Company registration (CVR) No.: 69 74 99 17

Annual Report

2019/20

Flemming,
Wound dressing user

Making life easier

Coloplast

Five-year financial highlights and key ratios

	2019/20	2018/19	2017/18	2016/17	2015/16
Income statement, DKK million					
Revenue	18,544	17,939	16,449	15,528	14,681
Research and development costs	-708	-692	-640	-574	-509
Operating profit before interest, tax, depr. and amort. (EBITDA)	6,705	5,807	5,716	5,635	4,624
Operating profit (EBIT) before special items	5,854	5,556	5,091	5,024	4,846
Special items[1)]	-	-400	-	-	-750
Operating profit (EBIT)	5,854	5,156	5,091	5,024	4,096
Net financial income and expenses	-388	-128	-82	-72	-13
Profit before tax	5,466	5,028	5,009	4,950	4,082
Net profit for the year	4,197	3,873	3,845	3,797	3,143
Revenue growth					
Annual growth in revenue, %	3	9	6	6	6
Growth breakdown:					
Organic growth, %	4	8	8	7	7
Currency effect, %	-1	1	-4	-1	-1
Acquired operations, %	-	0	1	1	-
Other matters, %	-	-	1	-1	-
Balance sheet, DKK million					
Total assets	13,499	12,732	11,769	12,050	11,007
Capital invested	9,864	8,748	8,468	7,977	5,551
Net interest-bearing debt	1,162	539	754	826	-813
Equity at year end	7,407	6,913	6,418	5,952	5,068
Cash flows and investments, DKK million					
Cash flows from operating activities	4,759	4,357	4,361	3,251	3,028
Cash flows from investing activities	-901	-591	-947	-1,619	-603
Investments in property, plant and equipment, gross	-846	-617	-616	-661	-627
Free cash flow	3,858	3,766	3,414	1,632	2,425
Cash flows from financing activities	-3,857	-3,714	-3,430	-1,863	-2,868
Key ratios					
Average number of employees, FTEs	12,250	11,821	11,155	10,420	9,817
Operating margin (EBIT margin) before special items, %	32	31	31	32	33
Operating margin (EBIT margin), %	32	29	31	32	28
Operating margin before interest, tax, depr. and amort. (EBITDA margin), %	36	32	35	36	31
Return on average invested capital before tax (ROIC), %[2)]	59	62	57	61	63
Return on average invested capital after tax (ROIC), %[2)]	46	48	44	47	49
Return on equity, %	66	65	72	77	69
Equity ratio, %	55	54	55	49	46
Net asset value per outstanding share, DKK	35	33	30	28	24
Share data					
Share price, DKK	1,004	825	657	511	514
Share price/net asset value per share	29	25	22	18	21
Average number of outstanding shares, in million	213	212	212	212	212
PE, price/earnings ratio	51	45	36	29	29
Dividend per share, DKK[3)]	18.0	17.0	16.0	15.0	13.5
Payout ratio, %[4)]	91	86	88	84	77
Earnings per share (EPS), diluted	19.67	18.18	18.10	17.87	14.78
Free cash flow per share	18	18	16	8	11

The Group has applied IFRS 16 "Leases" for the first time on 1 October 2019. The amounts for 2015/16-2018/19 have not been restated. Please refer to note 2.

1) Special items include the costs of settlements and costs in connection with the lawsuits in the United States alleging injury resulting from the use of transvaginal surgical mesh products. **2)** This item is provided before special items. After special items, ROIC before tax was 61%/60%/62%/74%/80%, and ROIC after tax was 47%/46%/47%/57%/62%. **3)** The figure shown for the 2019/20 financial year is the proposed dividend. **4)** For the 2018/19 and 2015/16 financial years, this item is before special items. After special items, the payout ratio is 93%/91%.
Key ratios have been calculated and applied in accordance with Recommendations & Financial Ratios issued by the Danish Society of Financial Analysts.

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A message from the Chairman

> *In September we launched our new **Strive25** strategy with ambitious long-term financial targets of 7-9% organic growth and more than 30% EBIT margin.*

Dear shareholders,

2020 was a year marked by the COVID-19 pandemic which left no one untouched. The resulting challenges reinforced our resolve to continue working towards our mission of making life easier for people with intimate health care conditions. This is what defines us, and this is what drives us forward.

As a company we aspire to emerge stronger from the crisis as well as continue to build the consumer health care company of the future.

With the full support of the Board of Directors, the Executive Leadership team has focused on delivering the final year of the LEAD20 strategy. I am proud to conclude that our LEAD20 strategy successfully accelerated growth and value creation – delivering value to all our stakeholders.

One of my key priorities since becoming Chairman of the Board has been to broaden the scope of the Board's strategic work to ensure Coloplast maintains its position as the market leader. The key task at hand this year was to develop a new strategy for the company.

In my role, I continue to firmly believe that effective boardrooms are built on a foundation of collaboration and trust. I also place great emphasis on the strong collaboration between the Board and Executive Leadership. This year, this played out through the successful collaboration on the company's future strategy.

Together with my peers on the Board of Directors and Executive leadership, I spent a significant amount of time discussing the strategic direction for the company for the next five years and beyond. We placed an emphasis on the key strategic themes including innovation, digitalisation, sustainability, as well as the path towards successful execution in two of our key markets, US and China. M&A as a potential avenue for growth is more prominently placed on the agenda.

Coloplast's new ***Strive25*** strategy was announced to the market at the end of September along with ambitious long-term financial targets of 7-9% organic growth and more than 30% EBIT margin. With ***Strive25***, I am confident that Coloplast will strike the right balance between continuity and renewal to capitalise on growth opportunities and secure sustained growth above the market.

To prepare for the delivery of the ***Strive25*** strategy, the Executive Leadership Team was expanded from four to six members. In line with the company's strategic objectives, Executive Leadership has been strengthened within two key areas, Innovation as well as People & Culture.

Strive25 will drive value creation through Sustainable Growth Leadership. As businesses evolve, the biggest challenge of many companies is to ensure smooth leadership succession and cultural continuity. Through elevating People & Culture to the Executive Leadership level, we have taken a further step to address this challenge.

I believe that sustainability is central to corporate competitiveness and a company's continued ability to operate. Respect and responsibility are core values to us, and Coloplast has always aspired to act responsibly.

Coloplast has been committed to the UN Global Compact since 2002, and we are also committed to contributing to the success of the Sustainable Development Goals through collaboration wherever relevant. As part of ***Strive25,*** sustainability is now an integral part of our company's strategy. Environmental concerns top the global risk list, and Coloplast will take key steps towards reducing our environmental footprint.

To serve as the basis for our new sustainability strategy, Coloplast has systematically assessed our impact on the Sustainable Development Goals. Our main contributions are on 'Good Health and Well-Being', 'Responsible Consumption and Production' and 'Climate Action' (SDGs 3, 12 and 13).

Today, I am pleased to present our Annual Report, which looks back on a turbulent year. Despite delivering the company's lowest organic growth rate in decades, it is fair to conclude that this year confirms the strength of Coloplast's business model to deliver solid performance and earnings growth even during the most challenging times. Most importantly, our products have continued to help make life easier for people with intimate health care conditions.

In conclusion, based on our company's financial performance in 2019/20, the Board of Directors will propose a total dividend of DKK 18.00 per share at the Annual General Meeting in December 2020.

On behalf of the Board of Directors, I would like to thank Coloplast's leadership team for steering the organisation through this difficult environment. A crisis year during which the company found the right balance between looking after the company's employees, customers, shareholders and community.

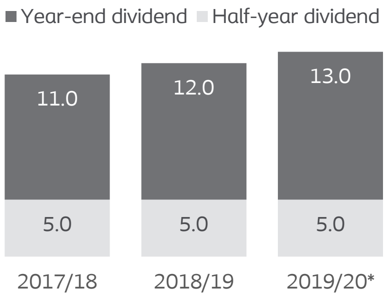
Once again, thank you to our employees for their hard work and perseverance. I would also like to thank you, our shareholders, for your trust and support.

Lars Rasmussen
Chairman of the Board of Directors

Proposed dividend per share is DKK 13.00 on top of a 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 13.00 per share. In addition to a dividend of DKK 5.00 per share paid out in connection with the half-year results in May 2020, which brings the total dividend paid for the year to DKK 18.00 per share, compared with DKK 17.00 per share last year.

DIVIDEND PER SHARE (DKK)



* Proposed dividend per share.

Our CEOs view on the business

> *Strive25* will drive value creation through Sustainable Growth Leadership with a clear emphasis on Innovation, US and China.

Dear shareholders,

This year has been one of the most challenging years in our company's history. As this year draws to a close, I feel proud and optimistic about the future. I am proud of how our company and employees have managed the impact of COVID-19. Optimistic about our future which holds many opportunities for growth.

Few anticipated the severity and speed with which COVID-19 impacted the global population in early 2020. Through strong global crisis management, we swiftly put all the necessary measures in place to keep our people safe, continue to serve our customers and maintain business operations.

I would like to thank everyone in the company for assuming this responsibility.

I also want to express my gratitude to our clinician partners for their dedication to serving patients during this challenging time.

There are many stories to share.
In March, our home distribution business in Italy was able to get products to users in areas under full lockdown.
Coloplast donated Comfeel® products to health care professionals to wear under face masks to prevent pressure injuries.

Practically overnight, following the outbreak, we set up our consumer teams remotely from home and we have been able to service and talk to our end-users exactly like we did before the outbreak. At the height of the pandemic, around 6,000 employees found effective new ways of working from home.

At Coloplast we are building the consumer healthcare company of the future. We have built a model that reaches users at scale. Through Coloplast Care & Direct to Consumer, we are present in over 30 countries with a consumer setup. We make more than 3 million calls with consumers a year and now have around 2 million consumers in our database. We have direct distribution in our five largest markets. Through the COVID-19 crisis, this robust set-up allowed us to continue to engage in dialogue with consumers and secure product delivery. At Coloplast we have built one shared infrastructure, one ERP system and one CRM system, which allowed us to act fast and remotely, maintaining service levels throughout the busiest days our company has ever seen.

I remain fundamentally optimistic about the future. Coloplast is a growth company with a long-term view. We operate in attractive underlying markets growing 4%-5% which is driven by demographics and increasing health care standards in emerging markets. We continue to see numerous growth opportunities across business areas and geographies.

The COVID-19 crisis will pass and we aim to emerge as a stronger company. A key priority this year was to deliver the final year of our LEAD20 strategy and develop a new strategy for the company.

We can firmly conclude that our LEAD20 strategy has successfully delivered revenue growth, earnings and cash returns. This year, we delivered 4% organic growth, a 5% increase in EBIT and a 46% ROIC. In a very challenging year, these are respectable numbers.

With user needs at the centre, we have launched innovative products. However users still face challenges, which is why we initiated our Clinical Performance Programme in Chronic Care. We have made progress on key technologies and run clinical studies, but we still have more work to do in the next strategy period before these products are ready to launch.

A key milestone for me this year was engaging with our organisation and the Board of Directors in our strategy process leading up to the announcement of our new strategy ***Strive25*** in September. ***Strive25*** will drive value creation through Sustainable Growth Leadership with a clear emphasis on innovation, US and China.

We continue to set ambitious targets for long-term value creation through revenue and earnings growth. ***Strive25*** will deliver 7-9% organic growth p.a. and an EBIT margin of more than 30%. The strategy will be backed by annual incremental investments of up to 2% of revenues in innovation and commercial initiatives to fuel growth and sustain long-term competitive advantage. We will also actively pursue M&A opportunities to build growth options.

To deliver on ***Strive25***, we have set ourselves up differently. We have welcomed two new members to the Executive Leadership Team, Nicolai Buhl Andersen and Camilla G. Møhl, strong leaders with strong followership who will drive our important Innovation and People & Culture agendas.

Innovation is at the centre of the strategy – over the next five years, we aim to deliver on the Clinical Performance Programme in Chronic Care, continue to deliver new products within existing technologies and build more options in the pipeline.

In Chronic Care, we seek to continue to drive growth above the market and we are aiming for a stronger growth contribution from our US and Emerging market regions.

We are fully committed to investing in and scaling our interventional urology and wound & skin care businesses. Interventional Urology has delivered solid growth, but it needs a revitalised pipeline. Wound & Skin Care performance has improved but we need to drive profitability.

Our new strategy will be supported by key growth enablers including Efficiency, People and Sustainability.

We continue to strive for unparalleled efficiency and industry leading margins. We have initiated an ambitious 3-year Global Operations Plan 5. The key focus for the new plan is automation to secure a neutral FTE development in blue collar workers over the period. Two new factories will be finalised in Costa Rica during GOP5 creating a more diversified and robust global production network.

We also expect to continue to see a positive scale effect in our business support organisation driven by further utilisation of our Coloplast Business Centre in Poland.

At the heart of delivering on ***Strive25*** is our people and culture. We have a strong start on employee engagement and talent promotion that we strive to maintain.

I am very pleased to release this year's Sustainability Report together with the Annual Report. Coloplast has reached its 2020 targets to increase the use of renewable energy, recycle more of our waste and increase the diversity of our management.

Helping more people with intimate health care needs presents a dilemma because it means making more products, and therefore, potentially increasing the impact on the environment. We embrace that challenge and have set new ambitions for our sustainability efforts to support the UN Sustainable Development Goals and the Paris Agreement's goal to limit the global temperature increase to 1.5 degrees.

Our new sustainability strategy places a strong emphasis on improving our environmental performance by reducing emissions as well as improving products and packaging. At the same time, we reiterate our ongoing commitment to responsible operations. We will invest up to DKK 250 million over the strategy period to support our new sustainability strategy.

A sincere thank you to all our users, shareholders and the employees at Coloplast for your passion and dedication each day to build our company and deliver on our mission.

Kristian Villumsen
President & CEO

Coloplast across regions and business areas

***Ostomy** Care*

Ostomy bags, plates and supporting products

7.5 bn

Reported revenue in DKK

+6%

Organic growth at constant exchange rates

***Continence** Care*

Intermittent catheters, collecting devices and bowel management

6.8 bn

Reported revenue in DKK

+6%

Organic growth at constant exchange rates

***Interventional** Urology*

Vaginal slings, penile implants and disposable products for use in surgery

1.8 bn

Reported revenue in DKK

-7%

Organic growth at constant exchange rates

***Wound & Skin** Care*

Advanced wound care dressings, liquids and creams to treat wounds and contract manufacturing of consumer products

2.4 bn

Reported revenue in DKK

+1%

Organic growth at constant exchange rates

European markets

Western, Northern and Southern Europe

10.8 bn

Reported revenue in DKK

+2%

Organic growth at constant exchange rates

Other developed markets

USA, Canada, Japan, Australia and New Zealand

4.6 bn

Reported revenue in DKK

+5%

Organic growth at constant exchange rates

Emerging markets

All other markets

3.1 bn

Reported revenue in DKK

+8%

Organic growth at constant exchange rates

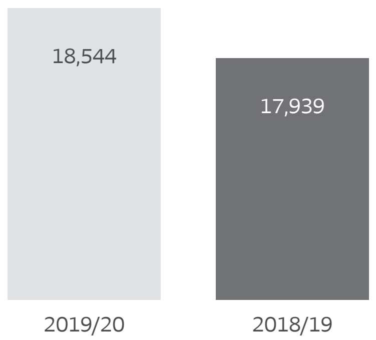
- European markets
- Other developed markets
- Emerging markets

2019/20 in brief

4%

Organic revenue growth in 2019/20 was driven by Chronic Care

REVENUE (DKK MILLION)



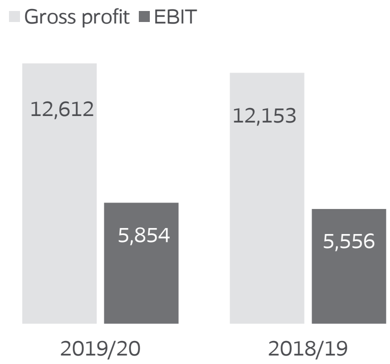
Organic growth was 4%, adversely impacted by the COVID-19 pandemic. The growth was driven by Ostomy Care and Continence Care, with 6% organic growth, respectively. Interventional Urology contributed with a negative organic growth of -7%, while Wound & Skin Care contributed with 1% organic growth.

Revenue in DKK amounted to 18,544 million, which is a 3% increase from 17,939 million last year.

32%

EBIT margin remained stable including commercial investments

GROSS PROFIT AND EBIT (DKK MILLION)



EBIT before special items amounted to DKK 5,854 million, which is a 5% increase from DKK 5,556 million last year.

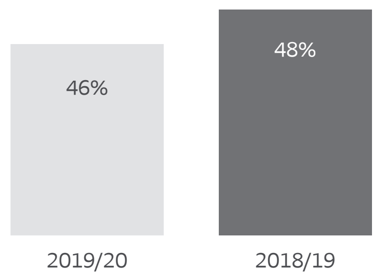
The increase in EBIT was a result of increasing revenues as well as a stable gross margin of 68% on par with last year. The EBIT margin before special items was 32% against 31% last year.

46%

ROIC after tax compared to 48%* last year

* Before special items

DEVELOPMENT IN ROIC AFTER TAX



ROIC after tax before special items was 46% against 48% last year.

The decrease was primarily due to an increase in invested capital mainly due to the adoption of IFRS 16 “Leases”[1] which entails that the right-of-use assets are now recognised on the balance sheet which were only partly offset by increased profitability.

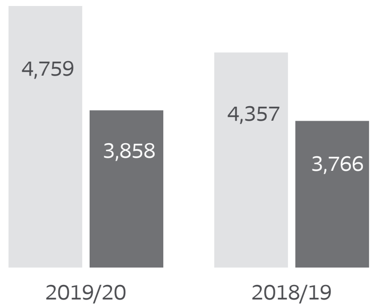
[1] Please refer to note 2.

3,858 m

Free cash flow
increased 2%
from last year

CASH FLOW (DKK MILLION)

Operating cash flow ■ Free cash flow



Cash flows from operating activities amounted to DKK 4,759 million, against DKK 4,357 million last year, and included a negative impact from increased tax payments. These were mainly driven by higher tax deductions last year in connection with payments made in respect of settlements in lawsuits in the USA alleging injury resulting from the use of transvaginal surgical mesh products.

Cash flows from investing activities were a DKK 901 million outflow, against a DKK 591 million outflow last year.

The free cash flow was an inflow of DKK 3,858 million which was up 2% from DKK 3,766 million last year.

Highlights from our ***sustainability*** agenda

44%

reduction of injuries with absence since 16/17.

41%

of production waste is recycled, up from 32% last year.

100%

of electricity use at our production sites and HQ is matched with renewable sources.

Please go to page 32 to read more about sustainability in Coloplast.

Download our Sustainability report
www.coloplast.com/about-coloplast/responsibility/policies/

Outlook and financial guidance

Our ***guidance*** for 2020/21

7-8%
Organic revenue growth at constant exchange rates.

31-32%
EBIT margin in DKK

around 1.1bn
Capital expenditure in DKK

around 23%
Effective tax rate.

Key financial guidance assumptions

Revenue growth
The impact of COVID-19 is continuously being monitored and evaluated on a short- and medium-term basis and due to COVID-19 there is higher uncertainty in the financial guidance.

