

Q1 2024/25 Pre-close brief – December 2024

Prior to entering our close period on 23 December 2024 and ahead of reporting our Q1 results on 4 February 2025 for the period ending 31 December 2024, we would like to bring the following highlights to your attention:

Product updates

- The rollout of Coloplast's new intermittent catheter Luja™ continues, with Luja for women* now available in eight markets.
- The first variants of the SenSura® Mio ostomy bags in black are now available in 12 markets.

Final Local Coverage Determination (LCD) policy for skin substitutes announced on 14 November 2024¹

- The final LCD policy, effective as of 12 February 2025, introduces two lists with covered products for treatment of Diabetic Foot Ulcers (DFUs) and treatment of Venous Leg Ulcers (VLUs) in the Medicare population.
- Kerecis is included on the list of covered products for DFUs. Kerecis is not included on the list for VLUs (VLU-related sales in the out-patient setting represent a low-single digit portion of the total Kerecis' sales).
- The financial assumptions for Kerecis with a 3-year CAGR of around 30% until 2025/26 and an EBIT margin of around 20% (ex. PPA amortization) in FY 2025/26 are unchanged. Sales lost related to VLUs as a result of the final LCD policy are expected to be offset by faster growth in the DFUs segment.

Divestment of core Skin Care product portfolio to support margin improvement in Advanced Wound Care

- On 4 December 2024, Coloplast announced the divestment of its core Skin Care product portfolio, a part of a strategic initiative to simplify business operations and improve profitability in Advanced Wound Care.
- Revenue from the core Skin Care business amounted to around DKK 400 million in FY 2023/24 with an operating profitability level significantly below the group EBIT margin.
- The divestment will reduce reported revenue for FY 2024/25 with around DKK 350 million, or around -1.5% -points impact on reported revenue growth, and will have a positive impact on the group EBIT margin.

Voluntary product recall in Interventional Urology

- Coloplast has initiated a product recall in the Bladder Health and Surgery segment in Interventional Urology due to a possible sterility issue related to the packaging of the products.
- The product recall will have a negative revenue impact of DKK 40-50 million, majority of which impacting Q1 2024/25. As a consequence, revenues in Interventional Urology in Q1 are expected to decline at a low single-digit rate. The situation is expected to be resolved during Q2, and majority of lost revenues are expected to be recovered in the second half of the year.

Financial guidance for FY 2024/25

(based on spot rates as of 1 November 2024)

- Current macroeconomic and industry-specific trends are continuously monitored and evaluated, and result in a higher degree of uncertainty.
- Organic revenue growth at constant exchange rates is expected at 8-9% and assumes:
 - Growth across business areas and geographies is expected to be largely in line with the Strive25 expectations, with the exception of China Chronic Care and Interventional Urology.
 - China Chronic Care: mid-single digit growth, with continued impact from consumer sentiment.
 - Interventional Urology: a higher level of uncertainty due to the above-mentioned product recall.
 - Around 1%-point contribution from Kerecis to group organic growth.
 - Positive pricing impact expected, however, at a lower level compared to FY 2023/24.
 - A stable supply and distribution of products across the company.
 - Phasing: organic growth is expected to be H2-weighted due to the impact from the product recall in Interventional Urology.
 - The organic growth by quarter for FY 2023/24 was: Q1 7.5%, Q2 7.5%, Q3 7.8%, Q4 8.2%.
- Reported revenue growth in DKK assumes neutral impact from currencies and around -1.5%-points impact from the above-mentioned divestment.
- The gross margin for FY 2024/25 is expected to be around 68% and includes benefit from lower inflationary pressure on input costs, partly offset by ramp-up activities in Costa Rica and Portugal.

- The reported EBIT margin before special items for FY 2024/25 is expected to be around 28% and assumes:
 - Prudent management of operating costs (expected to grow below reported revenue growth, excluding the divestment).
 - Improvement in profitability in Advanced Wound Care (ex. Kerecis) with positive impact on the group EBIT margin of around 30 basis points (majority of which related to the Skin Care divestment).
 - Incremental investments at the lower end of the Strive25 guidance of up to 2% of sales.
 - Kerecis: improvement in profitability, however, continued negative impact on the group EBIT margin of around 100 basis points (including around DKK 100 million in PPA amortisation).
 - Extraordinary costs related to the establishment of the new US distribution centre in H1 2024/25 of around DKK 30 million, expected to gradually come down towards the end of H1.
 - Neutral impact from currencies.
 - Phasing: an EBIT margin of around 27% at the start of the year, and gradual increase from here over the quarters.
- Special items of around DKK 130 million expected in FY 2024/25, mostly related to the Atos Medical integration and the profitability improvement initiatives in Advanced Wound Care (ex. Kerecis), of which around DKK 70 million in Q1.
- CAPEX for FY 2024/25 expected to be around DKK 1.4 billion.
- The net financial expenses for FY 2024/25 are expected around DKK -750 million.
- The effective tax rate for the year is expected to be around 22%.
- Net working capital for the year is expected to be around 24% of revenue.

Foreign exchange rates

Please see below an updated FX overview with spot rates as of 13 December 2024. Exchange rate exposure and hedging policy are available on page 63 in our latest roadshow presentation ([Roadshow presentation](#)).

Currency	Average exchange rates for FY 2023/24 ¹⁾	Spot rates 13 December 2024	Change in spot rates vs. average exchange rates FY 2023/24	Average exchange rates Q1 2023/24	Average exchange rates YTD 2024/25 (1 October 2024 - 13 December 2024)	Change in average exchange rates
Key currencies:						
USD	688	713	4%	697	696	0%
GBP	872	900	3%	856	895	5%
HUF	1.92	1.82	-5%	1.92	1.84	-4%
Other selected currencies:						
CNY	96	98	3%	98	97	-1%
JPY	4.58	4.67	2%	4.96	4.59	-7%
AUD	454	454	0%	462	458	-1%
BRL	134	139	4%	138	121	-13%
ARS ²⁾	0.69	0.70	1%	0.83	0.70	-16%

1) Average exchange rate from 1 October 2023 to 30 September 2024.

2) The hyperinflationary economy in Argentina entails that results denominated in Argentinian Peso must be adjusted for inflation and be translated at the exchange rate of the balance sheet day which was DKK 0.83 per ARS 100.00 at 29 December 2023, DKK 0.69 per ARS 100.00 at 30 September 2024 and DKK 0.70 per ARS 100.00 at 13 December 2024.

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

Best regards,

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