit (EBIT) before special items	**6,845**	**99**
Special items	-74	N/A
Operating profit (EBIT)	**6,771**	**105**
Financial income	191	161
Financial expenses	-937	217
Profit before tax	**6,025**	**98**
Tax on profit for the period	-1,242	87
Net profit for the period	**4,783**	**102**

Costs
Operating expenses amounted to DKK 9,483 million. Excluding impact from inorganic operating expenses from the Atos Medical acquisition (4 months) and the Kerecis acquisition (1 month) operating expenses increased 5%, or DKK 409 million from last year, as expected.

The increase in operating expenses including inorganic impact from Atos Medical and Kerecis was 10%.

Atos Medical contributed with DKK 1,140 million to operating expenses in the 2022/23 financial year, of which around DKK 210 million were amortisation costs. Kerecis contributed with DKK 71 million to operating expenses in the 2022/23 financial year, of which around DKK 9 million were amortisation costs.

Distribution costs amounted to DKK 7,518 million, a DKK 721 million (11%) increase from DKK 6,797 million last year and were impacted by the inclusion of Atos Medical. Distribution costs amounted to 31% of revenue compared to 30% last year, reflecting increased sales and marketing activities, as well as travel, post COVID-19. Distribution costs were also impacted by higher logistics costs and continued commercial investments in Interventional Urology, consumer and digital initiatives, and Atos Medical.

In Q4, distribution costs amounted to DKK 1,905 million, equal to 31% of revenue, on par with the same period last year.

Administrative expenses amounted to DKK 1,115 million, up DKK 110 million (11%) from DKK 1,005 million last year, primarily impacted by the inclusion of Atos Medical. Administrative expenses accounted for 5% of revenue against 4% in the same period last year.

The Q4 administrative expenses amounted to DKK 279 million or 4% of revenue against 5% in the same period last year.

The R&D costs were DKK 872 million, comparable to last year's R&D costs of

DKK 866 million. R&D costs amounted to 4% of revenue, on par with last year.

The Q4 R&D costs amounted to DKK 231 million or 4% of revenue, in line with the same period last year.

Other operating income and other operating expenses amounted to a net income of DKK 22 million, against a net income of DKK 49 million last year.

Operating profit before interest, tax, depreciation and amortisation (EBITDA) and before special items
EBITDA before special items amounted to DKK 7,914 million, a DKK 74 million (1%) increase from DKK 7,840 million last year. The EBITDA margin before special items was 32% compared to 35% last year.

In Q4, EBITDA before special items was DKK 1,991 million, a DKK 82 million (4%) decrease from the same period last year. The EBITDA margin before special items was 32% in Q4, against 34% last year.

Operating profit (EBIT) before special items
EBIT before special items amounted to DKK 6,845 million, a DKK 65 million (1%) decrease from DKK 6,910 million last year. The EBIT margin before special items was 28% compared to 31% last year. The EBIT margin was negatively impacted by the inflationary headwinds on production costs and the increase in operating expenses, mainly distribution costs, which among other include around DKK 219 million in amortisation costs related to acquisitions, mostly Atos Medical. Furthermore, the EBIT margin included negative impact of around 60 basis points from currencies, due to unfavourable development across a basket of currencies in the second half of the year.

In Q4, EBIT before special items was DKK 1,714 million, a DKK 100 million (6%) decrease from the same period last year. The EBIT margin before special items was 28% in Q4, against 30% last year. The EBIT margin in the quarter was mostly impacted by the aforementioned headwinds on production costs. The EBIT margin in Q4 included significant negative impact from currencies of around 240 basis points, related to the depreciation of the USD and several other currencies against DKK, and appreciation of the HUF against DKK.

FY 2022/23 pro-forma operating profit before special items and excluding amortisation for Kerecis amounted to DKK 46 million, or around 6% of revenue, in line with expectations.

Special items
During the 2022/23 financial year, Coloplast incurred special items expenses of DKK 74 million. The special items expenses include DKK 200 million final provision to cover settlements and costs in connection to the MDL cases in the US alleging injury from the use of transvaginal surgical mesh products, booked in Q3. Coloplast now considers the MDL cases closed and any future cases will be considered part of normal operations of the Interventional Urology business. The special items also include DKK 65 million related to integration costs for the Atos Medical acquisition and DKK 53 million in transaction costs related to the acquisition of Kerecis. Finally, the special items expenses were partly offset by an income of DKK 244 million related to reversal of the provision regarding Atos Medical US billing compliance in Q3.

Special items in the fourth quarter were an expense of DKK 69 million, which includes the full impact from the Kerecis transaction related costs and DKK 16 million from integration costs related to the Atos Medical acquisition.

Operating profit (EBIT) after special items
EBIT after special items was DKK 6,771 million, a DKK 332 million (5%) increase from last year. The EBIT margin after special items was 28%.

The Q4 EBIT after special items was DKK 1,645 million, a DKK 133 million (7%) decrease from the same period last year, with an EBIT margin of 26%.

Financial items and tax
Financial items were a net expense of DKK 746 million against a net expense of DKK 312 million last year.

The net expense was impacted by interest expenses of DKK 614 million compared to DKK 156 million last year, due to the financing of the Atos Medical acquisition. Net losses on balance sheet items of DKK 218 million, mostly driven by the USD, and fees of DKK 81 million also contributed to the net expense. The financial expenses were only partly offset by financial income of DKK 191 million, driven by interest hedges of DKK 75 million.

The Q4 financial items were a net expense of DKK 118 million, compared to a net expense of DKK 166 million in the same period last year, mainly driven by the financing of Atos Medical.

The blended interest rate for the debt financing of Atos Medical was around 3.3% at the end of 2022/23, impacted by the adjustment of the variable interest rate on the 2-year bond issue.

The tax rate was 21%, compared to 23% last year, positively impacted by the transfer of Atos Medical's Intellectual Property. The tax expense amounted to DKK 1,242 million against DKK 1,421 million last year.

Net profit
Net profit before special items was DKK 4,841 million, a DKK 228 million decrease from DKK 5,069 million last year. Diluted earnings per share (EPS) before special items decreased by 6% from DKK 23.82 last year to DKK 22.46. The decrease was a result of lower net profit compared to last year due to the increase in financial expenses, driven mostly by interest expenses related to the financing of the Atos Medical acquisition, as well as lower operating profit before special items.