Coloplast's full year financial guidance assumes the following:

a) Phasing of growth expected to be back-end loaded with low single-digit growth in the first half of 2020/21 and double-digit growth in the second half of 2020/21
b) Interventional Urology positively impacted by comparison period in 2019/20.
c) Uncertainty around growth in new patients across Chronic Care in the UK and other markets in particular in Europe.
d) Uncertainty around resumption of hospital activity impacting Wound & Skin Care.
e) No current knowledge of significant healthcare reform vs. French reform in 2019/20.
f) A stable supply and distribution of products across the company.

Reported growth in DKK is expected to be 4-5%.

The financial guidance takes account of known reforms. Our expectations of long-term price pressure, of up to 1% in annual price pressure is unchanged. Also, the financial guidance assumes sustained and stable sales growth in Coloplast's core markets and a continuation of the successful roll-out of new products.

EBIT margin
The EBIT margin guidance reflects additional incremental investments of up to 2% of revenue for innovation and sales and marketing purposes. The guidance assumes that Coloplast, in addition to achieving its growth target, will continue to deliver scale economy and efficiency improvements and prudent cost management.

CAPEX
The capex guidance includes investments in automation initiatives at volume sites in Hungary and China as part of GOP5, establishment of new volume site in Costa Rica, investments in new machines for existing and new products, IT investments and Sustainability investments.

Other assumptions
The provision made to cover costs relating to transvaginal surgical mesh products remains subject to a degree of estimation.

Long term financial guidance

Our long-term financial guidance for the ***Strive25*** strategy period running until end 2024/25 is the following:

7-9%
Organic growth p.a.

above 30%
EBIT margin at constant exchange rates

Dividend policy
The Board of Directors intends to distribute excess liquidity to the shareholders through dividends and share buy-backs.

Forward-looking statements

The forward-looking statements in this annual report, 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 health care 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 2020/21 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 2018/19	844	662	2.31
Average exchange rate 2019/20	850	667	2.17
Change in average exchange rates for 2019/20 versus 2018/19	1%	1%	-6%
Spot rate on 2 November 2020	826	640	2.03
Change in spot rates compared with average exchange rate 2019/20	-3%	-4%	-6%

Revenue is particularly exposed to developments in USD and GBP relative to DKK. Fluctuations in HUF against DKK have an effect on 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	-410	-170
GBP	-280	-190
HUF	-	100

The ostomy business continued solid growth

Ostomy Care

The performance

Ostomy Care generated 6% organic sales growth for the 2019/20 financial year, with reported revenue in DKK growing by 5% to DKK 7,538 million.

The SenSura® Mio portfolio and the Brava® range of supporting products continued to be the main drivers of revenue growth.

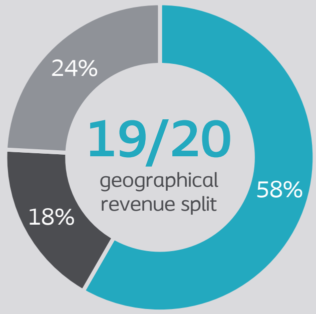
At the product level, SenSura Mio Convex was the main contributor to growth driven predominantly by Europe and the US. The SenSura and Assura/Alterna® portfolios also delivered satisfactory sales growth in the markets where they are actively promoted, most notably in China, which delivered growth in the period despite the COVID-19 pandemic.

During 2019/20, the SenSura Mio portfolio was launched in China and has been positively received.

Sales of Brava supporting products continue to contribute to growth, primarily driven by growth in the US, China and the UK.

From a country perspective, the US, the UK and China were the main contributors to growth. Solid performance in Latin America also contributed to growth. Weaker growth in Europe and particularly in the UK in Q4 negatively impacted full-year growth. Growth in France in the first three quarters of 2019/20, was negatively impacted by the reimbursement reform introduced 1 July 2019.

Across the Ostomy Care business, growth in new patients has been negatively impacted as only the most acute ostomy surgeries have taken place following the COVID-19 outbreak. The impact has been the largest in Europe and in particular in the UK, which is Coloplast's largest market in Europe. Growth in new patients continues to improve, albeit it at a slower pace in Europe.



7.5 bn

Reported revenue in DKK for 2019/20

6%

Organic growth at constant exchange rates

5%

Reported growth in DKK

Reported revenue included a negative effect from FX rates.

- European markets
- Other developed markets
- Emerging markets

The market

In 2019/20, the global market for ostomy care products was worth an estimated DKK 18-19 billion. The market size is primarily influenced by the prevalence of cancer and inflammatory bowel diseases as well as to which extent reimbursement is available for the products across the globe.

Market volume growth is driven by the ageing Western population and the increased access to health care in growth economies as well as improved compliance and usage rates across markets. In practical terms, market growth is dependent on the number of new patients entering the market compared to patients not using the products any more. Price and mix also have an impact on market growth as markets mature and there continues to be an upgrade to more advanced product categories across markets. In terms of price, in 2019/20 there was only one larger price reform in France, impacting prices in the ostomy care market negatively.

In 2019/20, the COVID-19 pandemic had a negative impact on the number of new patients entering the market as screening and treatment was either cancelled or postponed. This has negatively impacted the market growth temporarily until patients once again feel comfortable about or are able to seek screening and treatment.

As COVID-19 is not expected to impact the underlying dynamics of the ostomy market over time, the annual market growth is estimated at 4–5% excluding any short-term impact from COVID-19.

There are, including Coloplast, three larger global manufacturers in the ostomy market and a few local manufacturers. Coloplast continues to be the global market leader, holding a market share of 35–40%. The company's highest market share is in Europe and Emerging Markets, while the lowest is in the US.

REGIONAL MARKET SHARES

40-50%
Share of European markets
15-25%
Share of Other developed markets
45-55%
Share of Emerging markets

The definition of the market for ostomy products now also includes supporting products for people with a stoma. Coloplast markets supporting products, such as the Brava® range of products, which include the Brava Protective Seal and Brava Elastic Tape.

The market for ostomy supporting products is estimated at about DKK 3 billion with an annual market growth of 6-8%.

Coloplast has increased its market share further since last year from 30-35% to 35-40%.

18-19 bn
Market size
globally in DKK

35-40%
Market share
globally

4-5%*
Market growth
annually

#1
Market position
globally

European markets
Other developed markets
Emerging markets

**Excluding any impact from COVID-19*
Source: Coloplast

Continence Care

The performance

Continence Care generated 6% organic sales growth for the 2019/20 financial year, with reported revenue in DKK also growing by 6% to DKK 6,819 million.

SpeediCath® intermittent catheters and Peristeen® continued to be the main drivers of revenue growth.

The growth in sales of the SpeediCath portfolio was driven by flexible catheters, compact catheters and standard catheters, all of which are ready-to-use hydrophilic coated catheters.

The growth in flexible catheters was driven by the US and the UK, whereas the growth in compact catheters was driven by Europe, particularly the UK and Germany.

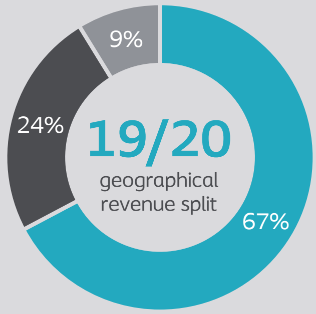
The Peristeen portfolio also continued to show good results driven by the US and France.

From a country perspective, sales growth was driven by the US and Europe. Weaker growth in Europe and in particular in the UK in Q4 negatively impacted full-year growth.

France contributed to growth despite a negative impact in the first three quarters from the French price reform introduced 1 July 2019.

Across the Continence Care business, growth in new patients has been negatively impacted due to the COVID-19 outbreak as only the most acute patient groups such as spinal cord injuries have been treated, whereas other patient groups including multiple sclerosis (MS) and benign prostate hyperplasia (BPH) patients have postponed their treatment.

The impact has been the largest in Europe and in particular in the UK, which is Coloplast's largest market in Europe. Growth in new patients continues to improve, albeit it at a slower pace in Europe.



6.8bn

Reported revenue in DKK for 2019/20

6%

Organic growth at constant exchange rates

6%

Reported growth in DKK

Reported revenue included a neutral effect from FX rates.

- European markets
- Other developed markets
- Emerging markets

The market

In 2019/20, the global market for continence care products was worth an estimated DKK 14-15 billion. The continence care market is like the ostomy care market characterised as a chronic care market. The market size is primarily influenced by the number of people suffering from spinal cord injuries, benign prostatic hyperplasia (BPH), multiple sclerosis (MS) and people born with congenital spina bifida. Another significant driver is to which extent reimbursement is available for continence care products across the globe.

In the fastest growing segment of the market, intermittent catheters, growth is driven by the increasing use of intermittent catheters as an alternative to permanent or indwelling catheters. The underlying volume growth is driven by the number of spinal cord injured patients treated with intermittent catheterisation, an ageing Western population and the increased access to health care in growth economies as well as improved compliance and usage rates across developed markets. The price and mix also have an impact on market growth as markets mature and there continues to be an upgrade to more advanced product categories across markets. In terms of price, in 2019/20 there was only one larger price reform in France, impacting prices in the continence care market negatively.

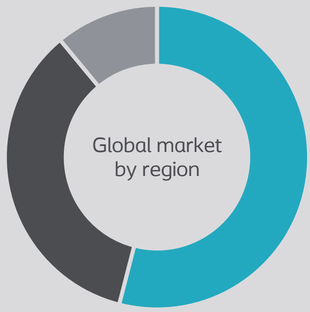
In 2019/20, the COVID-19 pandemic had a negative impact on the number of new patients entering the market as the number of spinal cord injuries declined for a period of time and diagnosis and treatment of the above-mentioned pathologies was either cancelled or postponed. This has negatively impacted the market growth temporarily until patients once again feel comfortable about or are able to seek diagnosis and treatment. As COVID-19 is not expected to impact the underlying dynamics of the continence care market over time, the annual market growth is estimated at 5–6% excluding any short-term impact from COVID-19 as this is not possible to estimate.

The continence care market is characterised by 5 larger global manufacturers including Coloplast. There are also a number of local and low-priced manufacturers. Coloplast continues to be the global market leader in the continence care market, and has increased its market share since last year from around 40% to 40–45%. The highest market share is in Europe and Emerging Markets, while the lowest is in the US.

REGIONAL MARKET SHARES

45-55%
Share of European markets
25-35%
Share of Other developed markets
35-45%
Share of Emerging markets

The urisheath and urine bag segments are growing at a slower rate than catheters. Growth in this segment is supported by increased demand resulting from the growing population of older people and an increase in the use of urisheaths and urine bags as an alternative to adult diapers. This is a market with many suppliers, including low-cost providers.



14-15 bn
Market size
globally in DKK

40-45%
Market share
globally

5-6%*
Market growth
annually

#1
Market position
globally

European markets
Other developed markets
Emerging markets

Excluding any impact from COVID-19
Source: Coloplast

Interventional Urology

The performance

Interventional Urology generated a negative organic growth of -7% in 2019/20 financial year and the reported revenue in DKK also decreased by -7% to DKK 1,835 million.

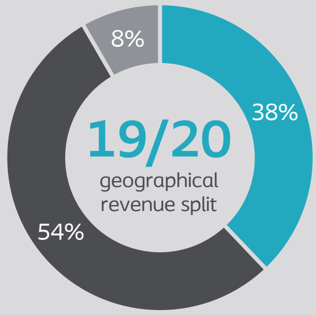
The negative growth was mainly linked to a decrease in sales of Titan® penile implants and Altis® single incision slings, due to the cancellation of elective surgeries and procedures in the US within Men's and Women's Health due to the COVID-19 outbreak. Elective procedures outside of the US including stone management procedures were also postponed in several countries.

As elective procedures gradually resumed across the US and in most European markets, performance improved during the second half of 2019/20 with April being the low point down 70% and September ending almost back to growth.

Due to the improved outlook for Interventional Urology, the commercial investments that were temporarily put on hold due to the COVID-19 pandemic were initiated again during Q4.

The Axis™ biologics portfolio in the US contributed positively to growth for the full-year despite a negative impact in Q3 and Q4 linked to the above challenges. Revenues from disposable surgical products remained on par with last year despite a challenging second half.

From a country perspective, the challenges due to COVID-19 in the US market led to a significant negative impact on growth in the Interventional Urology business, along with France which also contributed negatively to growth.



1.8 bn

Reported revenue in DKK for 2019/20

-7%

Organic growth at constant exchange rates

-7%

Reported growth in DKK

Reported revenue included a neutral effect from FX rates.

- European markets
- Other developed markets
- Emerging markets

The market

In 2019/20, the global market for Interventional Urology products in which Coloplast operates declined from DKK 12-13 billion to an estimated DKK 11-12 billion due to the negative impact from the COVID-19 pandemic.

Market growth in Interventional Urology is driven by the ageing population and lifestyle diseases as well as ongoing innovation leading to more cost-efficient surgical procedures. As for implants, market growth drivers include a growing awareness of the treatment options available for men with severe impotence and women with urological disorders.

In 2019/20, many hospitals cancelled or postponed elective procedures during the first half of 2020 due to the COVID-19 pandemic. Thus, the part of the urology market in which Coloplast operates was impacted negatively by ~20% during that period.

Many markets have lifted restrictions on elective surgery, and a strong recovery trend has been observed in the last months of the fiscal year 2019/20.

As COVID-19 is not expected to impact the underlying dynamics of the interventional urology market over time, the annual market growth is estimated at 3–5% excluding any short-term impact from COVID-19.

Being the fourth largest manufacturer of interventional urology products, Coloplast holds a market share of about 15%.

REGIONAL MARKET SHARES

20-25%
Share of European markets
15-20%
Share of Other developed markets
5-10%
Share of Emerging markets

11-12 bn
Market size
globally in DKK

~15%
Market share
globally

3-5%*
Market growth
annually

#4
Market position
globally

European markets
Other developed markets
Emerging markets

**Excluding any impact from COVID-19*
Source: Coloplast

Wound & Skin Care

The performance

Wound & Skin Care generated 1% organic sales growth for the 2019/20 financial year, with reported revenue in DKK growing by 0% to DKK 2,352 million.

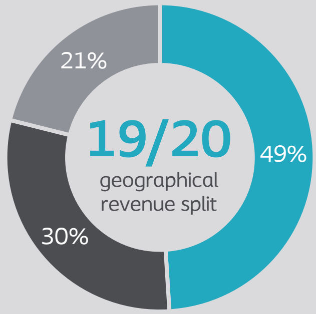
The wound care business in isolation delivered organic growth of 0% for the 2019/20 financial year. The Biatain® Silicone portfolio was the main contributor to growth, driven by the US and Germany. The Biatain Silicone Sizes & Shapes portfolio accounted for a significant part of the revenue growth. Growth in Biatain Silicone was offset by a decline in revenues in the Biatain and Comfeel® product portfolios primarily in China.

From a country perspective, the flat development in growth in wound care was primarily due to a significant decline in hospital activity globally and in particular hospital sales in China due to the COVID-19 pandemic. This was offset by positive growth in the US and Germany.

The skin care business reported satisfactory high single-digit growth in 2019/20 despite a significant decline in demand in Q3 due to COVID-19.

The growth was mainly driven by the EasiCleanse™ product portfolio in North America. The contract manufacturing business delivered revenue on par with last year in 2019/20 adversely impacted by lower demand due to COVID-19 in the second half of the year.

In Q4 of this financial year, the launch of Biatain Fiber contributed positively to the growth. Biatain Fiber, a gel-forming fiber dressing used for deeper wounds and wound cavities with exudate, has now been launched across 7 markets and has been well-received.



2.4 bn

Reported revenue in DKK for 2019/20

1%

Organic growth at constant exchange rates

0%

Reported growth in DKK

Reported revenue included a negative effect from FX rates.

- European markets
- Other developed markets
- Emerging markets

The market

Compared to the chronic care business, the wound and skin care markets are addressed to a greater extent through acute channels, meaning hospitals and clinics. Patients are treated with wound care products and stop using the products when treatment ends.

Wound Care
The market is estimated to be worth DKK 22-24 billion and is defined as advanced wound care products excluding the negative pressure wound therapy segment. The market consists of a large number of direct competitors ranging from global manufacturers to small, local manufactures as well as various alternative options, such as negative pressure wound therapy and traditional wound dressings.

Coloplast is the world's fifth-largest manufacturer of advanced wound care products, holding a market share of 5-10%.

REGIONAL MARKET SHARES

5-10%
Share of European markets
0-5%
Share of Other developed markets
5-10%
Share of Emerging markets

Underlying growth in the wound care market is driven by the generally increasing life expectancy, the growing diabetics population and a growing number of patients receiving preventive treatment of wounds. The silicone dressings market, in which Coloplast markets its Biatain® Silicone products, represents ~25% of the global wound care market and is growing significantly above average, at 5-7% per year. Increased competition between manufacturers and pricing pressure originating from lower public health care budgets and reimbursement reforms in Europe has a negative impact on the market growth.

Growth in the part of the global wound care segment in which Coloplast competes, has been negatively impacted by the COVID-19 pandemic. However, as COVID-19 is not expected to impact the underlying dynamics of the global wound care market over time, the annual market growth is estimated at 2–4% excluding any short-term impact from COVID-19.

Skin Care
The market for skin care products, in which Coloplast competes, is estimated at DKK 4-5 billion.

Coloplast holds a market share of 10-15% in the fragmented Skin Care segment, which is mainly a US-based business.

Growth in the part of the skin care market which Coloplast competes has also been negatively impacted by the COVID-19 pandemic. As overall hospital activity in the US has declined during the 2019/20, this has directly impacted the skin care market.

As COVID-19 is not expected to impact the underlying dynamics of the skin care market over time, the annual market growth is estimated at 2–4% excluding any short-term impact from COVID-19.

22-24 bn
Market size*
globally in DKK

5-10%
Market share*
globally

2-4%**
Market growth*
annually

#5
Market position*
globally

- European markets
- Other developed markets
- Emerging markets

** Market data for Wound Care only.*
***Excluding any impact from COVID-19*
Source: Coloplast

Solid financials in line with guidance

Earnings

Net revenue
The full-year organic growth rate was 4%. Reported revenue in DKK was up by 3% to DKK 18,544 million. Exchange rate developments decreased revenue by -1% mainly related to a significant decrease in the value of ARS and BRL against DKK partly offset by a positive development in USD and GBP against DKK.

Income statement, DKK million	2019/20	Index
Revenue	**18,544**	**103**
Production costs	-5,932	103
Gross profit	**12,612**	**104**
Distribution costs	-5,317	102
Administrative expenses	-762	101
Research and development costs	-708	102
Other operating income	49	64
Other operating expenses	-20	105
Operating profit (EBIT) before special items	**5,854**	**105**
Special items	-	n/a
Financial income	20	37
Financial expenses	-408	224
Profit before tax	**5,466**	**109**
Tax on profit for the year	-1,269	110
Net profit for the year	**4,197**	**108**

Gross profit
Gross profit was up by 4% to DKK 12,612 million from DKK 12,153 million last year equivalent to a gross margin of 68%, on par with last year. The gross margin included a small positive impact from currencies, mainly related to the appreciation of USD against DKK and the depreciation of the HUF against the DKK.

The positive development in the gross profit included savings from the Global Operations Plan 4, including the closure of the factory in Thisted, Denmark in 2019. The gross margin was positively impacted by restructuring costs of DKK 43 million last year, whereas there were no restructuring costs in this financial year.

