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Coloplast delivers solid start to the year with 6% organic growth in Q1 and a 32% EBIT margin before special items

The company is updating its financial guidance for 2021/22 to reflect the Atos Medical acquisition, which is targeted to close on January 31, 2022. Organic revenue growth guidance is unchanged, expected around 7% at constant exchange rates. Reported growth in DKK is expected to be around 15% from previously around 8% due to positive currency movements and including 8 months of Atos Medical revenue. The reported EBIT margin before special items is expected to be around 31% from previously around 32% due to around DKK 200 million in amortization charges related to the Atos Medical acquisition.

Coloplast delivered 6% organic growth in Q1, while reported revenue in DKK was up by 9% to DKK 5,169 million. EBIT before special items was DKK 1,649 million, a 7% increase from last year, corresponding to an EBIT margin before special items of 32% against 32% last year. ROIC after tax before special items was 43% against 44% last year.

- "We are off to a good start to the year with 6% organic growth in Q1. Despite the challenges created by the pandemic, we continue to grow across all our business areas and sales regions, which means that we continue to help more and more people with intimate healthcare needs live better lives. In Q1, we have yet again managed to keep our people safe, while continuing to serve our customers. This makes me very proud," says Coloplast CEO Kristian Villumsen.

In Q1, Coloplast delivered 6% organic growth in Ostomy Care, 5% in Continence Care, 5% in Interventional Urology, and 12% in Wound & Skin Care. Looking at organic growth rates by geography, the European markets reported 6% growth, Other developed markets grew 5%, while Emerging markets contributed with 8% growth.

- "Our Chronic Care business delivered a satisfactory first quarter driven by solid growth in Europe due to a normalised growth in new patients as well as continued strong performance in many of our Emerging markets. China remains impacted by COVID-19 and weaker consumer sentiment, and as expected the US posted a slow start to the year impacted by a high baseline in Q1 last year and continued lower growth in new patients in Continence Care due to COVID-19," says Kristian Villumsen.
- "Growth in the Interventional Urology business was impacted by a high baseline in Men's Health, but the underlying growth was solid in the Men's and Women's Health businesses in the US as well as the Endourology business in Europe. Our Wound & Skin Care business delivered a very strong quarter, with Wound Care delivering 17% organic growth, driven by solid momentum in Europe and the Biatain® Silicone portfolio," says Kristian Villumsen.

Acquisition of Atos Medical

On November 8, 2021, Coloplast announced an agreement to acquire Atos Medical, the global market leader in laryngectomy, for an enterprise value of EUR 2,155 million (DKK 16 billion).

The transaction is targeted to close on January 31, 2022, as all relevant regulatory approvals have been received.

With the acquisition, Coloplast gains access to a new chronic care segment with long-term growth potential. Atos Medical will run as a separate strategic business unit operating on shared Coloplast infrastructure.

Atos Medical is expected to grow 8-10% organically, with an EBITDA margin in the mid-30s level, and will contribute to Coloplast's Strive25 financial guidance of 7-9% organic growth and a +30% EBIT margin.

2021/22 financial guidance updated to reflect the acquisition of Atos Medical, targeted to close on January 31, 2022

Organic revenue growth guidance is unchanged, expected around 7% at constant exchange rates. Reported growth in DKK excluding Atos Medical is expected to be around 9% from previously around 8% due to FX movements. The impact of the Atos Medical acquisition on reported growth is expected to be around 6%-points (8 months impact). In total, reported growth is expected to be 15%.

The reported EBIT margin before special items is expected around 31% from previously around 32%, due to around DKK 200 million in amortization charges related to the Atos Medical acquisition (8 months impact). The reported EBIT margin after special items is expected to be around 30%, impacted by special items of around DKK 150 million, related to one-off transaction and integration costs related to Atos Medical.

Capital expenditures expected to be around DKK 1.3 billion, from previously DKK 1.2 billion, increase reflecting the impact from Atos Medical capex and integration capex related to the acquisition. The effective tax rate is expected to be around 23% from previously 22-23%, reflecting impact from the Atos Medical acquisition.

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Financial highlights and key ratios

| DKKm | 2021/22 – Q1 | 2020/21 – Q1 | Change |
|----------------------------------|--------------|--------------|--------|
| Revenue | 5,169 | 4,738 | 9% |
| EBIT before special items | 1,649 | 1,536 | 7% |
| EBIT margin before special items | 32% | 32% | |
| Special items | -34 | - | |
| EBIT after special items | 1,615 | 1,536 | 5% |
| EBIT margin after special items | 31% | 32% | |
| Net profit for the period | 1,207 | 1,136 | 6% |

Coloplast develops products and services that make life easier for people with very personal and private medical conditions. Working closely with the people who use our products, we create solutions that are sensitive to their special needs. We call this intimate healthcare. Our business includes Ostomy Care, Continence Care, Wound and Skin Care and Interventional Urology. We operate globally and employ about 12,500 employees.

Sales performance by business area

| DKKm | 2021/22 - Q1 | 2020/21 - Q1 | Organic growth | Reported growth |
|------------------------|--------------|--------------|----------------|-----------------|
| Ostomy Care | 2,098 | 1,932 | 6% | 9% |
| Continence Care | 1,844 | 1,705 | 5% | 8% |
| Interventional Urology | 579 | 536 | 5% | 8% |
| Wound & Skin Care | 648 | 565 | 12% | 15% |
| Net revenue | 5,169 | 4,738 | 6% | 9% |

Sales performance by region

| DKKm | 2021/22 - Q1 | 2020/21 - Q1 | Organic growth | Reported growth |
|-------------------------|--------------|--------------|----------------|-----------------|
| European markets | 2,959 | 2,737 | 6% | 8% |
| Other developed markets | 1,285 | 1,174 | 5% | 9% |
| Emerging Markets | 925 | 827 | 8% | 12% |
| Net revenue | 5,169 | 4,738 | 6% | 9% |

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