Net profit after special items was DKK 4,783 million and diluted earnings per share (EPS) after special items were DKK 22.20.

The Q4 net profit before special items amounted to DKK 1,284 million, against DKK 1,258 million last year. The diluted Q4 earnings per share (EPS) before special items were down 3% from last year to DKK 5.72.

The Q4 net profit after special items was DKK 1,229 million and diluted earnings per share (EPS) after special items were DKK 5.47.

Cash flows and investments

Cash flows from operating activities
Cash flows from operating activities amounted to DKK 4,226 million, against DKK 5,099 million last year. The negative development in cash flows from operating activities was driven by higher income tax paid, majority of which related to 2021/22 income driven by interest hedging taxable upon realisation, as well as increased interest payments related to the Atos Medical acquisition. Increase in working capital also had negative impact on the cash flow, driven by an increase in inventories due to a higher safety stock level on raw materials, price increases, and an increase in finished goods due to the transfer of production to Costa Rica. The above-mentioned negative drivers were only partly offset by higher operating profit.

Investments
Investments amounted to DKK 1,034 million in the financial year 2022/23 or around 4% or revenue, compared with DKK 1,126 million last year. Total cash flows from investing activities were a DKK 8,957 million outflow, due to the acquisition of Kerecis, against a DKK 11,759 outflow in the same period last year, due to the acquisition of Atos Medical.

Capital expenditures in 2022/23 amounted to DKK 1,241 million, a DKK 106 million increase compared to last year. Capital expenditures were around 5% of revenue, on par with last year.

Free cash flow
As a result, the free cash flow was an outflow of DKK 4,731 million compared to an outflow of DKK 6,660 million in the same period last year. Adjusted for acquisitions, the free cash flow decreased by DKK 781 million (20%) from DKK 3,973 million to DKK 3,192 million.

Capital resources
At 30 September 2023, Coloplast had net interest-bearing debt, including securities, of DKK 18,660 million, against DKK 18,091 million at 30 September 2022. The gearing ratio at the end of the period was 2.4x EBITDA (before special items).

Coloplast is committed to deleveraging and bringing the gearing ratio down to between 1x-2x EBITDA by 2024/25.

Statement of financial position and equity

Balance sheet
At 30 September 2023, total assets amounted to DKK 48,159 million, an increase of DKK 10,713 million compared to 30 September 2022.

Working capital was 26% of revenue, compared to 25% at 30 September 2022, driven by an increase in inventories and trade receivables. Inventories increased by DKK 335 million to DKK 3,522 million, impacted by an increase in safety stock on raw materials, price increases, and an increase in finished goods due to the transfer of production to Costa Rica. Trade receivables increased by DKK 375 million to DKK 4,315 million due to phasing, while trade payables increased by DKK 52 million to DKK 1,294 million.

Coloplast's long-term working capital-to-revenue ratio is unchanged and expected to be around 24%.

Equity
Equity increased by DKK 9,007 million compared to 30 September 2022 to DKK 17,299 million. Total comprehensive income for the period of DKK 4,075 million, share-based remuneration of DKK 58 million, and net effect of sale of treasury shares and loss of exercised options of DKK 34 million were offset by payment of dividends of DKK 4,247 million.

To finance the acquisition of Kerecis, Coloplast completed an equity capital raise through an accelerated book-building process on August 30, 2023. Coloplast issued 12.2 million new B shares, in a directed issue and private placement, at an offer price of DKK 755 per new share, raising gross proceeds of approximately DKK 9.2 billion. Coloplast's largest shareholder, Niels Peter Louis-Hansen, and family participated in the equity capital raise.

Treasury shares
At 30 September 2023, Coloplast's holding of treasury shares consisted of 3,539,528 B shares, which was 153,348 less than at 30 September 2022. The decrease was due to exercise of share options.

Return on invested capital (ROIC)
ROIC after tax before special items was 17% against 27% as of 30 September 2022. The decrease was driven by the acquisitions of Atos Medical and Kerecis.

Update on sustainability strategy and performance

Priority	Unit	2025 Ambition	FY 2022/23	FY 2021/22	Change
Improving products and packaging					
Recyclable packaging[4]	% of total	90%	72%	72%	0%-p
Renewable materials in packaging[4]	% of total	80%	66%	65%	1%-p
Production waste recycling	% of total	75%	75%	71%	4%-p
Reducing emissions					
Scope 1 and 2 emissions	% reduction	100% reduction by 2030[1) 3)]	10%	8%	2%-p
Renewable energy use	% of total	100%	78%	72%	6%-p
Electric company cars	% of total	100% by 2030	8%	4%	4%-p
Scope 3 emissions (by 2030)	% reduction per product	50% reduction by 2030[1) 3)]	8%	9%	-1%-p
Business travel by air	% reduction	10% reduction[1)]	41%	55%	-14%-p
Goods transported by air	% of total	< 5% of total	2%	3%	-1%-p
Responsible operations					
Lost time injury frequency[4)]	Parts per million	2.0	2.6	2.5	0.1
Code of Conduct training	% of white collars	100%	99%	100%	-1%-p
Female senior leaders (VP+ level)	% of total	40% by 2030	26%	21%	5%-p
Diverse teams	% share of total teams	75%	54%	55%	-1%-p
Employee satisfaction[2)]	Engagement score	Above benchmark	8.1	8.2	-0.1

In FY 2022/23, Atos Medical was integrated into Coloplast's sustainability agenda and the FY 2022/23 figures in the table reflect Group performance including Atos Medical.

Improving products and packaging
In FY 2022/23 we reached our 2025 ambition for production waste recycling ahead of time, with 75% of the production waste being recycled. The progress continues to be driven by Coloplast's partnership with a recycling manufacturer in Hungary, however, we continue to look for new use cases of our production waste across sites, particularly in Costa Rica.

Recyclable packaging and renewable materials in packaging were on par with last year at 72% and 66%, respectively. Today, our secondary and tertiary packaging, such as retail boxes and shipping boxes, already consist of renewable materials and are recyclable. Efforts during the year and going forward will focus on primary packaging, which is often closely linked to the clinical performance of our products, providing key functionalities such as usability and sterility. In 2022/23, two projects were initiated with the aim of developing more recyclable packaging for intermittent catheters, without compromising on the functionality of the primary packaging, which ensures product sterility and shelf life.