On the other hand, the gross margin was negatively impacted by product mix due to the decline in US sales in Interventional Urology in H2, a business that has a higher gross margin on average. There was further a negative impact on the gross margin from increasing costs in Hungary due to salary inflation, labour shortages and extraordinary costs related to the COVID-19 outbreak, including the implementation of extensive safety measures across the company.

Costs
Distribution costs amounted to DKK 5,317 million, a DKK 111 million increase (2%) from DKK 5,206 million last year. Distribution costs amounted to 29% of revenue on par with last year. The higher distribution costs reflect further investments in sales and marketing activities across multiple markets and business areas including digital efforts. The impact from the above-mentioned investments was offset by lower travel and sales & marketing expenses in connection with the COVID-19 pandemic.

Administrative expenses amounted to DKK 762 million, up DKK 5 million (1%) from DKK 757 million last year. Part of the increase this year included increased bad debt reservations in several countries, primarily in Emerging Markets due to the COVID-19 pandemic. Administrative expenses accounted for 4% of revenue which was consistent with last year.

The R&D costs were DKK 708 million which was largely unchanged from last year. R&D costs amounted to 4% of revenue on par with last year.

Other operating income and other operating expenses amounted to a net income of DKK 29 million, against DKK 58 million last year. The decrease was mainly due to a DKK 16 million gain on the sale of former production facilities in Denmark which was included last year.

Operating profit (EBIT)
EBIT amounted to DKK 5,854 million, a DKK 298 million (5%) increase from

EBIT before special items of DKK 5,556 million last year. The EBIT margin was 32% compared to 31% last year. The EBIT margin includes a small positive impact from currencies, mainly related to the appreciation of USD against DKK and the depreciation of the HUF against the DKK, partially offset by the depreciation of several Emerging market currencies including ARS and BRL.

Financial items and tax
Financial items were a net expense of DKK 388 million compared to a net expense of DKK 128 million last year. The net expense of DKK 388 million was mainly due to losses on balance sheet items denominated in a number of foreign currencies (DKK 248 million), including BRL and ARS. In addition, a net loss on currency hedges (DKK 90 million) also continued to weigh on financial items, mainly linked to the appreciation of the USD and GBP against DKK.

The tax rate was 23%, which was in line with last year. The tax expense amounted to DKK 1,269 million against DKK 1,155 million last year.

Net profit
Net profit before special items was DKK 4,197 million, a DKK 12 million increase from DKK 4,185 million last year. Diluted earnings per share (EPS) before special items was DKK 19.67 per share compared to DKK 19.64 last year.

Cash flows and investments

Cash flows from operating activities
Cash flows from operating activities amounted to DKK 4,759 million, against DKK 4,357 million last year, and included a positive impact of DKK 197 million related to a reclassification of lease payments following the adoption of IFRS 16 “Leases”[1].

The positive development in cash flows from operating activities was mainly due to an increase in operating profit (EBIT) and the above-mentioned impact from the adoption of IFRS 16 “Leases”[1].

Investments
Coloplast made investments (CAPEX) of DKK 931 million in 2019/20 compared with DKK 636 million last year. As a result, CAPEX accounted for 5% of revenues compared to 4% last year. The increase is mainly linked to increased investments in automation, IT and the new factory in Costa Rica.

The outflow from investments were partly offset by a net cash flow of DKK 51 million from the sale/purchase of marketable securities linked to a holding of corporate bonds which matured in the third quarter.

Total cash flows from investing activities were a DKK 901 million outflow, against a DKK 591 million outflow last year, mainly due to the above-mentioned increase in planned investments.

Continuous ***growth***

5,854 m

EBIT up from 5,556m* last year

* before special items

4,759 m

cash flows from ***operating activities***

901 m

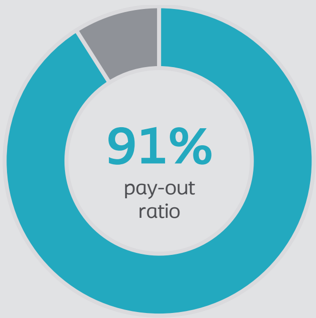
outflow from ***investing activities***

1,269 m

tax expense

[1] Please refer to note 2.

Financial results



3,613 m
paid ***dividend***

13,499 m
total assets
increased by 6%

23%
working capital
in % of revenue

46%
return on invested capital

Free cash flow

As a result, the free cash flow was an inflow of DKK 3,858 million which was up 2% from DKK 3,766 million last year. Adjusted for the positive impact of DKK 197 million related to a reclassification of lease payments following the adoption of IFRS 16 "Leases"[1], the free cash flow was down by -3%.

Capital resources

At 30 September 2020, Coloplast had net interest-bearing debt, including securities, of DKK 1,162 million, against DKK 539 million at 30 September 2019. The increase in net interest-bearing debt was mainly due to the adoption of IFRS 16 "Leases"[1] which increased net interest bearing debt by DKK 472 million at the initial date of application.

Statement of financial position and equity

Balance sheet

At DKK 13,499 million, the total assets increased by DKK 767 million relative to 30 September 2019. The increase was mainly due to the adoption of IFRS 16 "Leases"[1] which entails that right-of-use assets are now recognised on the balance sheet along with a corresponding lease liability.

Working capital

Working capital was 23% of revenue in line with last year (24%). Inventories increased by DKK 294 million to DKK 2,227 million due to increase in the inventories of strategic products to avoid back orders. Trade receivables decreased by DKK 219 million to DKK 2,934 million due to an increased focus on payment terms in primarily Emerging Markets. Trade payables decreased by DKK 45 million relative to 30 September 2019 to stand at DKK 814 million.

Equity

Equity increased by DKK 493 million relative to 30 September 2019 to DKK 7,406 million. Total comprehensive income for the year of DKK 4,078 million, share-based remuneration of DKK 40 million and tax on equity entries of DKK 81 million were only partly offset by payment of dividends amounting to DKK 3,613 million, along with the net effect of treasury shares bought and sold of DKK 93 million.

Share buy-backs

A share buy-back programme of DKK 500 million was initiated in Q2 2019/20 and completed during Q4.

Treasury shares

At 30 September 2020, Coloplast's holding of treasury shares consisted of 3,318,995 B shares, which was 258,160 fewer than at 30 September 2019. The decrease was due to the exercise of share options.

Return on invested capital

ROIC after tax before special items was 46% against 48% last year. Excluding the impact from IFRS 16 "Leases"[1], ROIC after tax before special items would have been 48% - on par with last year.

[1] Please refer to note 2.

Other matters

COVID-19
Coloplast continues to take all necessary precautionary measures globally to protect all employees and will continue to comply with and support the local, national and global guidelines from health care authorities. Coloplast is monitoring developments closely across all markets and business areas.

Coloplast continues to focus on adapting our business and commercial activities to the challenging situation, while continuing to service users to the best of the company's ability. This includes applying new digital tools and competencies.

Supporting health care professionals during the crisis has been critical, and in the absence of face-to-face meetings the company has found new ways to engage with health care professionals through webinars and other digital events.

In Ostomy and Continence Care, the company has increased its focus on relevant digital tools and services including education and learning as well as virtual selling.

In Interventional Urology, the professional physician education programme is now offered virtually.

In Wound Care, the new wound dressing Biatain® Fiber has been launched supported by virtual activities.

Coloplast's global manufacturing sites are operating as normal in terms of production and supply chain, and the company continues to fully meet demand.

Expansion of Executive Leadership Team
As of 1 October 2020, the Executive Leadership Team comprises:

- President & CEO, Kristian Villumsen
- EVP, Innovation, Nicolai Buhl Andersen
- EVP & CFO, Anders Lonning-Skovgaard
- EVP, Growth, Paul Marcun
- SVP, People & Culture, Camilla G. Møhl
- EVP, Global Operations, Allan Rasmussen

Please see Company Announcement no. 07/2020 of 18 August 2020 for further details.

US organisation wins Enterostomal Therapy products agreement with Premier Inc.
Coloplast has been awarded a three-year group purchasing agreement for ostomy products with Premier Inc. in the US. The agreement is multi-source and effective for three years beginning April 1, 2020. Premier is a leading health care improvement company, uniting an alliance of approximately 4,000 US hospitals and hospital systems and more than 175,000 other providers to transform health care.

Sponsored Level 1 ADR program established in the US
Coloplast has established a sponsored ADR programme in the US as a service to US investors by offering an alternative way to trade Coloplast shares. Converting to a sponsored ADR programme aims to facilitate investment in Coloplast from US investors in response to demand for such a facility, while serving to further broaden the company's shareholder base over the long term.

The Bank of New York Mellon will act as the depositary bank for the Coloplast level 1 ADR programme. Coloplast ADRs are US dollar negotiable certificates representing ordinary Coloplast shares; 10 ADRs represent one Coloplast share. Coloplast ADRs can be traded on the US over-the-counter (OTC) market effective 5 May 2020 under the ticker symbol CLPBY. Ordinary Coloplast shares are traded on the NASDAQ OMX Copenhagen A/S under the ticker symbol COLO-B.

Coloplast acquires Nine Continents Medical, Inc.
Coloplast is actively seeking long-term growth opportunities in adjacent segments in the interventional urology business through inorganic means, including early-stage acquisitions. Coloplast acquires Nine Continents Medical, Inc., an early stage company pioneering an implantable tibial nerve stimulation treatment for over-active bladder. The acquisition price consists of a USD 145 million upfront cash payment and an additional contingent future milestone payment.

Strive25
Sustainable Growth Leadership

In September 2020, we announced our new strategy, ***Strive25*** – Sustainable Growth Leadership.

'Sustainable' because it sends an important signal. Sustainability is a new and important enterprise theme.

'Growth' because we want Coloplast to continue to be an innovative growth company.

'Leadership' because we aspire to lead our categories but also because we aim to evolve the way we lead.

Our strategy has four enterprise wide themes: Innovation, Unparalleled efficiency, Sustainability and Talent, Leadership & Culture. These four themes are enablers of the revenue growth and value creation that our business areas will deliver.

We will continue to focus on value creation and our ambition with the ***Strive25*** strategy is to continue to deliver 7-9% organic growth year-on-year with an EBIT margin above 30%.[1]

In the strategy period, we will continue to invest up to 2% of annual revenue in incremental innovation and commercial activities to drive our growth and value creation agenda.

[1] Constant currencies, based on FX rates as of 29 September 2020.

We will pursue market leading growth across all our business areas with a common theme of innovation and a geographical emphasis on the US and China. The strategy will allow us to help millions more with intimate health care needs.

Innovation

Innovation is the main driver of organic growth, and we will continue to invest around 4% of sales in R&D across all business areas.

The most important initiative in this strategy period is to deliver on the Clinical Performance Programme in Chronic Care, and to launch clinically differentiated products backed by clinical evidence.

We will also continue to deliver new products across all business areas within existing technologies.

Finally, we are looking to build more options into the pipeline through organic initiatives, business development and M&A. The aim is to create growth options beyond the strategy period.

Unparalleled efficiency

The first area of efficiency work is our Global Operations Plan 5 (GOP5). Since 2008, Global Operations has delivered significant value through Global Operations Plans. GOP5 will be different to the previous plans since opportunities for cost savings from offshoring manufacturing no longer exist.

In addition, external factors like wage inflation and labour shortage in Hungary put pressure on the overall financial performance.

In order to deliver a strong platform for supporting sustainable growth, five strategic themes in GOP5 have been selected. They are commercial focus, automation, seamless supply, network and footprint as well as simple and cost-efficient culture.

A key theme in GOP5 is automation at our volume sites in China and Hungary. The aim is to be headcount neutral at our manufacturing sites by the end of 2022/23 financial year.

We also expect to continue to see a positive scale effect in our business support organisation driven by further utilisation of our Coloplast Business Centre and investments in IT.

Sustainability

At Coloplast, we have always worked on our sustainability agenda. Now, as part of ***Strive25***, we have integrated sustainability into our corporate strategy. We will support sustainable development with a strong emphasis on improving our environmental performance and we will invest up to DKK 250 million over the next five years to support this agenda.

To do so, we have set two new priorities for sustainability: reducing emissions and improving products and packaging.

Each of these areas are detailed on pages 32 and 33.

Talent, Leadership and Culture

Coloplast is a global employer with a strong purpose driven culture. We have a strong start on employee engagement and talent promotion that we strive to maintain. At the heart of delivering on ***Strive25*** is our people and culture. The People & Culture agenda is centred on three themes: evolving how we lead, talent for future and simplifying people processes. A key area where we want to continue our efforts is inclusion and diversity.

Each of these areas are detailed on pages 34 and 35.

Chronic Care

Sustaining growth leadership

Our ambition for the Chronic Care business is to continue to deliver strong growth above the market. It all starts with innovation which is our first priority.

Our second priority is to deliver strong, double-digit growth in the US. With significant investments in the LEAD20 strategy, the US has become a strong growth contributor with consistent double-digit growth. We want this growth to remain consistent.

Our third priority is to build on our market leading position in China. At the core, we aim to sustain growth above the market in Ostomy Care which will constitute a significant share of our global Ostomy Care growth for the strategy period.

We will continue to drive value upgrade in Ostomy Care, build our intermittent catheter business and expand the consumer business with China-specific digital solutions.

Beyond China, our stance on Emerging Markets is to focus on the large core markets, build on our e-commerce business and secure Intermittent Catheters reimbursement in new markets. Market access is key in Emerging Markets to establish our categories in new markets and improve funding in existing markets. The ambition for Emerging Markets is to continue to deliver strong double-digit growth.

In Europe, we aim to sustain our leadership position and continue to deliver above market growth. We will continue our current path of driving growth through our direct businesses and investing in market development initiatives to drive compliance and retention. We still see many pockets of growth in Europe.

Across markets, we continue to leverage Coloplast Care, our direct businesses and digital solutions to get closer to users.

SpeediCath® *Soft*

SenSura® *Mio Concave*

Chronic Care Market

The Chronic Care business
The ostomy care and continence care businesses are referred to as Chronic Care, because in most cases the products address chronic disorders. On average, people with a stoma use stoma pouches for about 10 years and users of intermittent catheters with a chronic condition use catheters for about 30 years.

Common to both segments, more than 90% of product sales are reimbursed and less than 10% of product sales are made through a hospital or clinical setting, but rather directly in the community after users have been discharged from hospital. As these chronic product segments command a high degree of product loyalty, the choice of product and sales through a hospital or a clinical setting is essential for Coloplast.

The chronic care user flow
Coloplast has over the past several years invested in building stronger ties with end users and to become a consumer healthcare company offering not only the most innovative products, but also supporting services to users through the Coloplast Care programme providing them with the support and knowledge they need to know about living with incontinence or a stoma.

Coloplast maintains a database of currently around 2 million users and offers direct support to end users in more than 30 countries. Coloplast also sells products directly to end users in its top five markets; the US, the UK, France, Germany and China, ensuring end users access to the most innovative products in the market.

Ostomy Care
A stoma is created in an operation made necessary because of intestinal dysfunction resulting from a disease, an accident or a congenital disorder. A part of the intestine is surgically redirected through an opening in the abdominal wall, enabling the patient to empty the colon (colostomy), the small intestine (ileostomy) or the urinary bladder (urostomy).

About 50-60% of stoma operations are performed because of cancer. Ostomy bags consist either of an adhesive base plate bonded together with a bag (1-piece system) or of two separate parts in which the bag is replaced more often than the base plate (2-piece system). It is important for users to avoid leakage and skin irritation, so they can live as normal a life as possible. As a result, the adhesive must ensure a constant and secure seal, and it must be easy to remove without causing damage or irritation to the skin.

Continence Care
This business area addresses two types of continence control issues: people unable to empty their bladder or bowel, and people suffering from urinary or faecal incontinence. People unable to empty their bladder can use an intermittent catheter, which is inserted through the urethra of the urinary tract to empty the bladder. The main group of users of intermittent catheters are people with a spinal cord injury that very often is the result of an accident. Other user groups are people with multiple sclerosis and people with congenital spina bifida. Coloplast's portfolio of intermittent catheters spans the full range from uncoated catheters to discreet, compact and coated catheters ready to use in a saline solution.

Urinary incontinence means that a person has lost the ability to hold urine, resulting in uncontrolled or involuntary release, which is also called stress urinary incontinence. Incontinence affects older people more often than younger people, because the sphincter muscle and the pelvic muscles gradually weaken as people grow older. Coloplast has a wide range of urine bags and urisheaths for capturing and storing urine.

People suffering from bowel or sphincter muscle dysfunction can use the Peristeen® anal irrigation system for controlled emptying of the bowels. A typical Peristeen user has a spinal cord injury and has therefore lost the ability to control bowel movements.

Wound & Skin Care

Drive growth with 3DFit Technology

Our view is that we have a stronger starting point for our wound & skin care business than we have ever had, and our aim is to deliver growth above the market and expand margins.
We will continue to focus on the fast-growing silicone category with our Biatain® Silicone portfolio with 3DFit Technology, which is our point of differentiation.

As with Chronic Care, two individual markets really matter – China and the US – and we will structure for success in these markets to deliver on the global ambition and strategy.

In China, we will scale our business by strengthening our commercial foundation and building a stronger position in the silicone market.

In the US, we will scale our business in the hospital channel with 3DFit Technology and maximise the commercial potential of our skin care portfolio.

In Europe, we will build on the momentum we have created with 3DFit Technology and aim to take market leadership positions.

In Emerging Markets, we will accelerate growth in key markets by investing in selected markets.

We must deliver innovations and strong life cycle management to the markets we want to grow in, including the recent launch of Biatain Fiber, a gelling fibre for highly exuding wounds.

reddot winner 2020
innovative product

***Biatain** Fiber*

Wound & Skin Care Market

In Wound Care, patients are treated for chronic wounds such as leg ulcers, which are typically caused by insufficient or impaired circulation in the veins of the leg, pressure ulcers caused by extended bed rest, or diabetic foot ulcers. Most chronic wounds contain exudate, varying from small amounts to high levels.

A good wound dressing should provide optimum conditions for wound healing, be easy for healthcare professionals to change, and should ensure that patients are not inconvenienced by exudate, liquid or odours. A moist wound environment provides the best conditions for wound healing for optimum exudate absorption.

The Coloplast product portfolio consists of advanced foam dressings sold under the Biatain Silicone with 3DFit Technology and Biatain brand and hydrocolloid dressings sold under the Comfeel® brand.

Coloplast's skin care products consist of disinfectant liquids or creams used to protect and treat the skin and clean wounds. For the treatment and prevention of skin fold problems such as fungal infections, damaged skin or odour nuisance, Coloplast sells InterDry®, a textile placed in a skin fold to absorb moisture. Coloplast mostly sells skin care products to hospitals and clinics in the US and Canadian markets.

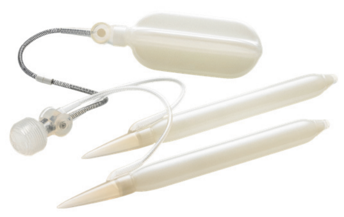
Interventional Urology

On the move for patients

Interventional Urology represents an important growth opportunity for the Group in line with the conclusions from our strategic review that was concluded in 2019.

The base case for the interventional urology business is to deliver high single digit organic growth and sustain strong profitability.

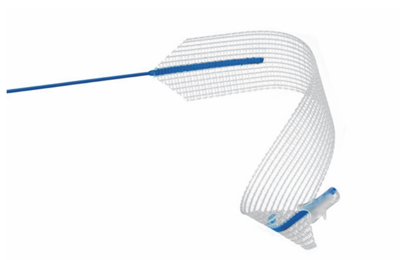
On the portfolio side, we will increase our investments into fortifying and enhancing our core businesses by substantially increasing our investments in R&D.



Titan*® *Touch

We will actively pursue M&A and distribution agreements in high-growth adjacent segments.

We also see good organic opportunities in working with the existing portfolio in new geographies.



***Altis*®**

In North America, we currently mainly sell implantable devices. During the strategy period, we will drive our global market share in Endourology by launching the portfolio to the US.

In Europe, we will focus on driving growth in Men's Health through patient education and Endourology growth through portfolio expansion.

Finally, we will look into expanding our presence in Emerging Markets in a select number of high potential countries.

Interventional Urology Market

Interventional Urology involves diseases and symptoms of the urinary system, pelvic floor prolapse and the male reproductive system, such as urinary incontinence, kidney stones, enlarged prostate and impotence.

The business area consists of a broad portfolio of products used in connection with urological and gynaecological surgery procedures and includes implants and disposable articles.

Coloplast manufactures and markets disposable products for use before, during and after surgery, such as prostate catheters and stents, some of them under the Porgès brand.

The implant business manufactures vaginal slings used to restore continence and synthetic mesh products used to treat a weak pelvic floor.

The business also includes penile implants for men experiencing severe impotence that cannot be treated by using drugs.

Supporting sustainable development

Coloplast's mission inherently supports social development in society. By making life easier for people with intimate health care needs, we enable people to be active and take part in society.

It is our priority to make sustainability easier for our users without compromising product safety and clinical performance. Our users do not choose their conditions and they should never be concerned about using Coloplast products in any way.

Respect and responsibility are core values at Coloplast and Coloplast works continuously to improve and ensure responsible operations. Coloplast therefore has a solid foundation for working with sustainability.

As part of our corporate strategy, ***Strive25***, we have assessed our impacts, and Coloplast has set new priorities. We can do even more to reduce our emissions and reduce the impacts from our products and packaging.

While we have an ongoing commitment to responsible operations, we will advance our performance by investing up to DKK 250 million to deliver on our sustainability ambitions.

This section describes our strategic priorities. Performance for 2019/20, is set out in our Sustainability report.

Download our Sustainability report
www.coloplast.com/about-coloplast/responsibility/policies/

Our mission

Making life easier for people with intimate health care needs

3 GOOD HEALTH AND WELL-BEING

17 PARTNERSHIPS FOR THE GOALS

Our 2025 priority

Reducing emissions

13 CLIMATE ACTION

Our 2025 priority

Improving products and packaging

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our ongoing commitment

Responsible operations

4 QUALITY EDUCATION

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Our 2025 priority

Reducing emissions

Coloplast's largest emissions consist of raw materials, energy, business travels and transportation of goods. The use of raw materials constitutes Coloplast's single largest environmental impact, with approximately 60% of Coloplast's total greenhouse gas emissions stemming from raw materials.

As a growing company, we are challenged in making absolute reductions of our emissions.

Nonetheless, it is our target to be using 100% renewable energy by 2025 thereby making our production carbon neutral and support SDG 13 on taking urgent climate action.

We will also challenge our behaviours to reduce our emissions related to how we travel and ship our products. We will reduce business travels and convert our company car fleet to electric vehicles. Finally, we will also take our ambitions beyond our own operations and work with suppliers.

Our 2025 ambition

From **67% to 100%** renewable energy

From **1% to 50%** electric company cars

10% reduction and then a freeze of all air travel

5% limit on air freight

Our 2025 priority

Improving products and packaging

As a manufacturer of medical products made of plastic, Coloplast has a responsibility to contribute to solving the problems with plastic waste and wants to contribute to SDG 12 on sustainable consumption and production.

However, within health care, there are distinct clinical limitations to reducing plastic waste.

Coloplast incorporates environmental performance when developing new products, but we can do better in designing our products and packaging to be recyclable and made of materials with a lower environmental impact.

While there are strict limitations on our products, there are more possibilities when it comes to packaging, so we will start by eliminating unnecessary packaging, using materials with a lower impact and designing our products to be recyclable.

Our 2025 ambition

From **70% to 80%** of packaging consists of renewable materials

From **75% to 90%** of packaging is recyclable

From **41% to 50%** of production waste is recycled

People and culture

Evolving how we lead

To enable the strong execution of our new corporate strategy, ***Strive25***, Coloplast has introduced *our leadership promise*: we aim high, we simplify, we empower, and we are inclusive. Our leadership promise builds on the strong foundation of our existing company culture and our mission.

During the coming financial year, all Coloplast leaders will be introduced to our Leadership Promise and our senior leaders will play a vital role in bringing this to life in the organisation as we evolve the way we lead.

Talent for future

Attracting and developing talent is a core element of ensuring Coloplast has the best people for the future. We hire for careers, not just jobs, which means that we mobilise and develop talent to secure strong succession. This is reflected in our ability to fill 67% of critical managerial positions with internal candidates.

Employee engagement

This year, we introduced a simple, intuitive and mobile enabled engagement survey platform. Engagement is measured by way of questions covering a variety of themes such as company culture, leadership, well-being and the strategic direction of the company.

Coloplast tracks engagement among all employees twice per year. The results are distributed to local management teams for them to act on their results and maintain high engagement levels. We believe that the real value is driven through team discussions and actions taken based on the survey results.

The engagement score is based on a 0-10 scale, where 10 indicates the highest engagement level. This year's engagement survey showed a score of 7.9 with a response rate of 88%. This is above the health care industry benchmark and on par with the 2018 engagement level.

Employee turnover

As a growing company, Coloplast has expanded the total workforce by 2,000 people over the last four years. Through the next strategy period, we will continue to expand the number of leaders and employees as we grow.

Over the last two years, Coloplast has decreased the voluntary turnover rate from around 13% to 8.2% this year. The decrease can be attributed to global, regional, and local initiatives, and this year, voluntary turnover has further decreased due to COVID-19. Coloplast expects and plan for post-pandemic normalisations in turnover and will focus on maintaining healthy turnover levels.

Our people in numbers

12,568
employees at year-end

67%
of critical managerial positions filled with internal candidates

8.2%
voluntary employee ***turnover*** in 2019/20

7.9 of 10
employee ***engagement score***

Inclusion and diversity

It is part of Coloplast's DNA to respect the individual and to secure equal opportunities for all. We believe that diversity leads to better innovation, performance and decisions.

Inclusion and diversity should be ingrained in our culture and we therefore, integrate inclusion and diversity into all people processes such as recruitment (also when we use external vendors), performance evaluation and succession planning. The value of diversity will show when it is led right, and we have, therefore, integrated inclusive leadership into our leadership promise and expect all leaders to master this as we evolve how we lead.

Coloplast has restated our commitment to inclusion and diversity by joining the CEO pledge together with the other members of the Danish Diversity Council. In addition, our policy on inclusion and diversity has been revisited and published on our website.

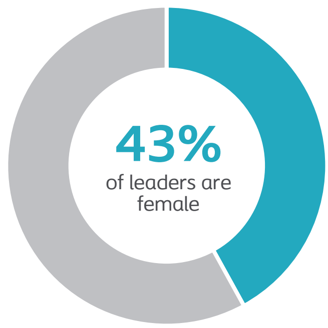
Gender representation in management

Coloplast works with the ambition to show a year-on-year increase of female leaders in senior leadership through natural turnover until a balanced representation is reached. Senior leadership is defined as Vice President and above. This year, the share of female senior leaders was 24%, which is an increase of 3 percentage points compared to last year. Coloplast's 2025 ambition is to reach a share of 30% female leaders in senior leadership.

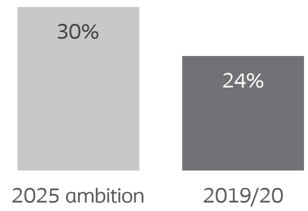
Diverse teams

Coloplast recognises that all diversity factors are important and has set a commitment to increase the diversity at the team level. A diverse team to us is one that represents gender-, nationality- and generation diversity. To increase the share of diverse teams, we track and monitor the mix of diversity in all teams at the director level and above. It is Coloplast's ambition to reach a share of 75% diverse teams before 2025 through natural turnover. This year, the share of diverse teams is 51%, which is the same as last year.

Gender composition of our people managers



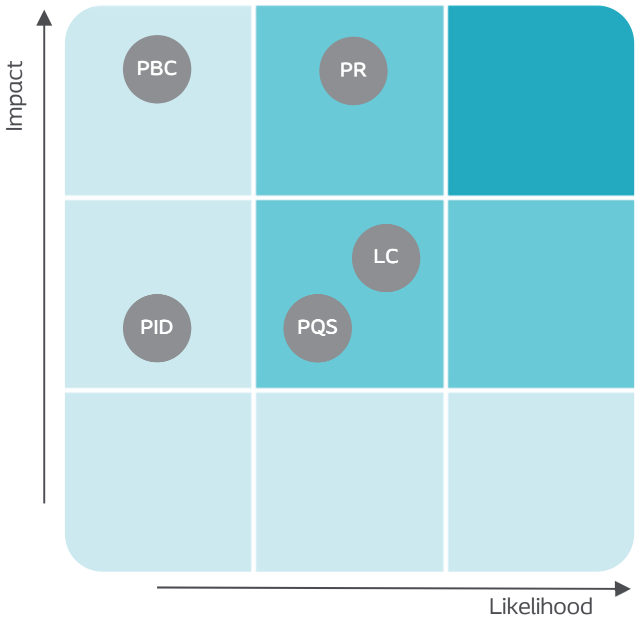
Share of **female senior leaders***



Diversity at team level

*Senior leadership comprising Vice Presidents, Senior Vice Presidents and the Executive Leadership Team.

The current risk landscape



Coloplast's five most significant risk categories are:

- LC Legal and compliance
- PR Pricing and reimbursement
- PQS Product quality and safety
- PID Product innovation and development
- PBC Production and business continuity

Risk reporting process and governance

The management of the individual business units and staff functions is responsible for identifying and managing risks in their specific parts of the organisation. The most significant risks to our business over a five-year horizon are reported quarterly to Group Risk Management. The reporting process and supporting interviews form the basis of the quarterly risk update submitted to the Executive Leadership Team and the Board of Directors.

The Executive Leadership Team is responsible for defining Coloplast's overall risk profile, and for setting standards for risk taking and for aligning it with the overall strategies and policies. The Executive Leadership Team is also responsible for launching and approving activities to address the most significant risks.

The Board of Directors monitors the overall risk landscape and reviews, on a quarterly basis, the conclusions and recommendations submitted by the Executive Leadership Team.

In our risk reporting, we have identified a range of significant risks believed to have the potential to threaten and adversely impact the Group's business model, strategy, and future performance.

Those risks are categorised and described on the following pages, along with examples of action taken to mitigate them. Each risk is linked to one or more of the themes of Coloplast's strategy ***Strive25***.

Coloplast's five most significant risk categories are largely unchanged from last year and are presented in the following.

Legal and compliance

Risk description
Coloplast operates in a heavily regulated industry that is subject to various laws and regulations across geographies and business areas. The different legal environments can be unpredictable and politically motivated, and as a market leader, Coloplast could face legal risks at any given time. In addition, there is growing public awareness of business ethics, enforcement of anti-corruption laws and protection of personal data. It is at the heart of Coloplast's culture to act with respect and responsibility and to comply with the laws and regulations. Despite these efforts, Coloplast recognises that mistakes may happen when people are involved and, therefore takes relevant action should a situation arise.

Risk examples
Violations of anti-corruption laws and non-compliance with Coloplast's own and the industry's codes of conduct could damage Coloplast's reputation and involve a risk of monetary fines.

Lawsuits filed by competitors or customers or investigations by authorities into certain business practices could have a negative reputational and financial impact.

Risk response
Ensuring that all employees receive training in Coloplast's Code of Conduct, including training in the company's IT policies and that business partners are aware of Coloplast's ethical standards and work with Coloplast to continuously maintain and develop compliance practices.

Independent and confidential ethics hotline for reporting of unethical situations, violations and misconduct.

Crisis management and the COVID-19 pandemic

Coloplast's crisis management set-up was rolled out in Spring 2017. Since then one desk-top exercise and two semi-live exercises have been completed, to train our crisis management team members in their individual roles, and on how to use and apply the available plan-set and action cards during a crisis.

As the COVID-19 epidemic broke out in China in early 2020, Coloplast activated its crisis management plan and convened its crisis management team for the first time. When the situation evolved into a pandemic in the early days of March 2020, the crisis management team decided to establish a COVID-19 task force representing various parts of the organisation to work exclusively on managing the COVID-19 crisis. During the spring, the task force met daily, and by mid-May, only twice a week, providing input for the crisis management team. The crisis management team formed global guidelines and strategic direction.

Coloplast has had clear priorities during the COVID-19 crisis: We are monitoring the situation closely and taking all the necessary precautions and relevant countermeasures to avoid the spread of COVID-19. Our focus is to ensure availability for our users while at the same time keeping our employees safe and maintain business continuity. Currently, there is no significant impact on our ability to produce and supply our medical devices.

How we manage the risks of doing business

Pricing and reimbursement

Description
A large part of Coloplast's products are sold in markets that are subsidised and eligible for reimbursement from local health care authorities. As a result, the prices of Coloplast's products are influenced by the economic and political developments in national markets, budgetary constraints of governments and health care reforms, bargaining power of large wholesalers and distributors, and Coloplast's ability to convince buyers of the economic value of its products based on clinical evidence, costs and patient outcomes.

Risk examples
Lower reimbursements and increasing price pressure due to health care and price reforms. The current global price erosion is up to 1% per year.

Lack of or inadequate clinical evidence to support reimbursement levels.

Global or local political and economic matters, such as interest rate or currency volatility.

Risk response
Monitoring economic and political developments, and changes to public sector guidelines and reimbursement schemes.

Interaction with health care authorities, patient associations and industry associations to try to prevent, postpone or minimise the impact.

Financial risk management, including hedging in accordance with Coloplast's financial mandate (see note 23 to the financial statements).

Product quality and safety

Description
As a manufacturer of medical devices, Coloplast is committed to ensuring the quality of its products and the safety of its users, including organising the security of personal data. The products we develop and manufacture must comply with the medical device directives and legislation imposed by local health care authorities, such as the US Food and Drug Administration (FDA) and the new EU Medical Device Regulation (MDR).

Risk examples
Loss of licences to sell or manufacture due to non-compliance with new laws and regulations on medical devices in force from time to time.

Defects and omissions and critical product quality and safety issues in product design and manufacturing that could disrupt operations, sales, lead to product recalls, bodily injury and product liability claims.

Non-compliance with data protection legislation or personal data leaks that could lead to monetary fines and damage Coloplast's reputation.

Risk response
Ensuring that Coloplast continuously develops and improves its control processes and quality procedures, from the design phase to post-market surveillance.

Monitoring legislation and market standards to ensure that any amendments or changes are incorporated into internal procedures, including investing to ensure compliance with the new EU Medical Device Regulation.

Certification of our Quality Management Systems to the national and international standards and carrying out internal and external audits.

Product innovation and development

Description
It is essential that Coloplast maintains a competitive and innovative product pipeline that meets the needs of the users. To achieve this, Coloplast relies on its ability to interact with end users and health care professionals, to protect intellectual property against infringement from competitors and to understand surgical and medical trends that may impact or limit sales.

Risk example
Medical and technological innovations disrupting Coloplast's core business.

Lack of innovation increasingly resulting in a commoditisation trend, allowing the entry of low-cost competitors, potentially increasing price pressures and diminishing clinical differentiation of the products on the market and resulting in a loss of market share.

Infringement of intellectual property rights may reduce Coloplast's competitive advantages and negatively impact sales.

Risk response
Investing in new innovative growth initiatives for the purpose of developing superior and clinically differentiated products, such as our clinical performance programme.

Patenting to prevent competitors from copying Coloplast products or from producing technical equivalent alternatives.

Monitoring surgical and medical developments and disruptive technologies that may impact the various business areas.

Production and business continuity

Description
Coloplast operates facilities all over the world, the most recent addition being the establishment of a new production facility in Costa Rica. Most production takes place at central facilities and in some cases, Coloplast purchases raw materials and components used in production from sole suppliers for reasons of availability, quality assurance and cost effectiveness.

During the pandemic, Coloplast has seen an increase of cyber-criminal activity exploiting the COVID-19, e.g. by COVID-19-related phishing campaigns, malicious websites and fraud cases through telephone calls that are targeting our people rather than technologies. Cyberattacks against the company can in a worst-case scenario affect operations and delivery performance.

Risk example
A major IT breakdown due to sabotage, criminal acts, or negligence, resulting in the disruption of sales and shipments to customers.

Major disruption at a manufacturing facility due to natural disasters or other emergencies, such as fire and pandemics, may disrupt Coloplast's ability to manufacture and distribute its products.

A major disruption of the supply chain due to force majeure situations, strikes or other events beyond Coloplast's control, which could result in, for example, the inability to source critical raw materials and disrupt supply to customers.

Risk response
Annual test and review of ISO 27001-certified IT contingency plans, investments in IT security, and cyber response insurance.

Implemented emergency response and contingency plans, keeping critical processes and workflows physically separated and having all the facilities certified to the 'highly-protected risk' industry standards.

Identified high-risk suppliers and prepared contingency plans, including maintaining multiple inventories, dual supplier qualification for raw materials and qualification of substitute materials where applicable.

Build up additional inventory as a contingency plan for potential supply chain disruptions as a result of Brexit.

Corporate governance at Coloplast

Governance structure

Coloplast has a two-tier management structure comprising the Board of Directors and the Executive Management. There are no overlapping members.

The Board of Directors determines the Group's objectives, strategies and overall action plans. On behalf of the shareholders, the Board of Directors supervises the company's organisation, day-to-day management and results.

The Board of Directors also sets guidelines for the Executive Management's execution of the day-to-day management of the company and for assigning tasks among the individual executives.

The Board of Directors and the Executive Management further assess the company's business processes, the definition and implementation of the mission, the organisation, stakeholder relations, strategy, risks, business objectives and controls.

A set of rules of procedure governs the work of Coloplast's Board of Directors. These rules are reviewed annually by the Board of Directors and updated as necessary. The rules set out the guidelines for the activities of the Board of Directors.

Six members of the Board of Directors are elected at the general meeting and three members of the Board of Directors are elected by the employees.

Three out of six shareholder-elected members are considered to be independent in accordance with the Danish corporate governance recommendations.

Eleven board meetings were held in the 2019/20 financial year, of which four were extraordinary meetings and one was a strategy meeting.

OVERVIEW OF BOARD MEMBERS

Board member	Audit Comm.	Rem. & Nomin. Comm.	Indepen-dent	Nationality	Gender	Board tenure	Election period	Board meetings attended
Lars Rasmussen, Chairman[1]	●	●	No	Danish	Male	2 years	1 year	●●●●●●●●●●●
Niels Peter Louis-Hansen, Deputy Chairman[1]		●	No	Danish	Male	52 years	1 year	●●●●●●○●●●○
Jørgen Tang-Jensen[1]	●		No	Danish	Male	13 years	1 year	●●●●●●●●●●●
Birgitte Nielsen[1]	●		Yes	Danish	Female	5 years	1 year	●●●●●●●●●●●
Jette Nygaard-Andersen[1]		●	Yes	Danish	Female	5 years	1 year	●●●●○●●●●●●
Carsten Hellmann[1]	●		Yes	Danish	Male	3 years	1 year	●●●●●●●●●●●
Thomas Barfod[2]			No	Danish	Male	14 years	4 years	●●●●●●●●●●●
Roland V. Pedersen[2]			No	Danish	Male	2 years	4 years	●●●●●●●●●●●
Nikolaj Kyhe Gundersen[2]			No	Danish	Male	2 years	4 years	●●●●●●●●●●●

[1] Shareholder-elected board member.
[2] Employee-elected board member.