Scope 1 and 2 emissions
The absolute scope 1 and 2 emissions decreased by 10% in FY 2022/23, compared to the base year 2018/19. The reduction in absolute scope 1 and 2 emissions was positively impacted by energy efficiency improvements, phasing out of natural gas, and electrification, partly offset by the inclusion of Atos Medical and increased emissions from company cars. Excluding Atos Medical, scope 1 and 2 emissions decreased by 15% in FY 2022/23.

Renewable energy use increased to 78% of the total energy use in FY 2022/23, compared to 72% in FY 2021/22, and was also positively impacted by the above-mentioned drivers.

Responsible operations
In FY 2022/23, lost time injury frequency was 2.6 ppm, reflecting 70 incidents. We are experiencing a higher level of incidents post COVID-19 and are working hard to address these to reach our ambition of 2.0 ppm by 2025.

In 2022/23, an employee tragically lost his life while at work at a Coloplast site. A thorough root-cause analysis of the accident has been completed, and we have implemented actions to avoid a similar incident in the future. Coloplast is fully dedicated to ensuring a safe and healthy working environment for all our employees, and we regard this tragic fatality as an unacceptable outlier.

1) From base year 2018/19. 2) Employee survey conducted twice a year. Latest industry benchmark from Q1 2022/23 was 7.6. 3) Target validated by Science-Based Targets initiative (SBTi). 4) Figure for 2021/22 has been restated due to improved data quality.
FY 2022/23 figures include Atos Medical, except for 'Diverse teams' and 'Employee satisfaction'.

Other matters

Positive effects on quality of life and 31% reduction in leakage incidents from Heylo™
In August 2023, Coloplast published the results of its first pivotal clinical study[1] on Heylo, a new digital leakage notification system in Ostomy Care. Heylo is designed for early leakage detection, to address the mental burden caused by fear of leakage.

The study, conducted in Germany with a total of 144 participants, showed that using Heylo significantly improved quality of life (QoL) and reduced the burden of living with an intestinal ostomy, compared with Standard of Care.

The positive effects of Heylo on QoL was further supported by a significant, 31% reduction in leakage incidents outside the baseplate.

For further information, please refer to: Effect of a Novel Digital Leakage Notification System (Heylo) for Ostomy Care on Quality of Life and Burden of Living With an Intestinal Ostomy

Global Operations Plan 6
Since 2008, Coloplast has initiated Global Operations Plans (GOPs) with the goal of supporting our continued growth and an industry-leading profitability level through unparalleled efficiency in our Global Operations.

As the current Global Operations Plan 5, focused on Automation and Diversification of the manufacturing footprint, ends in FY 2022/23, Coloplast is launching a new plan, Global Operations Plan 6. GOP6 will cover the three-year period until FY 2025/26.

The current macroeconomic environment, with significant inflationary pressure across cost categories, especially raw materials and continued wage inflation in Hungary, informed the choice of key initiatives in GOP6.
The aim of GOP6 is to support Coloplast's long-term financial guidance, with a growth ambition of 8-10% and an EBIT margin ambition of more than 30%. Our growth levels require that we continue to develop our manufacturing footprint by establishing a new manufacturing site of 20,000 m2 every two to three years to meet the increasing demand. Coloplast has chosen Portugal as the location for the next manufacturing site, due to its proximity to key markets in Europe and a stable supply of qualified labour. The new site in Portugal will be 30,000 m2, largest to date, removing the need to build additional sites until 2029/30. The investment level is expected to be around DKK 700 million and the site is expected to be operational as of 2026.

Another key initiative in GOP6 is managing input prices and cost efficiency. To do so, Coloplast has initiated a company-wide procurement programme, aimed at driving efficiency by enabling transparency, simplification, and automation.

Other initiatives from GOP6 include Building Resilience, to better cope with the challenges of supply chains of today, Atos Integration, and Standardised and Digital, by creating a best-in-class Coloplast Business Support System in Global Operations. Furthermore, GOP6 will provide strong support for the commercial agenda and the significant number of upcoming launches expected in the second half of the Strive25 strategic period.

As a result of the initiation of GOP6, the CAPEX-to-sales ratio is expected to be around 5% for the remainder of the Strive25 period. The investment of around DKK 700 million related to the new manufacturing site in Portugal is expected to be evenly split over the three years of the GOP6 period.

The long-term CAPEX-to-sales ratio expectations of 4-6% per year are unchanged.

War in Ukraine
Coloplast continues to monitor the war in Ukraine closely. Our primary focus is to keep our people safe and ensure our around 100,000 users in Ukraine and Russia have access to products to manage their chronic conditions. Coloplast complies with all sanctions imposed by the EU, the UN, and the US.

Coloplast's commercial activity in Russia has been reduced and the organisation has been further downsized to around 30 employees. Revenue exposure to Russia and Ukraine in 2023/24 is expected to be below 1% of group revenues, with a negative growth contribution in FY 2023/24.

Year-end dividend of DKK 16.00 per share
In addition to the 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 16.00 per share. This brings the total dividend paid for FY 2022/23 to DKK 21.00 per share, compared to DKK 20.00 in 2021/22.

Timetable for the year-end dividend
7 December 2023 – Declaration date
8 December 2023 – Ex-dividend date
11 December 2023 – Value date
12 December 2023 – Disbursement date

Heylo 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.
1) Link to clinical trial: Study Record | Beta ClinicalTrials.gov

2023/24 Financial guidance

Around 8%

Organic revenue growth
at constant exchange rates

27-28%

Reported EBIT margin
(before special items)

Around 1.4 bn

Capital expenditure in DKK

Around 22%

Effective tax rate

Long-term financial guidance

8-10%
Organic growth p.a.

above 30%
EBIT margin beyond 2024/25
(at constant exchange rates)

The long-term organic growth guidance includes around 1%-point accretion from Kerecis as of FY 2024/25. For the remaining Strive25 strategic period running until end of 2024/25, the EBIT margin is expected to remain below 30% and assumes dilution of around 100 basis points p.a. from Kerecis (including PPA amortisation). For financial assumptions on Kerecis, please refer to: Kerecis acquisition

Key assumptions

Current macroeconomic and industry-specific trends, including an ongoing widespread anti-corruption campaign in China, are continuously monitored and their potential impact on our business is evaluated on an ongoing basis. As such, 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%.