Committee structure

The Board of Directors has established two committees: an audit committee and a remuneration and nomination committee.

Four audit committee meetings were held in the 2019/20 financial year.

Five remuneration and nomination committee meetings were held in the 2019/20 financial year, of which three were extraordinary meetings due to the updated management structure.

AUDIT COMMITTEE MEMBERS

Committee member	Meetings attended
Jørgen Tang-Jensen, Chairman	● ● ● ●
Lars Rasmussen	● ● ● ○
Birgitte Nielsen	○ ● ● ●
Carsten Hellmann	● ● ● ●

REMUNERATION AND NOMINATION COMMITTEE MEMBERS

Committee member	Meetings attended
Lars Rasmussen, Chairman	● ● ● ● ●
Niels Peter Louis-Hansen	● ● ● ● ●
Jette Nygaard-Andersen	● ● ● ● ●

Activities and responsibilities of the ***Audit Committee***

The overall duties of the audit committee are to monitor the following:

- The financial reporting and associated processes.
- The structuring of the accounting function, accounting policies and accounting estimates.
- The need for an internal audit function.
- The company's internal control systems and risk management systems, including insurance matters.
- The Group's IT security and the auditors' annual review of the company's IT security in respect of the financial reporting.
- The statutory audit of the financial statements, including reporting the results to the Board of Directors.
- The independence of the auditors, including in particular the provision of non-audit services to the Group.
- The procedure of selecting and making recommendation to the Board of Directors in respect of the appointment of auditors.
- Activities reported through the Coloplast Ethics Hotline.

Activities and responsibilities of the ***Remuneration and Nomination Committee***

The Remuneration and Nomination Committee is, among others, responsible for the oversight of:

- The competence profile and composition of the Board of Directors.
- Nomination of members to the Board of Directors.
- Nomination of members to the Board committees.
- The leadership pipelines.
- The remuneration policy for the members of the Board of Directors and the Executive Leadership Team and other tasks on an ad hoc basis as specifically determined by the Board of Directors.

> Clear governance and diverse board profiles ensure that the Board of Directors can operate efficiently.

Assessment of the work performed by the Board of Directors

Every year, the Board of Directors conducts a self-assessment. Based on the result of this assessment, the organisation and efficiency of the Board of Directors' work are discussed at a Board meeting.

In 2020, the annual self-assessment of the Board of Directors was performed by an independent external consultancy firm. The self-assessment consisted of individual, personal interviews with each board member as well as each member of the Executive Management and a bespoke, online questionnaire in which board members as well as the Executive Management participated anonymously.

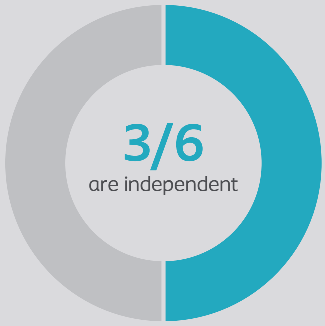
The self-assessment shows that the board committees serve as good vehicles for creating transparency and ensuring that the Board of Directors has the necessary information to make decisions.

Furthermore, the self-assessment shows that the composition of the Board of Directors, including relevant competencies, to a large extent matches what the Board of Directors considers necessary to best perform its tasks, such as finance, digital transformation, customer experience, commercialisation, industry knowledge, general management, innovation, legal affairs and acquisitions, but the Board of Directors will continuously assess whether additional competencies are needed, especially in light of the new strategy.

As Coloplast operates in an industry that is constantly changing and where innovation is crucial, the Board has broadened the scope of its strategic work to ensure Coloplast maintains its position as the market leader.

During the past year, the Board of Directors has spent a significant amount of time discussing the strategic direction for the company for the next five years and beyond and Coloplast's ***Strive25*** strategy was announced to the market on 29 September 2020.

3 out of 6 shareholder-elected members **are independent**



Independent
Not independent

Gender composition of shareholder-elected members

Female
Male

Recommendations on Corporate governance

The recommendations of the committee on corporate governance were revised in November 2017 and applies to the financial years commencing on or after 1 January 2018. The company report on these recommendations as also required by Supplement A – Nasdaq Copenhagen to Nasdaq's Nordic Main Market Rulebook for Issuers of Shares. The Board of Directors reviews the recommendations in force on a regular basis and at least once a year. The Board of Directors and the Executive Management share the committee's views and generally follow the recommendations.
The recommendations consist of 47 individual recommendations. Coloplast complies fully with 45 recommendations corresponding to 96%.

Our position on each of the recommendations as well as a description of the internal control and risk management system relating to financial reporting can be found in our Corporate governance report which is prepared pursuant to Section 107(b) of the Danish Financial Statements Act.

Download our Corporate Governance report
www.coloplast.com/corporate-governance/

Remuneration of the Board of Directors and the Executive Management

At the annual general meeting in Coloplast held on 5 December 2019, the shareholders adopted an updated Remuneration Policy for Coloplast, which had been prepared by the Board of Directors. The Remuneration Policy was adopted to ensure compliance with the new Section 139(a) of the Danish Companies Act. The Remuneration Policy is available on the company's website.

Coloplast has also prepared a Remuneration Report detailing, among other things, the remuneration to the Board of Directors and Executive Management which complies with Section 139(b) of the Danish Companies Act. The Remuneration report was presented and adopted at the annual general meeting held on 5 December 2019.

Download our updated Remuneration report
www.coloplast.com/remuneration-reports/

Severance schemes

As at 30 September 2020, a provision of DKK 2.5 million was made for a now discontinued post-service remuneration scheme for retired Board members. The scheme comprises one person.

If a member of the Executive Management is given notice of termination by the company, the company will have an obligation to pay such member two years' pay.

Meet our Board of Directors

Lars Rasmussen

Chairman of the Board,
non-independent

Born 1959. Lars Rasmussen has extensive executive management and board experience from international listed companies in the med-tech and pharma industry. He possesses in-depth knowledge within the commercialisation of innovation, B2B and B2C sales models and efficiency improvements.

Other board and management positions:

- H. Lundbeck A/S: Chairman of the Board, Chairman of the Remuneration and Nomination Committee and member of the Audit Committee
- Ambu A/S: Chairman of the Board, Chairman of the Remuneration Committee and Chairman of the Nomination Committee
- Demant A/S: Board member, Chairman of the audit committee and member of the IT security committee
- Igonomix S.L.: Chairman of the Board

Joined the Board of Directors in 2018.

Niels Peter Louis-Hansen

Deputy Chairman of the Board,
non-independent

Born 1947. Through decades of board work, Niels Peter Louis-Hansen has gained in-depth knowledge of the industries in which Coloplast operates, its dynamics and key players as well as deep insight into strategy development. Furthermore, Niels Peter Louis-Hansen is a key contributor to preserving the Coloplast-culture.

Other board and management positions:

- Aage og Johanne Louis-Hansens Fond: Chairman of the Board
- Aage og Johanne Louis-Hansen ApS: Chairman of the Board
- N.P. Louis-Hansen ApS: CEO
- NPLH Anpartsinvest ApS: CEO

Joined the Board of Directors in 1968.

Jørgen Tang-Jensen

Board member,
non-independent

Born 1956. Jørgen Tang-Jensen has considerable global executive management experience and extensive board experience from international listed companies within both the med-tech industry and the building materials industry. He also has extensive experience within corporate governance, accounting and finance as well as strategy development and execution.

Other board and management positions:

- Rockwool International A/S: Board member and member of the Audit Committee
- VKR Holding A/S: Board member and member of the Audit Committee
- VILLUM FONDEN: Board member
- Maj Invest Holding A/S (and two wholly owned subsidiaries): Board member
- Strøjer Tegl A/S (and two companies under the same group of owners): Chairman
- Dronning Margrethe II's Arkæologiske Fond: Board member

Joined the Board of Directors in 2007.

See the full CVs of the Board of Directors on our website
www.coloplast.com/about-coloplast/management1/

Carsten Hellmann
Board member, independent

Born 1964. Carsten Hellmann has considerable executive management experience and extensive experience in product development and international commercialisation within highly regulated industries as well as M&A activities, including post integration.

Other board and management positions:
- ALK-Abelló A/S: President & CEO
- The Danish Chamber of Commerce: Board member

Joined the Board of Directors in 2017.

Jette Nygaard-Andersen
Board member, independent

Born 1968. Jette Nygaard-Andersen has considerable executive management and board experience within global med-tech, media & entertainment, and digital growth businesses. She has extensive experience within business and marketing strategies, digital transformation, optimisation of customer experience and engagement, working with digital growth start-ups globally and M&A activities, including post integration.

Other board and management positions:
- GVC Holdings Plc.: Board member and member of the Remuneration, CSR and Audit Committees

Joined the Board of Directors in 2015.

Birgitte Nielsen
Board member, independent

Born 1963. Birgitte Nielsen has extensive management experience and considerable board experience from both listed companies and large privately held companies within the med-tech industry and the financial sector. Birgitte Nielsen has extensive financial and accounting experience as well as in-depth knowledge of the financial markets.

Other board and management positions:
- Matas A/S: Board member and Chairman of the Audit Committee
- De Forenede Ejendomsselskaber A/S: Board member
- Kirk Kapital A/S: Board member

Joined the Board of Directors in 2015.

Thomas Barfod
Employee-elected board member

Born 1970. Title: Senior Controller.
Joined the Board of Directors in 2006.

Roland V. Pedersen
Employee-elected board member

Born 1962. Title: Lead Negotiator.
Joined the Board of Directors in 2018.

Nikolaj Kyhe Gundersen
Employee-elected board member

Born 1969. Title: Skilled Precision Engineer.
Joined the Board of Directors in 2018.

Meet our Executive Leadership Team

Kristian Villumsen
President & CEO

With Coloplast since 2008.

Educational background:
MA Political Science, Aarhus University
MA in Public Policy, Harvard University Kennedy School of Government

Other board positions:
Chr. Hansen Holding A/S: Board member

Anders Lonning-Skovgaard
Executive Vice President, CFO

With Coloplast since 2006.

Educational background:
MSc Finance and Accounting, Aarhus University

Allan Rasmussen
Executive Vice President, Global Operations

With Coloplast since 1992.

Educational background:
BPSE, IMD
E*MBA, Scandinavian International Management Institute
BSc (Mech. Eng.), Technical University of Denmark

Paul Marcun
Executive Vice President, Growth

With Coloplast since 2015.

Educational background:
MBA in Corporate Finance & Marketing, Sydney University of Technology

Nicolai Buhl Andersen
Executive Vice President, Innovation (from 1 October 2020)

With Coloplast since 2005.

Educational background:
MA in Economics & Business, Copenhagen Business School and Sophia University, Japan

Camilla G. Møhl
Senior Vice President, People & Culture (from 1 October 2020)

With Coloplast since 2016.

Educational background:
MA in Human Resource Management, Copenhagen Business School

Ownership and major shareholders

Ownership and shareholdings

The company had 42,115 shareholders at the end of the financial year, which was 2,663 more than last year. Institutional investors based outside Denmark held 38% of Coloplast's shares on 30 September 2020, compared to 34% a year earlier. Registered shareholders represented 97% of the entire share capital.

Pursuant to the company's articles of association, shares must be registered in the name of the holder to carry voting rights. Three shareholders have reported to the company, pursuant to section 55 of the Danish Companies Act and section 38 of the Danish Capital Markets Act, that at the date of this annual report they held 5% or more of the share capital or voting rights.

	Residence	Ownership share	Voting rights
Shareholders with ownership or voting rights of more than 5%			
Niels Peter Louis-Hansen[1)]	Vedbæk	20.7%	41.1%
Aage og Johanne Louis-Hansens ApS[2)]	Nivå	11.4%	15.2%
Benedicte Find	Humlebæk	3.7%	5.4%

[1)] In addition to the personally held shares, Niels Peter Louis-Hansen's wholly owned company N.P. Louis-Hansen ApS, has an additional 0.5% ownership representing 0.3% of the votes.

[2)] Wholly owned by Aage og Johanne Louis-Hansens Fond.

	A shares '000 units	B shares '000 units	Ownership share	Voting rights
Ownership structure of Coloplast A/S				
Holders of A shares and their families	18,000	78,820	45%	68%
Danish institutions	-	12,182	6%	3%
Foreign institutions	-	81,119	37%	21%
Coloplast A/S[3)]	-	3,319	2%	0%
Other shareholders	-	15,882	7%	4%
Non-registered shareholders	-	6,678	3%	0%
Total	**18,000**	**198,000**	**100%**	**97%**

[3)] The 3,318,995 shares held by Coloplast on 30 September 2020, equivalent to 2% of the share capital, are treasury shares without voting rights.

	A shares '000 units	B shares '000 units	Number of insiders
Shares held by management			
Board of Directors, non-independent directors	12,285	33,875	6
Board of Directors, independent directors	-	6	3
Executive Management	-	91	5
Total	**12,285**	**33,972**	**14**

Ownership and major shareholders

Share classes and authorisations

Coloplast's share capital is DKK 216 million divided into DKK 18 million A shares and DKK 198 million B shares. Each A and B share has a nominal value of DKK 1.

Each A share entitles the holders to ten votes and each B share entitles the holders to one vote. The A shares are non-negotiable instruments. The B shares are negotiable instruments and were listed on the Copenhagen Stock Exchange (Nasdaq Copenhagen) in 1983. Any change of ownership or pledging of A shares requires the consent of the Board of Directors, whereas B shares are freely negotiable.

The Board of Directors may increase the company's share capital by a nominal value of up to DKK 15 million in one or more issues of B shares either with or without pre-emption rights for existing shareholders. The authorisation is valid until and including 4 December 2023. Moreover, the Board of Directors has been authorised to acquire treasury shares of up to 10% of the company's share capital provided that the company's total holding of treasury shares does not exceed 10% of the company's share capital at any time. The highest and lowest amount to be paid for the shares by the company is the price applicable at the time of purchase +/- 10%. This authorisation is valid until and including 4 December 2024.

At general meetings, matters are decided by a simple majority of votes. Resolutions to amend the company's articles of association require that not less than half of the share capital is represented and that the resolution is adopted by not less than two-thirds of the votes cast as well as of the voting share capital represented at the general meeting. The resolution lapses if the above-mentioned share capital is not represented, or if a resolution is not adopted by two-thirds of the votes cast. If a resolution is adopted by two-thirds of the votes cast but without at least half of the share capital being represented, the Board of Directors must convene a new extraordinary general meeting within two weeks.

If, at this meeting, the resolution is adopted by not less than two-thirds of the votes cast and of the voting share capital represented, it will be passed irrespective of the amount of the share capital represented at the meeting.

In the event of a change of control in the company resulting from a change of ownership, issued share options will be subject to accelerated vesting. No other important agreements are in place that would be affected in the event of a change of control of the company resulting from a takeover, and no special agreements have been made between the company, its management or employees if their positions are discontinued due to a change of ownership. There are no special provisions governing the election of members to Coloplast's Board of Directors.

Open and transparent *communication*

Coloplast has established a policy for communicating information to investors and shareholders, under which the Executive Management and the Investor Relations team are in charge of communications pursuant to guidelines agreed with the Board of Directors. The communication of information complies with the rules laid down by Nasdaq, comprising:

- Full-year and interim financial statements and the annual report.
- Replies to enquiries from analysts, investors and shareholders.
- Site visits by investors and analysts.
- Presentations to Danish and foreign investors.
- Capital markets days for analysts and investors.
- Conference calls in connection with the release of financial statements.
- Dedicated investor relations section on Coloplast's corporate website.

Consolidated financial statements

Statement of comprehensive income

1 October – 30 September

DKK million	Note	2019/20	2018/19
Revenue	4	18,544	17,939
Production costs	5, 11, 12, 13	-5,932	-5,786
Gross profit		**12,612**	**12,153**
Distribution costs	5, 11, 12, 13	-5,317	-5,206
Administrative expenses	5, 11, 12, 13	-762	-757
Research and development costs	5, 11, 12, 13	-708	-692
Other operating income		49	77
Other operating expenses		-20	-19
Operating profit (EBIT) before special items		**5,854**	**5,556**
Special items	6	-	-400
Operating profit (EBIT)		**5,854**	**5,156**
Financial income	7	20	54
Financial expenses	7	-408	-182
Profit before tax		**5,466**	**5,028**
Tax on profit for the year	8	-1,269	-1,155
Net profit for the year		**4,197**	**3,873**
Remeasurements of defined benefit plans	19	12	-5
Tax on remeasurements of defined benefit plans		-4	3
Items that will not be reclassified to the income statement		**8**	**-2**
Value adjustment of currency hedging		55	-143
Transferred to financial items		90	121
Tax effect of hedging		-32	5
Currency adjustment of opening balances and other market value adjustments relating to subsidiaries		-252	35
Tax effect of currency adjustment, assets in foreign currency		12	-11
Items that may be reclassified to the income statement		**-127**	**7**
Total other comprehensive income		**-119**	**5**
Total comprehensive income		**4,078**	**3,878**

DKK			
Earnings per share (EPS)	9	19.74	18.25
Earnings per share (EPS), diluted	9	19.67	18.18

Statement of cash flows

1 October – 30 September

DKK million	Note	2019/20	2018/19
Operating profit		5,854	5,156
Depreciation and amortisation		851	651
Adjustment for other non-cash operating items	25	-135	213
Changes in working capital	25	-352	-291
Ingoing interest payments, etc.		9	20
Outgoing interest payments, etc.		-191	-207
Income tax paid		-1,277	-1,185
Cash flows from operating activities		**4,759**	**4,357**
Investments in intangible assets		-85	-73
Investments in land and buildings		-18	-63
- of which finance leases		-	54
Investments in plant and machinery and other fixtures and fittings, tools and equipment		-42	-80
Investments in property, plant and equipment under construction		-786	-474
Property, plant and equipment sold		5	47
Investment in other investments		-26	-
Net sales/purchase of marketable securities		51	-2
Cash flows from investing activities		**-901**	**-591**
Free cash flow		**3,858**	**3,766**
Dividend to shareholders		-3,612	-3,398
Acquisition of treasury shares		-500	-500
Sale of treasury shares		407	380
Financing from shareholders		**-3,705**	**-3,518**
Repayment of lease liabilities	25	-197	-
Drawdown on credit facilities	25	45	-196
Cash flows from financing activities		**-3,857**	**-3,714**
Net cash flows		**1**	**52**
Cash and cash equivalents at 1 October		**356**	**297**
Value adjustment of cash and bank balances		-34	7
Net cash flows		1	52
Cash and cash equivalents at 30 September	26	**323**	**356**

Balance sheet

Assets

At 30 September

DKK million	Note	2020	2019
Intangible assets	11	2,364	2,502
Property, plant and equipment	12	3,311	3,249
Right-of-use assets	13	615	-
Other equity investments		27	5
Deferred tax asset	14	669	590
Other receivables		24	27
Non-current assets		**7,010**	**6,373**
Inventories	15	2,227	1,933
Trade receivables	16	2,934	3,153
Income tax		242	231
Other receivables		338	197
Prepayments		163	163
Amounts held in escrow	17	-	13
Marketable securities		262	313
Cash and cash equivalents		323	356
Current assets		**6,489**	**6,359**
Assets		**13,499**	**12,732**

Equity and liabilities

At 30 September

DKK million	Note	2020	2019
Share capital		216	216
Currency translation reserve		-375	-175
Reserve for currency hedging		60	-53
Proposed ordinary dividend for the year		2,765	2,549
Retained earnings		4,740	4,376
Equity	9, 10	**7,406**	**6,913**
Provisions for pensions and similar liabilities	19	176	200
Provision for deferred tax	14	369	264
Other provisions	20	128	257
Lease liability		430	134
Prepayments	27	11	22
Non-current liabilities		**1,114**	**877**
Provisions for pensions and similar liabilities	19	13	9
Other provisions	20	159	201
Other credit institutions	21	1,111	1,066
Trade payables		814	859
Income tax		1,003	1,068
Other payables	20	1,664	1,720
Lease liability		206	8
Prepayments	27	9	11
Current liabilities		**4,979**	**4,942**
Equity and liabilities		**13,499**	**12,732**

Statement of changes in equity, current year

At 30 September

	Share capital		Reserves				
DKK million	A shares	B shares	Currency translation	Currency hedging	Proposed dividend	Retained earnings	Total
2019/20							
Equity at 1 October	**18**	**198**	**-175**	**-53**	**2,549**	**4,376**	**6,913**
Net profit for the year	-	-	-	-	3,829	368	**4,197**
Other comprehensive income	-	-	-200	113	-	-32	**-119**
Total comprehensive income	**-**	**-**	**-200**	**113**	**3,829**	**336**	**4,078**
Transfers	-	-	-	-	-1	1	**-**
Acquisition of treasury shares	-	-	-	-	-	-500	**-500**
Sale of treasury shares	-	-	-	-	-	407	**407**
Share-based payment	-	-	-	-	-	39	**39**
Tax on share-based payment, etc.	-	-	-	-	-	81	**81**
Interim dividend paid out in respect of 2019/20	-	-	-	-	-1,063	-	**-1,063**
Dividend paid out in respect of 2018/19	-	-	-	-	-2,549	-	**-2,549**
Transactions with shareholders	**-**	**-**	**-**	**-**	**-3,613**	**28**	**-3,585**
Equity at 30 September	**18**	**198**	**-375**	**60**	**2,765**	**4,740**	**7,406**

Statement of changes in equity, last year

At 30 September

DKK million	Share capital		Reserves				
	A shares	B shares	Currency translation	Currency hedging	Proposed dividend	Retained earnings	Total
2018/19							
Equity at 1 October	**18**	**198**	**-161**	**-36**	**2,336**	**4,063**	**6,418**
Net profit for the year	-	-	-	-	3,611	262	**3,873**
Other comprehensive income	-	-	-14	-17	-	36	**5**
Total comprehensive income	**-**	**-**	**-14**	**-17**	**3,611**	**298**	**3,878**
Acquisition of treasury shares	-	-	-	-	-	-500	**-500**
Sale of treasury shares	-	-	-	-	-	380	**380**
Share-based payment	-	-	-	-	-	40	**40**
Tax on share-based payment, etc.	-	-	-	-	-	95	**95**
Interim dividend paid out in respect of 2018/19	-	-	-	-	-1,062	-	**-1,062**
Dividend paid out in respect of 2017/18	-	-	-	-	-2,336	-	**-2,336**
Transactions with shareholders	**-**	**-**	**-**	**-**	**-3,398**	**15**	**-3,383**
Equity at 30 September	**18**	**198**	**-175**	**-53**	**2,549**	**4,376**	**6,913**

Notes to the consolidated financial statements

List of notes

Note 1
Basis of preparation

The consolidated financial statements for 2019/2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements pursuant to the Danish Financial Statements Act.

General information
The annual report has been prepared on the basis of the historical cost principle, modified in that certain financial assets and liabilities are measured at fair value. Subsequent to initial recognition, the assets and liabilities are measured as described below in respect of each individual item or in the relevant note.

Significant estimates and judgements
In connection with the practical use of the accounting policies described, it may be necessary for Management to make estimates in respect of the accounting items. The estimates and assumptions applied are based on historical experience and other factors that Management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. In addition, the company is subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates.

It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or due to new information or subsequent events.

A further description of the principal accounting estimates and judgements is provided in the relevant notes.

Management has made accounting estimates and judgements in respect of the following areas:

Area	Estimate/ judgement	Note	Risk of impact and degree of estimation/ judgement
Goodwill and other intangible assets	Estimate	11	●●○
Inventories	Estimate	15	●○○
Deferred tax assets and uncertain tax positions	Estimate	14	●○○
Trade receivables and bad debts	Estimate	16	●○○
Provisions for litigation about transvaginal surgical mesh products	Estimate	6, 20	●●○
Other provisions	Estimate	20	●○○

Note 2
Changes in accounting policies

Effective from the 2019/20 financial year, the Coloplast Group has implemented all new, updated or amended international financial reporting standards and interpretations (IFRSs) as issued by the IASB and IFRSs adopted by the EU that are effective for the 2019/20 financial year.

Except as described in the section below regarding IFRS 16 "Leases", the implementation of new, updated or amended international financial reporting standards and interpretations (IFRSs and IFRICs) did not, in all material respects, affect the financial statements.

First time application of IFRS 16 "Leases"
The new reporting standard, IFRS 16 "Leases", was adopted with effect from 1 October 2019 using the modified retrospective approach. Consequently, comparative information was not restated and the cumulative effect from the initial application of the reporting standard was recognised in the opening balances at 1 October 2019.

The main change introduced by the new reporting standard is a revised accounting model for those lease contracts which were previously classified as operating leases. Previously, lease payments for operating leases were recorded as operating expenses and neither the leased asset nor the lease liability were recognised on the balance sheet. Pursuant to the new reporting standard, right-of-use assets are now recognised on the balance sheet for all lease contracts which were previously classified as operating leases, except for short-term leases and leases of low-value assets. Similarly, corresponding lease liabilities are also recognised on the balance sheet. The lease payments are now recorded partly as a repayment of the lease liability and partly as an interest charge. Conversely, a depreciation charge is recorded for the right-of-use assets.

As anticipated, the adoption of IFRS 16 "Leases" has had an immaterial, positive effect on EBIT for the current period due to the new classification of interest charges related to lease liabilities. The impact on net profit for and earnings per share the current period were also immaterial. Total assets increased by DKK 472 million at the initial date of application, corresponding to 4% of total assets. The right-of-use assets relate mainly to cars and buildings. There was no impact on the opening balance of equity.

As a result of this, return on invested capital (ROIC) was negatively impacted by 2 percentage points due to the increase in assets recognised on the balance sheet which were only partly offset by an immaterial increase in EBIT due to the new classification of interest charges related to lease liabilities. Net interest-bearing debt (NIBD) increased by DKK 472 million at the initial date of application due to the recognition of lease liabilities related to those lease contracts which were previously classified as operating leases.

Cash flows were also impacted by the adoption of IFRS 16 "Leases". For the current period, cash flows from operating activities were improved by DKK 197 million because the principal repayment of lease liabilities is now classified as cash flows from financing activities. This change in classification is a result of the adoption of the new reporting standard. Free cash flows were likewise improved by the same amount while net cash flows remain unchanged.

Note 2, continued

The table below shows how the adjustment to the opening balance from the initial application of IFRS 16 "Leases" reconciles to the operating lease commitments disclosed for the financial year ending 30 September 2019:

DKK million	Reconciliation of opening balance
Operating lease commitments reported at 30 September 2019	448
Short-term leases, low-value leases, service charges, etc.	-16
Effect of discounting future lease payments	-20
Adjustments as a result of a different treatment, incl. extension, termination options and variable payments	60
Effect from initial application of IFRS 16 "Leases" on the opening balance at 1 October 2019	**472**

Practical expedients applied at the initial application of IFRS 16 "Leases":
At the initial application of IFRS 16 "Leases", the following practical expedients were used:

- A single discount rate was applied to a portfolio of leases with similar characteristics
- Initial direct cost at the inception of the lease contract were excluded from the measurement of the right-of-use asset
- Hindsight was used when determining the remaining lease term from the initial date of the initial application

The weighted average incremental borrowing rate applied to lease liabilities recognised in in the opening balances at 1 October 2019 was 1.7% for right-of-use assets classified as land and buildings and 2.1% for other right-of-use assets.

New financial reporting standards to be adopted
New and amended standards are implemented when taking effect.

Reporting standards or interpretations which are not adopted by the EU have not been applied in this annual report.

Note 3
General accounting policies

This section provides a summary of significant accounting policies, and other general accounting policies. A detailed description of the accounting policies applied and the estimates made relative to each individual item is provided in relevant notes, such that all information about a specific accounting item can be found there.

Foreign currency
The financial statement items of individual Group entities are measured in the currency used in the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Danish kroner (DKK), which is the functional and presentation currency of the parent company. Other currencies are considered foreign currencies.

Translation of foreign currencies
Transactions denominated in foreign currencies are translated into an entity's functional currency at the exchange rate prevailing at the transaction date.

Monetary items denominated in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. Exchange adjustments arising as the difference between exchange rates at the balance sheet date and exchange rates at the transaction date of monetary items are recognised in the income statement as financial income or expenses.

On translation of entities with a functional currency other than DKK, balance sheet items are translated at the exchange rates at the balance sheet date and income statement items are translated at the exchange rates at the transaction date. The resulting exchange adjustments are taken directly to other comprehensive income.

The Argentinian economy has been considered a hyperinflation economy effective from 1 July 2018. Accordingly, the Group's Argentinian subsidiary is recognised in accordance with IAS 29. The subsidiary's financial statements were inflation adjusted at a retail price index increase of 35.3% (source: Bloomberg) prior to recognition in the consolidated financial statements. The income statement and the balance sheet of the inflation-adjusted financial statements are included in the consolidated financial statements at the exchange rate applying at the balance sheet date standing at 8.34.

Consolidation, business combinations and associates
The consolidated financial statements comprise the financial statements of Coloplast A/S (the parent company) and enterprises (subsidiaries) controlled by the parent company. The parent company is considered to exercise control when it has power over the relevant activities of the enterprise, is exposed or has rights to a variable return from the investment and has the ability to affect those returns through its power.

The consolidated financial statements are prepared by aggregating the financial statements of the parent company and the individual subsidiaries, all of which are prepared in accordance with the Group's accounting policies. Intra-group transactions, balances, dividends and unrealised gains and losses on transactions between Group companies are eliminated.

Note 3, continued

Enterprises, which are not subsidiaries but in which the Group holds at least 20% of the voting rights or otherwise exerts a significant influence, are regarded as associates. The Group's proportionate share of unrealised gains and losses on transactions between the Coloplast Group and associates is eliminated.

Enterprises recently acquired or divested are included in the consolidation in the period in which the Coloplast Group has control of the enterprise. Comparative figures are not restated to reflect acquisitions. Divested activities are shown separately as discontinued operations.

Acquisitions are accounted for using the purchase method, according to which the assets and liabilities and contingent liabilities of enterprises acquired are measured at fair value at the date of acquisition.

Goodwill on the acquisition of subsidiaries or associates is calculated as the difference between the fair value of the consideration and the fair value of the Group companies' proportionate share of identifiable assets less liabilities and contingent liabilities at the date of acquisition.

The consideration for an enterprise consists of the fair value of the agreed consideration for the acquired enterprise. If part of the consideration is contingent on future events, such part is recognised at its fair value at the date of acquisition. Costs directly attributable to business combinations are recognised directly in the income statement as administrative expenses when incurred.

In cases where the fair value of acquired identifiable assets, liabilities or contingent liabilities subsequently turns out to differ from the values calculated at the date of acquisition, the calculation, including goodwill is adjusted until up to 12 months after the date of acquisition. Subsequently, goodwill is not adjusted. Changes to the estimates of contingent consideration are generally recognised in the income statement.

Goodwill arising in connection with the acquisition of subsidiaries is recognised in the balance sheet under intangible assets in the consolidated financial statements and tested annually for impairment.

Revenue

Revenue comprises income from the sale of goods after deduction of any price reductions, quantity discounts or cash discounts. Sales transactions are recognised in the income statement at the point in time when control of the goods is transferred to the customer, and when the consideration is assessed to be collectible. Revenues from sales transactions are measured at the amount of consideration to which Coloplast expects to be entitled.

Within all segments, revenues are typically recognised when the customer takes possession of the goods. Exceptions to this comprise Urology Care revenues, as revenues from certain surgical products are generated from consignment sales as well as the contract manufacturing business. Certain surgical products within Urology Care are always available at our partner hospitals to ensure that all sizes and fits are always available. Revenues from consignment sales are recognised as the goods are used (i.e. in surgery). Revenues from contract manufacturing business is recognised when the products are available for delivery when this coincides with the transfer of control of the products.

Note 3, continued

Coloplast generates most of its sales through distributors that operate under various conditions and who for that reason require varying sales agreements. Coloplast's distributor agreements contain volume and product-specific rebates, which require data management and monitoring of sales to individual distributors at the product level. In addition, the sales agreements contain various right-of-product-return requirements.

Payment terms for trade receivables from customers depend on creditworthiness, customary business practices and contract negotiations. Payment terms for some customers include a period of credit which commences when the products are shipped while other customers are requested to pay in advance or provide appropriate collateral for the payment. Prepayments from customers are recognised as revenue in the following period upon satisfying the performance obligations.

Variable considerations include volume and product-specific rebates which, for some markets, are accumulated and paid annually or quarterly. Accruals for variable considerations are constrained by uncertainty of future events, such as the expected volume of sales, and require significant judgement.

Revenue is measured at the fair value of the agreed consideration. All discounts granted are recognised in revenue. An estimate of expected returns is also recognised in revenue.

Coloplast has chosen to adopt the practical expedient in IFRS 15, para 63 associated with the determination of whether a significant financing component exists for transactions where payment is expected in less than 12 months from the delivery of goods (transfer of control).

Marketable securities
Marketable securities are part of a portfolio which is managed and measured on a fair value basis as per transaction date. Adjustments to fair value is recognised through profit or loss as financial items.

Bonds forming part of repo transactions, i.e. the sale of bonds that are bought back at a later date remain classified as financial assets in the balance sheet, while amounts received from repo transactions are recognised as repo debt. Returns on such bonds are recognised under financials.

Cash flow statement
The consolidated cash flow statement, which is presented according to the indirect method, shows the Group's cash flow from operating, investing and financing activities as well as the Group's cash and cash equivalents and short-term debt to credit institutions at the beginning and end of the year. Cash and cash equivalents comprise cash and debt to credit institutions recognised under current assets and current liabilities, respectively. Marketable securities include bonds with maturities of more than three months and are recognised under investing activities.

Note 4
Segment information

Accounting policies
The operating segments are defined on the basis of the monthly reporting to the Executive Management, which is considered the senior operational management, and the management structure. Reporting to Management is based on three operating segments: Chronic Care, Interventional Urology and Wound & Skin Care.

Management does not receive reporting on assets and liabilities by reporting segments. Accordingly, the reporting segments are not measured in this respect, nor do we allocate resources on this background.

Segmentation of the income statement
The operating segment Chronic Care covers the sale of ostomy care products and continence care products. The operating segment Interventional Urology covers the sale of urological products, including disposable products, as well as R&D activities. The operating segment Wound & Skin Care covers the sale of wound & skin care products. The reporting segments are also Chronic Care, Interventional Urology and Wound & Skin Care. The segmentation reflects the structure of reporting to the Executive Management.

The shared/non-allocated comprises support functions (production units and staff) and eliminations, as these functions do not generate revenue. While the costs of R&D for Interventional Urology are included in the segment operating profit/loss for that segment, R&D activities for Chronic Care and Wound & Skin Care are shared functions which are included in shared/non-allocated. Financial items and income tax are not allocated to the operating segments.

	Chronic Care		Interventional Urology		Wound & Skin Care		Group	
DKK million	**2019/20**	**2018/19**	**2019/20**	**2018/19**	**2019/20**	**2018/19**	**2019/20**	**2018/19**
Segment revenue:								
Ostomy Care	7,538	7,166	-	-	-	-	7,538	7,166
Continence Care	6,819	6,459	-	-	-	-	6,819	6,459
Interventional Urology	-	-	1,835	1,970	-	-	1,835	1,970
Wound & Skin Care	-	-	-	-	2,352	2,344	2,352	2,344
External revenue as per the Statement of comprehensive income	**14,357**	**13,625**	**1,835**	**1,970**	**2,352**	**2,344**	**18,544**	**17,939**
Costs allocated to segment	-6,039	-5,827	-1,181	-1,242	-1,411	-1,430	-8,631	-8,499
Segment operating profit/loss	**8,318**	**7,798**	**654**	**728**	**941**	**914**	**9,913**	**9,440**
Shared/non-allocated							-4,059	-3,884
Special items not included in segment operating profit/loss (see note 6 to the financial statements)							-	-400
Operating profit before tax (EBIT) as per the Statement of comprehensive income							**5,854**	**5,156**
Net financials							-388	-128
Tax on profit/loss for the year							-1,269	-1,155
Profit/loss for the year as per the Statement of comprehensive income							**4,197**	**3,873**

Management 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, sales and 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.

Note 4, continued

Geographic information

Coloplast A/S' registered office is situated in Denmark. No single customer accounted for more than 10% of the Group's revenue in 2018/19 and 2019/20.

DKK million	2019/20	2018/19
Specification of revenue representing over 10% of the Group's revenue including Denmark		
US	3,538	3,377
UK	2,727	2,607
France	2,334	2,312
Denmark	239	257
Other	9,706	9,386
Total	**18,544**	**17,939**
Specification of non-current assets[1] by location of subsidiary		
Denmark[2]	2,702	2,799
Hungary	1,321	1,222
Other[3]	2,267	1,730
Total	**6,290**	**5,751**

[1] Non-current assets by location consist of intangible assets and property plant and equipment.

[2] Non-current receivables and other investments have been excluded from the comparison number, which has decreased the amount by DKK 4 million.

[3] Non-current receivables and other investments have been excluded from the comparison number, which has decreased the amount by DKK 28 million.

Note 5
Staff costs

Accounting policies
Staff costs are recognised in the financial year in which the staff performed the relevant work.

DKK million	2019/20	2018/19
Specification of staff costs recognised in the financial year		
Salaries, wages and directors' remuneration	4,635	4,513
Pension costs - defined contribution plans (note 19)	317	309
Pension costs - defined benefit plans (note 19)	13	16
Other social security costs	474	440
Total	**5,439**	**5,278**
Staff costs allocated to functions		
Production costs	1,245	1,304
Distribution costs	3,365	3,204
Administrative expenses	441	401
Research and development costs	388	369
Total	**5,439**	**5,278**
Average number of employees, FTEs	12,250	11,822
Number of employees at 30 September, FTEs	12,427	12,074
Number of employees at 30 September, headcount	12,568	12,234

See note 30 to the financial statements for information on the Executive Management's and the Directors' remuneration.

Note 6
Special items

Accounting policies
Special items comprise material amounts of a non-recurring nature, such as costs relating to divestment, closure or restructuring, provisions for lawsuits, etc. These items are presented separately to facilitate the comparability of the income statement and to provide a better picture of the operating results.