Revenue growth
Organic growth is expected around 8% in constant currencies. The guidance assumes growth across business areas and regions to be largely in line with the Strive25 ambitions, except for China.

a. Chronic Care:
    - Improvement in growth in China, however, China is not expected to return to the Strive25 ambitions of double-digit growth, due to continued impact from average value per patient which remains below pre-COVID levels, impacted by consumer sentiment
b. Advanced Wound Care is expected to deliver growth above the market
c. Interventional Urology is expected to deliver high-single digit growth
d. Voice and Respiratory Care is expected to grow at 8-10%
e. No current knowledge of significant health care reforms; positive pricing impact is expected. The expectation of long-term price pressure of up to 1% annually is unchanged
f. A stable supply and distribution of products across the company

Reported growth in DKK is expected to be around 12% and assumes:
a. Contribution from the Kerecis acquisition is expected around 4%-points (11 months impact)
b. Limited negative impact from currencies

EBIT margin
The reported EBIT margin before special items is expected at 27-28%, and includes the following assumptions:
a. Input costs development:
    - Raw materials – mid single-digit price increase
    - Tailwind from total energy costs of around DKK 100 million on the gross margin
    - Tailwind from freight cost
    - Wages in Hungary – double-digit increase, similar to 2022/23
b. A one-off baseline benefit of around 40 basis points from the Italian pay-back reform provision which was included in the FY 2022/23 gross margin
c. Prudent management of operating costs, expected to grow below reported revenue in DKK (excluding acquired growth)
d. Incremental investments at the lower end of the Strive25 guidance (up to 2% of sales in incremental OPEX investments)
e. Benefit from operational synergies related to integration of Atos Medical on Coloplast infrastructure
f. Negative impact from Kerecis of around 100 basis points, which includes around DKK 100 million in PPA amortisation
g. Negative impact from currencies of around 50 basis points

Special items of around DKK 50 million in FY 2023/24, related to the integration of Atos Medical.

Capex includes investments in the new manufacturing site in Portugal, investments in new machines for existing and new products, IT and sustainability investments, as well as Atos Medical integration capex.

Effective tax rate and tax payments
The effective tax rate is expected to be around 22%, positively impacted by the transfer of Atos Medical Intellectual Property (IP).

Following the IP transfer there will be an extraordinary net tax payment of DKK 2.5 billion in Q2 2023/24. The payment will be offset by reduced tax payments the following years.

Dividend policy
The Board of Directors intends to distribute excess liquidity to the shareholders through dividends and share buybacks, with a target payout ratio of 60-80% of net profit.

Forward-looking statements

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

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

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

Exchange rate exposure

Our financial guidance for the 2023/24 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 2021/22	878	688	1.97
Average exchange rate 2022/23	855	698	1.92
Change in average exchange rates for 2022/23 compared with the same period last year	**-3%**	**1%**	**-3%**
Spot rate on 7 November 2023	859	697	1.97
Change in spot rates compared with average exchange rate 2022/23	**0%**	**0%**	**3%**

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	-710	-220
GBP	-350	-220
HUF	-	130

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today considered and approved the interim report of Coloplast A/S for the period 1 October 2022 – 30 September 2023.

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

In our opinion, the interim report gives a true and fair view of the Group's assets, liabilities and financial position at 30 September 2023 and of the results of the Group's operations and cash flows for the period 1 October 2022 – 30 September 2023.

Furthermore, in our opinion, the Management's report includes a fair account of the development and performance of the Group, the results for the period and of the financial position of the Group.

Other than set forth in the interim report, no changes have occurred to the significant risks and uncertainty factors compared with those disclosed in the annual report for 2022/23.

Humlebæk, 9 November 2023

Executive Management

Kristian Villumsen
President, CEO

Anders Lonning-Skovgaard
Executive Vice President, CFO

Nicolai Buhl Andersen
Executive Vice President

Paul Marcun
Executive Vice President

Allan Rasmussen
Executive Vice President

Board of Directors

Lars Rasmussen
Chairman

Niels Peter Louis-Hansen
Deputy Chairman

Carsten Hellmann

Annette Brüls

Jette Nygaard-Andersen

Marianne Wiinholt

Thomas Barfod
Elected by the employees

Roland V. Pedersen
Elected by the employees

Nikolaj Kyhe Gundersen
Elected by the employees

Statement of comprehensive income

1 October – 30 September, unaudited

Consolidated DKK million	Note	2022/23 12 mths	2021/22 12 mths	Index	2022/23 Q4	2021/22 Q4	Index
Revenue	2	24,500	22,579	109	6,226	6,059	103
Production costs		-8,172	-7,050	116	-2,094	-1,889	111
Gross profit		**16,328**	**15,529**	**105**	**4,132**	**4,170**	**99**
Distribution costs		-7,518	-6,797	111	-1,905	-1,872	102
Administrative expenses		-1,115	-1,005	111	-279	-276	101
Research and development costs		-872	-866	101	-231	-217	106
Other operating income		56	74	76	17	15	113
Other operating expenses		-34	-25	136	-20	-6	>200
Operating profit (EBIT) before special items		**6,845**	**6,910**	**99**	**1,714**	**1,814**	**94**
Special items	3	-74	-471	-	-69	-36	-
Operating profit (EBIT)		**6,771**	**6,439**	**105**	**1,645**	**1,778**	**93**
Financial income	4	191	119	161	81	-29	<-200
Financial expenses	4	-937	-431	>200	-199	-137	145
Profit before tax		**6,025**	**6,127**	**98**	**1,527**	**1,612**	**95**
Tax on profit for the period		-1,242	-1,421	87	-298	-382	78
Net profit for the period		**4,783**	**4,706**	**102**	**1,229**	**1,230**	**100**
Remeasurements of defined benefit plans		-9	75		-2	-17	
Tax on remeasurements of defined benefit plans		5	-19		4	2	
Items that will not be reclassified to the income statement		**-4**	**56**		**2**	**-15**	
Value adjustment of currency hedging		145	281		-58	-62	
Transferred to financial items		-114	164		-62	28	
Tax effect of hedging		-23	11		7	116	
Currency adjustment of opening balances and other value adjustments relating to subsidiaries		-723	-409		577	-169	
Tax effect of currency adjustment, assets in foreign currency		11	-26		11	-26	
Items that may be reclassified to income statement		**-704**	**21**		**475**	**-113**	
Total other comprehensive income		**-708**	**77**		**477**	**-128**	
Total comprehensive income		**4,075**	**4,783**		**1,706**	**1,102**	
DKK							
Earnings per share (EPS)		22.21	22.14		5.47	5.79	
Earnings per share (EPS), diluted		22.20	22.11		5.47	5.79	

Statement of cash flows

1 October – 30 September

Consolidated DKK million	Note	2022/23 12 mths	2021/22 12 mths
Operating profit		6,771	6,439
Amortisation		334	260
Depreciation		735	670
Adjustment for other non-cash operating items	7	-220	56
Changes in working capital	7	-893	-849
Ingoing interest payments, etc.		40	16
Outgoing interest payments, etc.		-809	-378
Income tax paid		-1,732	-1,115
Cash flows from operating activities		**4,226**	**5,099**
Investments in intangible assets		-221	-208
Investments in land and buildings		-7	-8
Investments in plant and machinery and other fixtures and fittings, tools and equipment		-96	-41
Investments in property, plant and equipment under construction		-917	-878
Property, plant and equipment sold		8	11
Investment in other investments		-17	-2
Acquisition of subsidiaries		-7,923	-10,633
Net sales/purchase of marketable securities		216	-
Cash flows from investing activities		**-8,957**	**-11,759**
Free cash flow		**-4,731**	**-6,660**
Increase in share capital		9,100	-
Dividend to shareholders		-4,247	-4,041
Acquisition of treasury shares		-	-500
Sale of treasury shares and loss on exercised options		34	-119
Financing from shareholders		**4,887**	**-4,660**
Repayment of lease liabilities		-244	-239
Financing through issuing long-term bonds		-	16,367
Hedging gain		-	521
Drawdown on credit facilities		622	-5,398
Cash flows from financing activities		**5,265**	**6,591**
Net cash flows		**534**	**-69**
Cash and cash equivalents at 1 October		**414**	**448**
Value adjustment of cash and bank balances		-37	37
Cash and cash equivalents, acquired operations		-	-2
Net cash flows		534	-69
Cash and cash equivalents at 30 September	8	**911**	**414**

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

Assets

At 30 September

Consolidated

DKK million	**Note**	**30.09.23**	**30.09.22**[1)]
Intangible assets		31,255	22,767
Property, plant and equipment		5,131	4,474
Right-of-use assets		848	677
Other equity investments		65	51
Deferred tax asset		884	674
Other receivables		39	31
Non-current assets		**38,222**	**28,674**
Inventories		3,522	3,187
Trade receivables		4,315	3,940
Income tax		532	336
Other receivables		273	383
Prepayments		384	293
Marketable securities		-	219
Cash and cash equivalents		911	414
Current assets		**9,937**	**8,772**
Assets		**48,159**	**37,446**

[1)] The opening balance for goodwill has been adjusted due to changes in the purchase price allocation of Atos Medical Group, as a result of the subsequent transfer of the intangible assets to Coloplast A/S is considered an integral part of the transaction, and thus, a deferred tax step-up is recognised as part of the purchase price allocation. This resulted in an increase in goodwill of DKK 2,490 million and an increase in deferred tax liability of DKK 2,490 million.

Equity and liabilities

At 30 September

Consolidated DKK million	Note	30.09.23	30.09.22[1)]
Share capital		228	216
Currency translation reserve		-1,579	-910
Reserve for currency hedging		423	415
Proposed ordinary dividend for the year		3,595	3,185
Retained earnings		14,632	5,386
Equity		**17,299**	**8,292**
Provisions for pensions and similar liabilities		124	115
Provision for deferred tax		2,122	4,567
Other provisions	5	71	258
Bonds	6	11,558	16,359
Other payables		4	16
Lease liability		664	496
Prepayments		6	7
Non-current liabilities		**14,549**	**21,818**
Provisions for pensions and similar liabilities		7	6
Other provisions	5	186	347
Bonds	6	4,847	-
Other credit institutions		2,268	1,644
Trade payables		1,294	1,242
Income tax		4,229	1,342
Other payables		3,249	2,544
Lease liability		230	209
Prepayments		1	2
Current liabilities		**16,311**	**7,336**
Equity and liabilities		**48,159**	**37,446**

[1)] The opening balance for goodwill has been adjusted due to changes in the purchase price allocation of Atos Medical Group, as a result of the subsequent transfer of the intangible assets to Coloplast A/S is considered an integral part of the transaction, and thus, a deferred tax step-up is recognised as part of the purchase price allocation. This resulted in an increase in goodwill of DKK 2,490 million and an increase in deferred tax liability of DKK 2,490 million.

Statement of changes in equity, current year

At 30 September

Consolidated	Share capital		Reserves				
DKK million	**A shares**	**B shares**	**Currency translation**	**Currency hedging**	**Proposed dividend**	**Retained earnings**	**Total**
2022/23							
Equity at 1 October	**18**	**198**	**-910**	**415**	**3,185**	**5,386**	**8,292**
Net profit for the period	-	-	-	-	4,657	126	**4,783**
Other comprehensive income	-	-	-669	8	-	-47	**-708**
Total comprehensive income	**-**	**-**	**-669**	**8**	**4,657**	**79**	**4,075**
Increase in share capital	-	12	-	-	-	9,088	**9,100**
Sale of treasury shares and loss on exercised options	-	-	-	-	-	34	**34**
Share-based payment	-	-	-	-	-	58	**58**
Tax on share-based payment, etc.	-	-	-	-	-	-13	**-13**
Interim dividend paid out in respect of 2022/23	-	-	-	-	-1,062	-	**-1,062**
Dividend paid out in respect of 2021/22	-	-	-	-	-3,185	-	**-3,185**
Transactions with shareholders	**-**	**12**	**-**	**-**	**-4,247**	**9,167**	**4,932**
Equity at 30 September	**18**	**210**	**-1,579**	**423**	**3,595**	**14,632**	**17,299**

Costs related to the capital increase amounts to DKK 111 million, which is offset against retained earnings.