Note 6, continued

Special items contain expenses to cover further costs to resolve the remaining claims in connection with legal assistance relating to litigation about transvaginal surgical mesh products in US as the process takes longer than previously anticipated.

See note 20 to the financial statements for more information regarding the litigation about transvaginal surgical mesh products.

DKK million	2019/20	2018/19
Provisions for litigation about transvaginal surgical mesh products	-	400
Total	**-**	**400**

Note 7
Financial income and expenses

Accounting policies

Financial income and expenses include interest, financing costs of leases, realised and unrealised foreign exchange adjustments, gains on net monetary items in hyperinflationary economies, fair value adjustment of forward contracts transferred from other comprehensive income, fair value adjustments of cash settled share options, fees, market value adjustments of securities and dividend received on shares recognised under securities.

See note 24 to the financial statements for more information about accounting policy for items transferred from hedging reserve.

DKK million	2019/20	2018/19
Financial income		
Interest income	8	19
Net exchange adjustments	-	2
Hyperinflationary adjustment of monetary position	11	32
Other financial income	1	1
Total	**20**	**54**
Financial expenses		
Interest expenses	16	6
Interest expenses, lease liabilities	14	-
Fair value adjustments of forward contracts transferred from other comprehensive income	90	121
Fair value adjustments of cash-based share options	7	7
Net exchange adjustments	248	-
Other financial expenses and fees	33	48
Total	**408**	**182**

Note 8
Tax on profit for the year

Accounting policies

Coloplast A/S is jointly taxed with wholly owned Danish subsidiaries. The jointly taxed Danish enterprises are covered by the Danish on-account tax scheme.

Additions, deductions and allowances relating to the on-account tax scheme are included in financial items.

Current tax on the net profit or loss for the year is recognised as an expense in the income statement together with any change in the provision for deferred tax. Tax on changes in other comprehensive income is taken directly on other comprehensive income.

DKK million	2019/20	2018/19
Specification of tax on profit for the year		
Current tax on profit for the year	1,290	1,269
Change in deferred tax on profit for the year	-19	-110
Tax on profit from ordinary activities for the year	**1,271**	**1,159**
Adjustment of tax relating to prior years	-2	-5
Change due to change in tax rate	-	1
Tax on profit for the year	**1,269**	**1,155**
Tax on equity and other comprehensive income entries, income	**57**	**92**
Reconciliation of tax rate differences		
Danish tax rate	22.0%	22.0%
Effect of change of tax rates	0.0%	0.0%
Deviation in foreign subsidiaries' tax percentage	0.3%	0.0%
Non-taxable income and non-deductible expenses	0.3%	0.3%
Other taxes and other adjustments, net	0.6%	0.7%
Effective tax rate	23.2%	23.0%

Note 9
Earnings per share (EPS)

Accounting policies

Earnings per share (EPS) reflects the ratio between profit for the year and the year's weighted average of issued, ordinary shares, excluding ordinary shares purchased by the Group and held as treasury shares. Earnings per share, diluted, is calculated as the net profit for the year divided by the average number of outstanding shares adjusted for the dilutive effect of outstanding share options in the money.

	2019/20	2018/19
Net profit for the year, DKK million	4,197	3,873
Net profit for the year before special items, DKK million	4,197	4,185
Weighted average number of shares, millions of units	212.6	212.3
Dilutive effect of outstanding share options, millions of units	0.6	0.8
Average number of unrestricted shares including dilutive effect of outstanding share options, millions of units	213.3	213.1
Earnings per share before special items, DKK	19.74	19.72
Earnings per share, DKK	19.74	18.25
Earnings per share before special items, diluted, DKK	19.67	19.64
Earnings per share, diluted, DKK	19.67	18.18

	2019/20		2018/19	
Outstanding shares ('000):	**A shares**	**B shares**	**A shares**	**B shares**
Outstanding shares at 1 October	**18,000**	**194,423**	**18,000**	**194,367**
Sale of treasury shares	-	763	-	742
Acquisition of treasury shares	-	-505	-	-686
Outstanding shares at 30 September	**18,000**	**194,681**	**18,000**	**194,423**
Holding of treasury shares at 30 September	-	3,319	-	3,577
Total shares issued at 30 September	**18,000**	**198,000**	**18,000**	**198,000**

Both share classes have a face value of DKK 1 per share. Class A shares carry 10 votes each, while class B shares carry 1 vote each. The class A shares are non-negotiable instruments. Any change of ownership or pledging of class A shares requires the consent of the Board of Directors. B shares are negotiable instruments, and no restrictions apply to their negotiability. No special dividend rights attach to either share class. The Group does not hold A shares.

Note 10
Dividend per share

Accounting policies

Dividend is recognised in the balance sheet as a liability when adopted at the Annual General Meeting. Proposed but not yet paid dividend for the financial year is recognised in equity until approved by the shareholders at the general meeting.

DKK	2019/20	2018/19
Interim dividend per share	5.00	5.00
Proposed dividend per share	13.00	12.00
Total dividend per share	**18.00**	**17.00**
Total dividend for the year, DKK million	3,829	3,611
Payout ratio	91%	93%

The Board of Directors recommends that the shareholders attending the general meeting approve an additional dividend of DKK 13.00 per share. An interim dividend of DKK 5.00 per share was distributed in the financial year, bringing the total dividend per share for the year to DKK 18.00. The increase in dividend per share, compared to last financial year, amounts to 6%. The payout ratio for the year is 91%.

Note 11
Intangible assets

Accounting policies

Intangible assets with a finite life are measured at cost less accumulated amortisation and impairment losses. Borrowing costs are recognised as part of cost. Amortisation is made on a straight-line basis over the expected useful lives of the assets, which are:

Software	3 – 5 years
Acquired patents and trademarks etc.	5 – 15 years

Goodwill and other intangible assets with indefinite lives are tested for impairment annually or whenever there is an indication of impairment, while the carrying amount of intangible assets with finite lives, property, plant and equipment and investments measured at cost or amortised cost are assessed if there is an indication of impairment. If a write-down is required, the carrying amount is written down to the higher of net selling price and value in use. For the purpose of assessing impairment, assets are grouped in the smallest group of assets that generates identifiable cash inflows (cash-generating units). The cash-generating units are defined as the smallest identifiable group of assets that generates cash inflows and which are largely independent of cash flows from other assets or groups of assets.

For other intangible assets, the amortisation period is determined on the basis of Management's best estimate of the expected economic lives of the assets. The expected economic lives are assessed at least annually, and the amortisation period is determined based on the latest assessment. For purposes of calculating amortisation, the residual value of the assets is nil, unless a third party has committed to purchasing the asset after its use or there is an active market for the asset. With the exception of goodwill and some specific trademarks, all intangible assets have a finite life.

All in-house research costs are recognised in the income statement as incurred. Management believes that product development does not allow for a meaningful distinction between the development of new products and the continued development of existing products. As a result of mandatory regulatory approvals of products, completing the development of new products involves a high degree of uncertainty, for which reason the technical feasibility criteria are not considered to have been met.

Gains or losses on the disposal of intangible assets are stated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal and are included in the income statement under other operating income or other operating expenses, respectively.

Key accounting estimates and judgements

Goodwill and other intangible assets: The measurement of intangible assets, including goodwill, could be materially affected by significant changes in estimates and assumptions underlying the calculation of values. The carrying amount of intangible assets was DKK 2,364 million as at 30 September 2020 (30 September 2019: DKK 2,502 million).

Note 11, continued

DKK million	Acquired patents and trademarks etc.	Goodwill	Software	Prepay-ments and intangible assets in progress	Total intangible assets
2019/20					
Cost at 1 October	**1,827**	**2,030**	**416**	**50**	**4,323**
Exchange adjustment	-98	-54	-	-	**-152**
Transfers	-	-	49	-49	**-**
Additions and improvements during the year	-	-	10	75	**85**
Disposals during the year	-	-	-17	-	**-17**
Cost at 30 September	**1,729**	**1,976**	**458**	**76**	**4,239**
Amortisation at 1 October	**1,503**	**-**	**318**	**-**	**1,821**
Exchange adjustment	-88	-	-	-	**-88**
Amortisation for the year	118	-	41	-	**159**
Amortisation reversed on disposals during the year	-	-	-17	-	**-17**
Amortisation at 30 September	**1,533**	**-**	**342**	**-**	**1,875**
Carrying amount at 30 September	**196**	**1,976**	**116**	**76**	**2,364**
2018/19					
Cost at 1 October	**1,743**	**1,984**	**396**	**48**	**4,171**
Exchange adjustment	84	46	-	-	**130**
Transfers	-	-	38	-38	**-**
Additions and improvements during the year	-	-	33	40	**73**
Disposals during the year	-	-	-51	-	**-51**
Cost at 30 September	**1,827**	**2,030**	**416**	**50**	**4,323**
Amortisation at 1 October	**1,317**	**-**	**336**	**-**	**1,653**
Exchange adjustment	68	-	-	-	**68**
Amortisation for the year	118	-	33	-	**151**
Amortisation reversed on disposals during the year	-	-	-51	-	**-51**
Amortisation at 30 September	**1,503**	**-**	**318**	**-**	**1,821**
Carrying amount at 30 September	**324**	**2,030**	**98**	**50**	**2,502**

Note 11, continued

Goodwill

Goodwill relates mainly to the acquisitions of Mentor's urology and continence business in 2006, Mpathy in 2010, Comfort Medical in 2016 and Lilial in 2018. Goodwill from the acquired businesses has been allocated on the individual cash-generating units according to earnings at the date of acquisition. The allocation was made to the cash-generating units Chronic Care and Interventional Urology.

Pursuant to IAS 36, a goodwill impairment test is performed when there is an indication of impairment, but at least once a year. In the impairment test, the carrying amount is compared with the recoverable amount (value in use) of each cash-generating unit, calculated as the discounted expected future cash flows.

Future cash flows are determined using forecasts based on realised sales growth, earnings and strategy plans, etc. These forecasts are based on specific assumptions for each cash-generating unit during the planning period with respect to sales, results of operations, working capital, capital investments and assumptions for cost of capital, inflation and the level of interest rates.

Growth rates during the terminal period correspond to the expected long-term rate of inflation.

	2019/20		2018/19	
	Chronic Care	Interventional Urology	Chronic Care	Interventional Urology
Key parameters applied in the calculation of recoverable amounts:				
Revenue growth in terminal period	1.3%	1.3%	1.6%	1.6%
Tax percentage	23.0%	27.0%	23.0%	27.0%
Carrying amount of trademarks[1], DKK million	50	-	50	-
Carrying amount of goodwill, DKK million	1,640	336	1,672	358

[1] Carrying amount includes only those trademarks with indefinite useful lives.

	2019/20		2018/19	
	Before tax	After tax	Before tax	After tax
Discount rates applied in the calculation of recoverable amounts:				
Chronic Care	5.0%	4.1%	7.0%	5.7%
Interventional Urology	9.7%	7.1%	11.7%	8.7%

The decrease in discount rates from 2018/19 to 2019/20 partly relates to a decrease in the risk-free interest rate and partly to a decrease in the beta value which has reduced the risk-adjusted market risk premium.

Special assumptions applied in impairment tests performed in Chronic Care
Chronic Care consists of the Ostomy Care and the Continence Care businesses. The Ostomy Care business involves the production and sale of ostomy pouches and accessories. The Continence Care business involves the production and sales of disposable catheters and various types of products designed for people suffering from urinary or faecal incontinence.

Note 11, continued

The impairment test performed for Chronic Care was based on forecasts for the 2020/21 financial year. Assumptions for Coloplast's long-term strategy were applied for the financial years 2021/22 to 2023/24.

Revenue growth rates of 6-8% were assumed for the budget period, which are supported by the organic growth rates in recent financial years. On the other hand, it was assumed that the gross margin will decrease slightly until the terminal period due to anticipated price pressures and health care reforms. It was also assumed that the Group's focus on cost management and regular efficiency improvements will ensure that overhead costs will increase at a rate lower than revenue, which will in turn produce an annual margin improvement.

The Group's general tax rate was applied in the impairment test for Chronic Care because these products are sold in all of the Group's markets.

Working capital invested has been projected using the same growth rate as that for revenue.

Special assumptions applied in impairment tests performed in Interventional Urology
The interventional urology business consists of the production and sale of products used in surgical procedures in urology and gynaecology, including prostate catheters, stents, vaginal slings used to restore continence, mesh products used to treat weak pelvic floor and penile implants for men experiencing severe impotence.

The impairment test performed for Interventional Urology was based on forecasts for the 2020/21 financial year. Assumptions for the long-term strategy of the urology business were applied for the financial years 2021/22 to 2023/24.

Revenue growth from 2019/20 to 2020/21 were assumed to be around 20% due to a low baseline in 2019/20 which were significantly impacted by COVID-19. Revenue growth rates of around 5% are assumed for the remaining budget period. It was also assumed that the Group's focus on cost management and regular efficiency improvements will ensure that overhead costs would increase at a rate lower than revenue, which will in turn produce an annual margin improvement.

The tax rate applied in the impairment test for Interventional Urology was higher than the rate applied for the Group because sales and production mostly take place in the United States, which imposes a corporate tax rate higher than the Group average.

Working capital invested has been projected using the same growth rate as that for revenue.

Acquired patents and trademarks etc.

Most acquired patents and trademarks are associated with the acquisition of Mentor's urology business in 2006 and the Mpathy acquisition in 2010, as specified in the table below. In connection with the acquisitions, intangible assets were identified, and the cost was allocated to net assets at fair value at the date of acquisition, calculated on the basis of factors such as expected sales and revenue trends. Each component is amortised over its estimated useful life using the straight line method.

Note 11, continued

DKK million	Remaining amortisation period	2020	2019
Patented technologies and unprotected technologies	0-6 years	37	79
Trademarks	1-6 years	39	69
Customer lists/loyalty	1-5 years	25	40
Carrying value of the Mentor and Mpathy assets at 30 September		**101**	**188**

	2019/20	2018/19
Amortisations on intangible assets breaks down as follows		
Production costs	79	76
Distribution costs	67	62
Administrative expenses	10	10
Research and development costs	3	3
Total	**159**	**151**

Patented technologies and unprotected technologies
On acquiring Mentor's urology business, Coloplast acquired a large number of patented technologies (more than 300) and unprotected technologies. On acquiring Mpathy, Coloplast acquired about 50 patented technologies.

Unprotected technologies include (Mentor only):
- Inventions not patentable/protectable
- Trade secrets
- Know-how
- Confidential information
- Copyrights on computer software, databases or instruction manuals and the like

Most relate to know-how regarding various materials and processes used in production. Division of the individual components into small intangible assets is not considered material or relevant.

Trademarks
In addition to patents, Coloplast acquired a large number (more than 150) of registered and unregistered trademarks, including pending applications for trademark registration, but Coloplast did not acquire the Mentor trademark. Individual acquired trademarks, each representing a limited value, are not material for Coloplast's sales, as is also the case for patented and unprotected technologies. On acquiring Mpathy, Coloplast acquired a small number (less than 20) of trademarks.

Customer lists/loyalties
Coloplast also acquired a substantial number of customer relationships when acquiring both Mentor and Mpathy. As long-term customer contracts are rarely made in the field of urology, customer lists are valued as a whole at the date of acquisition.

Note 12
Property, plant and equipment

Accounting policies

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Cost comprises the cost of acquisition and expenses directly attributable to an acquisition until the asset is ready for use. In case of assets manufactured by the company, cost comprises materials, components, sub-supplier services, direct labour and costs directly attributable to the manufactured asset. In addition, borrowing costs are recognised as part of cost.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are:

Land	not depreciated
Buildings	15 – 25 years
Building installations	5 – 10 years
Plant and machinery	5 – 15 years
Other fixtures and fittings, tools and equipment	3 – 7 years

At the balance sheet date, the residual values, remaining useful lives and depreciation pattern of the assets are assessed. Any changes are treated as changes to accounting estimates. Gains and losses on the sale or scrapping of an item of property, plant and equipment are recognised in the income statement as other operating income and other operating expenses, respectively.

DKK million	2019/20	2018/19
Depreciations on property, plant and equipment breaks down as follows		
Production costs	375	385
Distribution costs	29	29
Administrative expenses	35	33
Research and development costs	46	53
Total	**485**	**500**

Note 12, continued

DKK million	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepay-ments and assets under construc-tion	Total property, plant and equipment
2019/20					
Cost at 1 October	**2,657**	**4,537**	**1,107**	**411**	**8,712**
Reclassification to right-of-use assets	-142	-	-8	-	**-150**
Exchange and other adjustments	-121	-102	-19	-45	**-287**
Transfers	68	223	85	-376	**-**
Additions and improvements during the year	18	9	33	786	**846**
Disposals during the year	-13	-162	-76	-12	**-263**
Cost at 30 September	**2,467**	**4,505**	**1,122**	**764**	**8,858**
Depreciation at 1 October	**1,384**	**3,310**	**769**	**-**	**5,463**
Reclassification to right-of-use assets	-16	-	-6	-	**-22**
Exchange and other adjustments	-51	-69	-11	-	**-131**
Depreciations for the year	105	242	138	-	**485**
Depreciations reversed on disposals during the year	-13	-162	-73		**-248**
Depreciation at 30 September	**1,409**	**3,321**	**817**	**-**	**5,547**
Carrying amount at 30 September	**1,058**	**1,184**	**305**	**764**	**3,311**
Cost of property, plant and equipment fully depreciated	617	2,342	547	-	3,506
2018/19					
Cost at 1 October	**2,590**	**4,447**	**1,053**	**270**	**8,360**
Exchange and other adjustments	2	-7	4	-4	**-5**
Transfers	70	172	82	-324	**-**
Additions and improvements during the year	63	15	65	474	**617**
Disposals during the year	-68	-90	-97	-5	**-260**
Cost at 30 September	**2,657**	**4,537**	**1,107**	**411**	**8,712**
Depreciation at 1 October	**1,323**	**3,155**	**713**	**-**	**5,191**
Exchange and other adjustments	3	3	3	-	**9**
Depreciations for the year	111	240	149	-	**500**
Depreciations reversed on disposals during the year	-53	-88	-96	-	**-237**
Depreciation at 30 September	**1,384**	**3,310**	**769**	**-**	**5,463**
Carrying amount at 30 September	**1,273**	**1,227**	**338**	**411**	**3,249**
Net book value of finance lease assets included in carrying amount		126	2	-	128
Cost of property, plant and equipment fully depreciated	605	2,393	479	-	3,477

The Group has signed agreements with contractors for the supply of buildings, technical plant and machinery for DKK 173 million at 30 September 2020 (DKK 65 million at 30 September 2019).

Note 13
Right-of-use assets

Accounting policies

At the commencement date, when a leased asset is made available for use, a right-of-use asset and a corresponding lease liability is recognised on the balance sheet.

Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made prior to the commencement date and any initial direct costs. Subsequently, the right-of-use asset is measured at cost less depreciation and impairment losses and adjusted for the remeasurement of the lease liability. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the useful life of the right-of-use asset.

Options to extend the initial leasing period are only included in the initial measurement if it is reasonably certain that the option will be utilised.