Statement of changes in equity, last year

At 30 September

Consolidated	**Share capital**		**Reserves**				
DKK million	**A shares**	**B shares**	**Currency translation**	**Currency hedging**	**Proposed dividend**	**Retained earnings**	**Total**
2021/22							
Equity at 1 October	18	198	-392	-41	2,979	5,406	8,168
Net profit for the period	-	-	-	-	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	-	-	-	-	-	-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

List of notes

Key accounting policies

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Note 1
Accounting policies

The financial statements in this report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies. The accounting policies for recognition and measurement applied in the preparation of the financial statements in this report are consistent with those applied in the Annual Report 2022/23.

Note 2
Segment information

Operating segments
The operating segments are defined on the basis of the monthly reporting to the Executive Leadership Team, which is considered the senior operational management, and the management structure. Reporting to the Executive Leadership Team is based on five operating segments: Chronic Care, Voice and Respiratory Care, Interventional Urology, Advanced Wound Dressings and Biologics.

The segment Chronic Care covers the sale of ostomy care products and continence care products. The segment Voice and Respiratory Care covers the sale of laryngectomy and tracheostomy products. The segment Interventional Urology covers the sale of urological products, including disposable products. The segment Advanced Wound Dressings covers the sale of wound and skin care products and the segment Biologics represents a new segment covering the sale of tissue-based products. 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, Voice and Respiratory Care and Biologics 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. The shared/non-allocated costs also include PPA amortisation expenditures related to Voice and Respiratory Care and Biologics. Financial items and income tax are not allocated to the operating segments.

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

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

Note 2, continued

DKK million	Chronic Care	Voice and Respiratory Care	Interventional Urology	Advanced Wound Dressings	Biologics	Group
2022/23						
Segment revenue:						
Ostomy Care	9,024	-	-	-	-	9,024
Continence Care	7,958	-	-	-	-	7,958
Voice and Respiratory Care	-	1,939	-	-	-	1,939
Interventional Urology	-	-	2,674	-	-	2,674
Advanced Wound Care	-	-	-	2,830	75	2,905
External revenue as per the statement of comprehensive income	**16,982**	**1,939**	**2,674**	**2,830**	**75**	**24,500**
Costs allocated to segment	-7,173	-1,273	-1,727	-1,761	-66	-12,000
Segment operating profit/loss	**9,809**	**666**	**947**	**1,069**	**9**	**12,500**
Shared/non-allocated						-5,655
Special items not included in segment operating profit/loss (see note 3)						-74
Operating profit before tax (EBIT) as per the statement of comprehensive income						**6,771**
Net financials						-746
Tax on profit/loss for the year						-1,242
Profit/loss for the year as per the statement of comprehensive income						**4,783**

DKK million	Chronic Care	Voice and Respiratory Care	Interventional Urology	Advanced Wound Dressings	Biologics	Group
2021/22						
Segment revenue:						
Ostomy Care	8,620	-	-	-	-	8,620
Continence Care	7,643	-	-	-	-	7,643
Voice and Respiratory Care	-	1,203	-	-	-	1,203
Interventional Urology	-	-	2,424	-	-	2,424
Advanced Wound Care	-	-	-	2,689	-	2,689
External revenue as per the statement of comprehensive income	**16,263**	**1,203**	**2,424**	**2,689**	**-**	**22,579**
Costs allocated to segment	-6,677	-820	-1,564	-1,600	-	-10,661
Segment operating profit/loss	**9,586**	**383**	**860**	**1,089**	**-**	**11,918**
Shared/non-allocated						-5,008
Special items not included in segment operating profit/loss (see note 3)						-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**

Note 3
Special items

DKK million	2022/23	2021/22
Provisions for litigation about transvaginal surgical mesh products	200	300
Reversal of provision related to business combinations	-244	-
Expenses related to business combinations	118	171
Total	**74**	**471**

Special items contain DKK 200 million further and final provision related to the MDL lawsuits in the US alleging injury from the use of transvaginal surgical mesh products. See note 5 of the financial statements for more information.

Special items contain an income of DKK 244 million related to Atos Medical US billing compliance. The exposure and related provision have been reassessed and the provision at 30 September 2023 was reduced to DKK 90 million.

Special items also include expenses related to business combinations (Atos Medical integration costs and costs related to the acquisition of Kerecis). Transaction costs related to the Kerecis acquisition amounts to DKK 53 million.

Note 4
Financial income and expenses

DKK million	2022/23	2021/22
Financial income		
Interest income	36	12
Fair value adjustments of forward contracts transferred from other comprehensive income	40	-
Fair value adjustments of cash-based share options	1	2
Interest hedges	75	27
Net exchange adjustments	-	57
Hyperinflationary adjustment of monetary position	36	19
Other financial income	3	2
Total	**191**	**119**
Financial expenses		
Interest expenses	169	40
Interest expenses, lease liabilities	24	16
Interest expenses, bonds	445	116
Fair value adjustments of forward contracts transferred from other comprehensive income	-	191
Net exchange adjustments	218	-
Other financial expenses and fees	81	68
Total	**937**	**431**

Note 5
Other provisions

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

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

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

An additional expense of DKK 0.2 billion has been recognised in Q3 2022/23 to cover further costs to resolve the remaining claims as the process takes longer than previously anticipated. The total amount recognised since the 2013/14 financial year for expected costs of litigation in the USA amounts to DKK 6.35 billion including legal costs (before insurance cover of DKK 0.5 billion). With this, Coloplast considers the MDL lawsuits closed.

The remaining provision made for legal claims amounted to DKK 0.1 billion at 30 September 2023 (DKK 0.2 billion at 30 September 2022) plus DKK 0.1 billion recognised under other debt (DKK 0.3 billion at 30 September 2022). Liabilities are classified as other debt when agreements are reached with the plaintiffs' legal counsel and amounts and timing become known.

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

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

Note 6
Bonds

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 Floating Rate Note carries a coupon adjusted quarterly. COLOCB2 carries a fixed coupon for five years, and COLOCB3 carries 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	Amount, million	Expiry date	Coupon[1)]
COLOCB1	EUR	650	19-05-2024	4.57
COLOCB2	EUR	850	19-05-2027	2.25
COLOCB3	EUR	700	19-05-2030	2.75

[1)] Fixed for COLOCB1 as per 17-08-2023. The coupon rate is set as 3M Euribor + 0.75%.

Note 7
Specifications of cash flow from operating activities

DKK million	2022/23	2021/22
Net gain/loss on divestment of non-current assets	3	7
Change in other provisions	-281	-3
Other non-cash operating items	58	52
Adjustment for other non-cash operating items	**-220**	**56**
Inventories	-474	-540
Trade receivables	-392	-351
Other receivables, including amounts held in escrow	11	-295
Trade and other payables etc.	-38	337
Changes in working capital	**-893**	**-849**

Note 8
Cash and cash equivalents

DKK million	2023	2022
Bank deposits, short term	911	414
Cash and cash equivalents at 30 September	**911**	**414**

Note 9
Contingent liabilities

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

Note 10
Acquisitions

In the financial year 2021/22 Coloplast acquired Atos Medical. See the Annual Report 2021/22 note 32 for further information on the acquisition.

On 31 August 2023 Coloplast acquired all shares and voting rights of Kerecis HF and its subsidiaries at a cash consideration of DKK 7,923 million.

About Kerecis
Kerecis develops, manufactures and sells patented fish-skin products for wound treatment that have regulatory approval in the United States, Europe, and several other jurisdictions. The products are classified as medical devices and Kerecis operates and develops product portfolios in the surgical, chronic and burn segment. The vast majority of Kerecis' sales are in the US. Kerecis is headquartered in Iceland and has around 550 employees globally.

Strategic rationale
The transaction gives Coloplast a unique opportunity to strengthen its presence in the advanced wound care market by entering the fast-growing US-centric biologics wound care segment. The acquisition supports Coloplast to expand its position in the US biologics market and in the mid- to long-term also in geographies outside of the US.

Transaction costs
In 2022/23, Coloplast incurred acquisition related costs of DKK 53 million, which has been recognised under special items in the statement of comprehensive income.

Purchase price and contingent consideration
The total purchase consideration amounts to DKK 8,868 million, including cash consideration, deferred consideration and contingent consideration.

Contingent consideration relates to a potential earn-out payment to the previous shareholders of Kerecis. The earn out depends, exclusively, on two targets, revenue and EBITDA, measured from 1 October 2023 to 30 September 2024. Each of the targets shall be subject to a maximum amount of 50% of the aggregated maximum earn out amount of USD 100m. Both thresholds are mutual qualifiers and must both be met to trigger any earn-out payment.

Contingent consideration is measured at fair value and classified as a financial liability in Coloplast's consolidated financial statements. The liability is subsequently remeasured to fair value, with changes in fair value recognized in profit or loss. The fair value of contingent consideration amounts to DKK 648 million at the acquisition date.

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 preliminary. Adjustments may be applied to the purchase price allocation for a period of up to 12 months from the acquisition date in accordance with IFRS3.

Intangible assets consist of customer relationships (DKK 324m) and patent and trademarks (DKK 2,835m). Customer relationships consist of access to In-patients (private offices and hospitals) and out-patients (private clinics). Patent and trademarks consist of developed technology (production know how and patents) and the corporate trademark, Kerecis. The fair value of acquired trade receivables is DKK 179 million. Trade receivables have only been subject to insignificant write-downs.

After recognition of identifiable assets and liabilities at fair value, goodwill related to the acquisition amounts to DKK 6,184 million. Goodwill is mainly related to the expertise and knowhow of the acquired workforce. It will not be deductible for tax purposes.

Note 10, continued

Details of the purchase consideration, the assets and liabilities recognised as a result of the acquisition are as follows:

DKK million	Fair value at date of acquisition (31/08/2023)
Assets identified at fair value:	
Customer relationships	324
Patents and trademarks	2,835
Property, plant and equipment	19
Right-of-use assets	11
Deferred tax assets	17
Inventories	35
Trade receivables and other receivables	179
Cash and cash equivalents	194
Total assets	**3,614**
Liability identified at fair value:	
Lease liabilities	11
Corporate tax	6
Trade and other payables	253
Deferred tax liability	660
Total liability	**930**
Total net assets acquired	**2,684**
Goodwill	6,184
Consideration transferred	**8,868**
Payable consideration	-103
Contingent consideration	-648
Acquired cash	-194
Cash consideration paid	**7,923**

Earnings impact

In 2022/23, Kerecis is recognized in consolidated net revenue at DKK 75 million and in consolidated operating profit before special items at DKK 0 Million, which includes around DKK 9 million PPA amortization costs. If the acquisition had occurred on 1 October 2022, consolidated pro-forma revenue and operating profit before special items for the period ended 30 September 2023 of the acquired Group would have been approximately DKK 772 million and DKK 46 million excluding amortizations of intangibles recognised in the acquisition (DKK 103 million).

Kerecis activities is presented as a new operating segment for the Coloplast Group.

Fair value measurement

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

Note 10, continued

Customer relationships
Customer relationships have been valued using the income-Multi-period Excess 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 11.9% as discount rate. The main input 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.

Patent and trademarks
Technology has been measured by applying the income-based relief from royalty method to the revenue stream. The discount rate applied is 10.9% which is deemed a fair reflection of the risk comprised in the technology, which is well protected and unique for the industry.

The corporate trademark, Kerecis, is valued by applying the income-based relief from royalty method, where the royalty rate is based on benchmark study of valuations from former transactions with similar assets. The discount rate applied is 11.9% which is deemed a fair reflection of the risk comprised in the corporate trademarks.

Trade receivables and payables
Trade receivables and trade payables have not been fair value adjusted as the current provisions are sufficient in terms of potential losses based on historical information.

Income statement, quarterly

Unaudited

Consolidated	2022/23				2021/22			
DKK million	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	6,226	6,108	6,061	6,105	6,059	5,849	5,502	5,169
Production costs	-2,094	-2,085	-2,034	-1,959	-1,889	-1,801	-1,721	-1,639
Gross profit	**4,132**	**4,023**	**4,027**	**4,146**	**4,170**	**4,048**	**3,781**	**3,530**
Distribution costs	-1,905	-1,866	-1,882	-1,865	-1,872	-1,813	-1,620	-1,492
Administrative expenses	-279	-262	-277	-297	-276	-270	-264	-195
Research and development costs	-231	-216	-209	-216	-217	-222	-222	-205
Other operating income	17	13	17	9	15	30	15	14
Other operating expenses	-20	-6	-5	-3	-6	-12	-4	-3
Operating profit (EBIT) before special items	**1,714**	**1,686**	**1,671**	**1,774**	**1,814**	**1,761**	**1,686**	**1,649**
Special items	-69	28	-20	-13	-36	-20	-381	-34
Operating profit (EBIT)	**1,645**	**1,714**	**1,651**	**1,761**	**1,778**	**1,741**	**1,305**	**1,615**
Financial income	81	37	42	31	-29	79	50	19
Financial expenses	-199	-141	-232	-365	-137	-149	-68	-77
Profit before tax	**1,527**	**1,610**	**1,461**	**1,427**	**1,612**	**1,671**	**1,287**	**1,557**
Tax on profit for the period	-298	-338	-306	-300	-382	-382	-307	-350
Net profit for the period	**1,229**	**1,272**	**1,155**	**1,127**	**1,230**	**1,289**	**980**	**1,207**

DKK								
Earnings per share (EPS) before special items	5.72	5.88	5.51	5.36	5.92	6.14	6.00	5.80
Earnings per share (EPS)	5.47	5.99	5.44	5.31	5.79	6.07	4.61	5.67
Earnings per share (EPS) before special items, diluted	5.72	5.88	5.51	5.35	5.92	6.13	5.99	5.78
Earnings per share (EPS), diluted	5.47	5.98	5.44	5.31	5.79	6.06	4.60	5.66

Five-year financial highlights and key ratios

Income statement, DKK million	2022/23	2021/22	2020/21	2019/20	2018/19
Revenue	24,500	22,579	19,426	18,544	17,939
Research and development costs	-872	-866	-755	-708	-692
Operating profit before interest, tax, depr. and amort. (EBITDA)	7,840	7,369	6,947	6,705	5,807
Operating profit before interest, taxes and amortisation (EBITA) before special items	7,179	7,170	6,484	6,013	5,707
Operating profit (EBIT) before special items	6,845	6,910	6,355	5,854	5,556
Special items	-74	-471	-200	-	-400
Operating profit (EBIT)	6,771	6,439	6,155	5,854	5,156
Net financial income and expenses	-746	-312	78	-388	-128
Profit before tax	6,025	6,127	6,233	5,466	5,028
Net profit for the year	4,783	4,706	4,825	4,197	3,873
Revenue growth					
Annual growth in revenue, %	9	16	5	3	9
Growth breakdown:					
Organic growth, %	8	6	7	4	8
Currency effect, %	-2	4	-2	-1	1
Acquired operations, %	3	6	0	-	0
Balance sheet, DKK million					
Total assets[1)]	48,159	37,446	15,841	13,499	12,732
Capital invested	37,255	27,679	11,576	9,864	8,748
Net interest-bearing debt	18,660	18,091	2,112	1,162	539
Equity at year end	17,299	8,292	8,168	7,406	6,913
Cash flows and investments, DKK million					
Cash flows from operating activities	4,226	5,099	5,290	4,759	4,357
Cash flows from investing activities	-8,957	-11,759	-2,011	-901	-591
Investments in property, plant and equipment, gross	-1,020	-927	-919	-846	-617
Free cash flow	-4,731	-6,660	3,279	3,858	3,766
Cash flows from financing activities	5,265	6,591	-3,176	-3,857	-3,714
Key ratios					
Average number of employees, FTEs	14,903	13,650	12,578	12,250	11,821
Operating margin (EBIT margin) before special items, %	28	31	33	32	31
Operating margin (EBIT margin), %	28	29	32	32	29
Operating margin before interest, tax, depr. and amort. (EBITDA margin), %	32	33	36	36	32
Gearing ratio, NIBD/EBITDA before special items	2.4	2.3	0.3	0.2	0.1
Return on average invested capital before tax (ROIC), %[2)]	21	35	58	59	62
Return on average invested capital after tax (ROIC), %[2)]	17	27	45	46	48
Return on equity, %	59	64	70	66	65
Equity ratio, %[1)]	36	22	52	55	54
Net asset value per outstanding share, DKK	77	39	38	35	33

Share data	2022/23	2021/22	2020/21	2019/20	2018/19
Share price, DKK	**748**	776	1,007	1,004	825
Share price/net asset value per share	**10**	20	26	29	25
Average number of outstanding shares, in million	**214**	213	213	213	212
PE, price/earnings ratio	**34**	35	44	51	45
Dividend per share, DKK[3)]	**21.0**	20.0	19.0	18.0	17.0
Payout ratio, %[4)]	**96**	84	81	91	86
Earnings per share (EPS), diluted	**22.20**	22.11	22.63	19.67	18.18
Free cash flow per share	**-22**	-31	15	18	18

Key ratios have been calculated and applied in accordance with the Recommendations and Financial Ratios issued by the Danish Society of Financial Analysts.
1) The opening balance for goodwill has been adjusted due to changes in the purchase price allocation of Atos Medical Group, as a result of the subsequent transfer of the intangible assets to Coloplast A/S is considered an integral part of the transaction, and thus, a deferred tax step-up is recognised as part of the purchase price allocation. This resulted in an increase in goodwill of DKK 2,490 million and an increase in deferred tax liability of DKK 2,490 million. 2) This item is provided before special items. After special items, ROIC before tax was 21%/33%/57%/61%/60%, and ROIC after tax was 17%/25%/44%/47%/46%. 3) The figure shown for the 2022/23 financial year is the proposed dividend. 4) This item is before special items. After special items, the payout ratio is 97%/90%/84%/91%/93%.

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

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

Our vision
Setting the global standard
for listening and responding

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

Coloplast was founded on passion, ambition, and commitment. We were born from a nurse's wish to help her sister and the skills of an engineer. Guided by empathy, our mission is to make life easier for people with intimate healthcare needs. Over decades, we have helped millions of people to live a more independent life and we continue to do so through innovative products and services. Globally, our business areas include Ostomy Care, Continence Care, Advanced Wound Care, Interventional Urology and Voice and Respiratory Care.