Lease liabilities are initially measured at the present value of future lease payments. The lease payments are discounted using the implicit rate of the lease contract or, if not readily determinable, the incremental borrowing rate of Coloplast for loans with similar term and security. As a practical expedient, the discount rates are determined on basis of a portfolio of leases with similar characteristics, e.g. a portfolio of leased cars in a specific country. The lease liabilities are subsequently reduced by the portion of lease payments which is regarded as repayment of those lease liabilities. Lease liabilities are remeasured in the event of a lease modification or a reassessment of the lease term which in turn may also impact the carrying value of the right-of-use assets. The lease term is reassessed when a significant event or change, which is within the control of Coloplast, affects the prior assessment.

Short-term leases and leases of low-value assets are exempted from the above accounting model. Consequently, lease payments associated with such lease contracts are recognised as an operating expense on either a straight-line basis over the lease term or another systematic basis which is more representative of the pattern of the benefit of the leased assets.

Comparative information was not restated.

The majority of the Group's right-of-use assets comprise office space, warehouses, cars and IT equipment. Leasing arrangements are preferred for certain types of assets as it stabilises cash flows and reduces capital invested in non-current assets.

In certain situations, the leasing contracts include a right for Coloplast to extend the leasing period but this is only reflected in the cost of the right-of-use assets, and the corresponding lease liability, if it is reasonably certain that the option will be utilised.

Variable lease payments, which are not included in the measurement of the lease liability, are expensed directly in profit or loss. These payments are mainly related to consumption-based charges, e.g. extra mileage in leased cars.

The Group enters into new lease contracts continually, e.g. to replace an old right-of-use asset which is returned to lessor. The new contracts are usually entered prior to commencing the leasing period when a right-of-use assets is available for use. Consequently, the Group may have committed to lease contracts, which are insignificant from an individual perspective, at the balance sheet date which are not yet recognised on the balance sheet date.

The extent of residual value guarantees for right-of-use assets is limited and expected payments are included in the initial amount of the lease liability.

Note 13, continued

DKK million	Land and buildings	Other fixtures and fittings, tools and equipment	Total right-of-use assets
2019/20			
Cost at 1 October	-	-	-
Reclassification of IAS 17 leases	126	2	**128**
Change in accounting policy	291	181	**472**
Exchange and other adjustments	-14	-6	**-20**
Additions during the year	141	101	**242**
Disposals during the year	-1	-17	**-18**
Depreciations for the year	-107	-100	**-207**
Depreciations reversed on disposals during the year	1	17	**18**
Carrying amount at 30 September	**437**	**178**	**615**

DKK million	2019/20	2018/19
Depreciations on right-of-use assets breaks down as follows		
Production costs	23	-
Distribution costs	164	-
Administrative expenses	20	-
Total	**207**	**-**
Other lease expenses recorded in the income statement		
Lease payments related to short-term leases	4	-
Lease payments related to low-value assets	17	-
Variable lease payments	13	-
Total	**34**	**-**
Total cash outflow for leases		
Payments related to right-of-use assets	208	-
Payments related to other lease contracts	31	-
Total	**239**	**-**

DKK million	2020	2019
Maturity analysis of lease liabilities (undiscounted)		
In less than one year	188	8
Current lease liability (undiscounted)	**188**	**8**
Within 1 to 5 years	372	58
After more than 5 years	120	76
Non-current lease liability (undiscounted)	**492**	**134**
Total lease liability (undiscounted)	**680**	**142**

Note 14
Deferred tax

Accounting policies

Full provision is made for deferred tax on the basis of all temporary differences in accordance with the balance sheet liability method. Temporary differences arise between the tax base of assets and liabilities and their carrying amounts which are offset over time.

Deferred tax relating to differences between initial recognition of assets or liabilities is not recognised if at the transaction date neither the accounting profit nor the taxable income is affected unless such differences occurred in a business combination.

Uncertain tax positions generally relate to transfer pricing disputes and are recognised under payable tax and measured according to current tax rules and at the tax rates assumed in the year in which the assets are expected to be utilised.

Deferred tax assets are recognised to the extent that it is probable that future positive taxable income will be generated, against which the temporary differences and tax losses can be offset. Deferred tax assets are measured at expected net realisable values.

Key accounting estimates and judgements

The recognition of deferred tax assets and uncertain tax positions requires an assessment by management. Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised if management estimates that the tax assets can be utilised within a foreseeable future by offsetting against future positive taxable income. The assessment is made annually on the basis of budgets and business plans for the following years, including any scheduled business measures. As the Group conducts business globally, transfer pricing disputes may arise with tax authorities in respect of settlement prices etc. Management applies a probability-weighted assessment to determine obligations in connection with transfer pricing disputes.

The Group's tax losses expiring after more than five years amount to DKK 19 million at 30 September 2020 (DKK 33 million at 30 September 2019). Of these tax losses, the Group has recognised a tax asset of DKK 2 million on a DKK 7 million tax loss at 30 September 2020 (DKK 3 million on a DKK 13 million tax loss at 30 September 2019).

The tax value of the Group's tax credits amounts to DKK 130 million at 30 September 2020 (DKK 175 million at 30 September 2019). This amount includes a recognised tax asset of DKK 53 million at 30 September 2020 (DKK 55 million at 30 September 2019). The tax credits expire after more than five years.

Taxable temporary differences regarding investments in subsidiaries and branches are insignificant and no deferred tax has been provided, because the company controls the timing of the elimination of the temporary difference, and it is probable that the temporary difference will not be eliminated in the foreseeable future.

Note 14, continued

DKK million	2019/20	2018/19
Deferred tax at 1 October, net	**326**	**178**
Exchange adjustments	-11	6
Adjustment due to change in tax rate	-	-1
Prior-year adjustments	-18	-11
Other changes in deferred tax – charged to income statement	19	110
Change in deferred tax - charged to equity	-16	44
Deferred tax at 30 September, net	**300**	**326**

DKK million	2020	2019
Recognised in the balance sheet as follows		
Deferred tax assets	669	590
Provision for deferred tax	-369	-264
Deferred tax at 30 September, net	**300**	**326**
Deferred tax relates to the following items		
Intangible assets	-271	-275
Property, plant and equipment	-196	-61
Indirect production costs	-14	-15
Unrealised gain from intra-group sale of goods	327	271
Provisions	131	178
Jointly taxed companies (recaptured balances)	-9	-9
Share options	139	104
Tax losses carried forward and tax credits	53	58
Other	140	75
Deferred tax at 30 September, net	**300**	**326**

Note 15
Inventories

Accounting policies
Inventories are measured at the lower of cost and net realisable value. Cost is determined using the FIFO principle. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and indirect production overheads. Production overheads comprise indirect material and labour costs, maintenance and depreciation of the machinery and production buildings used in the manufacturing process as well as costs of production administration and management. Net realisable value is the expected selling price less cost of completion and costs to sell.

Key accounting estimates and judgements
Capitalised production overheads have been calculated using a standard cost method, which is reviewed regularly to ensure the relevant assumptions concerning capacity utilisation, lead times and other relevant factors in the calculation of actual costs of sales. Changes to the calculation method for production overheads, including levels of capacity utilisation, lead times, etc. could affect the gross margin and the overall valuation of inventories.

DKK million	2020	2019
Raw materials and consumables	420	308
Work in progress	464	441
Manufactured goods	1,343	1,184
Inventories at 30 September	**2,227**	**1,933**

DKK million	2019/20	2018/19
Write-downs at 1 October	**36**	**41**
Write-downs realised during the year	-17	-20
Write-downs reversed during the year	-11	-9
Additional write-downs made during the year	29	24
Write-downs at 30 September	**37**	**36**

Production overheads was included in the carrying amount of inventories with DKK 559 million at 30 September 2020 (DKK 513 million at 30 September 2019).

Production costs include directly attributable production costs of DKK 3,672 million related to goods sold (2018/19: DKK 3,540 million).

Note 16
Trade receivables and other receivables

Accounting policies

Receivables consist mainly of trade receivables. On initial recognition, receivables are measured at fair value and subsequently at amortised cost. Receivables are written down on the basis of an individual assessment and the simplified approach in accordance with IFRS 9 where loss allowances are based on lifetime expected credit losses.

Key accounting estimates and judgements

Receivables and trade receivables are recognised at amortised cost less loss allowances. The individual provision is made for losses considered likely to arise. If the financial position of a customer deteriorates, making it unable to make payments, it may prove necessary to make additional provisions in future accounting periods. The allowance for lifetime expected losses is based on credit risk characteristics for a group of customers and days past due. When assessing whether the Group has made adequate allowances for bad and doubtful debts, management reviews the receivables, including previous losses on trade receivables, the customer's creditworthiness, current economic conditions and changes to customer payment terms and conditions.

Loss allowances are generally linked to a customer's inability to pay resulting from bankruptcy or expected bankruptcy. Overdue receivables do not only reflect customers' general ability to pay, but also the payment patterns in markets in which Coloplast operates.

DKK million	2020	2019
Ageing of trade receivables		
Not due	2,243	2,340
Due up to 30 days	250	304
Due between 30 and 90 days	182	193
Due more than 90 days	381	409
Trade receivables at 30 September, gross	**3,056**	**3,246**
Loss allowance at 30 September	-122	-93
Trade receivables at 30 September, net	**2,934**	**3,153**
Loss allowance at 1 October	**93**	**95**
Exchange adjustment	-5	1
Allowances used during the year (realised losses)	-8	-14
Additional allowances recognised during the year	42	11
Loss allowance at 30 September	**122**	**93**
Trade receivables by currency		
DKK	43	107
EUR	1,048	1,121
USD	698	671
GBP	311	334
Other currencies	834	920
Trade receivables at 30 September, net	**2,934**	**3,153**

Note 16, continued

Other receivables, non-current
The portion of other receivables, which are falling due after more than one year after the balance sheet date, is recognised in the balance sheet as non-current assets and amounts to DKK 24 million (DKK 27 million at 30 September 2019).

The majority of the non-current other receivables falls due after three years of the balance sheet date. Interest accruing on receivables is 0%.

Note 17
Amounts held in escrow

Accounting policies
Amounts held in escrow consist of cash held in escrow with third parties for litigation purposes.

Amounts paid into escrow accounts relate to the litigation about transvaginal surgical mesh products. See note 20 to the financial statements for more information regarding the litigation about transvaginal surgical mesh products.

Note 18
Share options

Accounting policies
Share options are granted to the executive management and senior management. For equity-settled schemes, the fair value of options is determined at the grant date. The option value is subsequently recognised over the vesting period as staff costs. For cash-settled schemes, the fair value of options granted during the period is recognised as staff costs, whereas the fair value adjustment of granted options from previous periods is recognised under financial items. The purchase and selling prices of treasury shares on exercise are deducted from or added to equity, as the case may be.

Share options are granted to members of the executive management and other senior management for the purpose of motivating and retaining a qualified management group and in order to align the interests of management with those of the shareholders. Options are awarded as unconditional allocations at the date of grant, but vest over a three-year period. The value of options at the date of grant equalled an average of three months' salary for each recipient, with the exception of the executive management.

The accounting liability of the share option programmes was DKK 11 million at 30 September 2020 (DKK 2 million at 30 September 2019), while the fair value of all option programmes amounted to DKK 746 million at 30 September 2020 (DKK 605 million at 30 September 2019).

Note 18, continued

DKK million	2019/20	2018/19
Share options have affected the profit or loss for the year as follows		
Staff costs, accounting value of cash and equity-settled programmes	40	40
Financial costs, fair value adjustment of cash-settled programmes	7	7
Cost of share options recognised in profit or loss	**47**	**47**

The accounting value of the options was calculated using the Black-Scholes formula at the date of the grant, in which the interest rate applied was the yield on Danish government securities. Volatility in the share is calculated as monthly movements (period-end to period-end) over five years. Options are assumed to be exercised on average one year into the exercise period.

	2019	2018
The following assumptions were applied in determining the fair value of share options granted during the financial year		
Black-Scholes value, DKK	93.73	72.71
Share price, DKK	828.20	604.84
Exercise price, DKK	869.61	635.08
Expected dividend per share, DKK	1.50%	1.50%
Expected duration, years	4.00	4.00
Volatility	21.53%	22.07%
Risk-free interest	-0.59%	-0.36%
Value, million DKK	45.91	45.16

	2019/20			2018/19		
	No. of options	Average exercise price	Average share price	No. of options	Average exercise price	Average share price
Outstanding share options at 1 October	**2,351,113**	**547**		**2,468,117**	**521**	
Options awarded	489,842	866		653,718	625	
Options forfeited	-12,902	635		-20,865	533	
Options exercised	-766,799	528	955	-749,857	511	761
Outstanding share options at 30 September	**2,061,254**	**625**		**2,351,113**	**547**	

Note 18, continued

Year of issue	No. of options issued	Share options lapsed	Options exercised	Not exercised at 30 September 2020	Exercise price[1)2)]	Exercise period
Specification of outstanding share options						
2015	828,388	-465,542	-334,530	**28,316**	609	31/12/18 - 31/12/20
2015 adjusted	199,877	-17,029	-169,179	**13,669**	478	31/12/18 - 31/12/20
2015 US	69,074	-	-65,213	**3,861**	502	31/12/18 - 31/12/20
2016	636,673	-62,178	-324,553	**249,942**	478	31/12/19 - 31/12/21
2016 US	116,785	-7,419	-100,184	**9,182**	502	31/12/19 - 31/12/21
2017	596,363	-41,711		**554,652**	502	31/12/20 - 31/12/22
2017 US	107,767	-3,807		**103,960**	534	31/12/20 - 31/12/22
2018	501,877	-10,746		**491,131**	625	31/12/21 - 31/12/23
2018 US	119,260	-		**119,260**	635	31/12/21 - 31/12/23
2019	400,996	-2,561		**398,435**	865	31/12/22 - 31/12/24
2019 US	88,846	-		**88,846**	870	31/12/22 - 31/12/24
Total	**3,665,906**	**-610,993**	**-993,659**	**2,061,254**		

[1)] The exercise prices are adjusted for payment of dividend. In 2019/20, the adjustment of the exercise price was DKK 5.00.

[2)] Average exercise price for options exercisable at the balance sheet date was DKK 490.68.

Coloplast's holding of treasury shares fully covers the option programmes, so the options exercised under the programme will not influence the Group's cash position by forcing it to buy up shares in the market. See note 9 to the financial statements for an overview of treasury shares held by Coloplast at the balance sheet date.

Note 19
Provisions for pensions and similar obligations

Accounting policies
In defined contribution plans, the Group makes regular payments of fixed contributions to independent pension funds and insurance companies. The Group is under no obligation to pay additional contributions. Costs for defined contribution plans are recognised in the income statement as Coloplast assumes an obligation to make the payment.

In defined benefit plans, the Group is under an obligation to pay a defined benefit on retirement. The actuarially calculated present value less the fair value of any plan assets is recognised in the balance sheet under provision for pension and similar obligations or in plan assets in the balance sheet. The total service costs of the year plus calculated interest based on actuarial estimates and financial assumptions at the beginning of the year are recognised in the income statement. The difference between the forecast development in plan assets and liabilities and the realised values at the end of the year is called actuarial gains or losses and is recognised in other comprehensive income. In connection with a change in benefits regarding the employees' employment with the Group to date, there will be a change in the actuarial calculation of the net present value, which is taken directly to the profit or loss.

Defined contribution plans
The Group offers pension plans to certain groups of employees in Denmark and abroad. Most of the pension plans are defined contribution plans. The Group funds the plans through regular payments of premiums to independent insurance companies responsible for the pension obligations towards the beneficiaries. Once the pension contributions for defined contribution plans have been made, the Group has no further obligation towards current or former employees. Contributions to defined contribution plans are recognised in the income statement when paid. In 2019/20, DKK 317 million (2018/19: DKK 309 million) was recognised.

Defined benefit plans
For certain groups of employees in foreign subsidiaries, the Group has signed agreements to pay defined benefits, including pension payments.

Share of net obligation by country	2020	2019
France	65%	58%
Germany	27%	24%
UK	6%	16%
Italy	2%	2%
Total	100%	100%

These pension liabilities are not or are only partly covered by insurance (in the UK). Uncovered liabilities are recognised in the balance sheet and in the income statement as indicated below. Coloplast effects payments to the plans. The plans in the UK and Italy have been closed, and no further payments are made.

The figures below include liabilities regarding the post-service remuneration scheme applicable to Board members prior to the amendment to the articles of association adopted at the Annual General Meeting held in 2002.

The pension plans are based on the individual employee's salary and years of service with the company, and benefits are paid as a lifelong pension. The active plans are not exclusive to any particular employee group.

Note 19, continued

Special funding requirements apply in the UK, while this is not the case for the other countries. In the UK, employee interests are handled by a Trustee Board. Accounts are prepared every three years and funding of any deficit is determined. Any surplus reverts to Coloplast. The plans have no requirements for risk diversification on equities or for matching strategies. The plans have a duration of an average of 14 years, and all plans generally mature after more than 10 years.

The Group expects to pay DKK 13 million to the defined benefit plans in 2020/21.

DKK million	2019/20	2018/19
Defined contribution plans	317	309
Defined benefit plans	13	16
Cost of pension plans recognised in profit or loss	**330**	**325**
Pension costs concerning current financial year	11	9
Pension costs concerning prior financial years	-	4
Net interest expenses	2	3
Cost of defined benefit plans recognised in profit or loss	**13**	**16**
Costs of defined benefit plans breaks down as follows		
Production costs	3	3
Distribution costs	9	13
Research and development costs	1	-
Cost of defined benefit plans recognised in profit or loss	**13**	**16**
Actuarial gains/losses on pension obligations	-10	-43
Actuarial gains/losses on plan assets	22	38
Actuarial gains/losses on defined benefit plans recognised in other comprehensive income	**12**	**-5**
Plan assets at 1 October	**357**	**314**
Exchange adjustments	-12	1
Actual rate of interest	7	9
Actuarial gains/losses on plan assets	22	38
Paid by the Coloplast Group	21	6
Benefit paid out	-19	-11
Plan assets at 30 September	**376**	**357**

DKK million	2020	2019
Specification of plan assets		
Shares, listed	98	35
Bonds	39	314
Funds	231	-
Cash and similar assets	8	8
Plan assets at 30 September	**376**	**357**

Note 19, continued

DKK million	2019/20	2018/19
Specification of present value of defined benefit obligation		
Present value of defined benefit liability at 1 October	**566**	**509**
Exchange adjustments	-12	-
Current service costs	11	9
Past service costs	-	4
Calculated interest on liability	9	12
Actuarial gains/losses, financial assumptions	19	76
Actuarial gains/losses, demographic assumptions	-4	-
Actuarial gains/losses, experience	-5	-33
Benefit paid out	-19	-11
Present value of defined benefit liability at 30 September	**565**	**566**
Fair value of plan assets at 30 September	-376	-357
Net liability of defined benefit plans at 30 September	**189**	**209**
Net liability of defined benefit plans at 1 October	**209**	**195**
Expenditure for the year	13	16
Actuarial gains/losses on pension obligation	10	43
Exchange adjustment	-	-1
Actuarial gains/losses on plan assets	-22	-38
Payments received	-21	-6
Net liability of defined benefit plans at 30 September	**189**	**209**
Actuarial assumptions applied at the balance sheet date (expressed as an average)		
Discount rate	0.8%	0.7%
Future rate of salary increases	2.5%	2.3%
Inflation	1.6%	1.7%

The below sensibility analysis shows the change in one of the actuarial assumptions, while other assumptions are kept constant. In practice, a change in one of the assumptions will in many instances be matched by a change in the other assumptions.

	2019/20		2018/19	
	+1%-point	-1%-point	+1%-point	-1%-point
Percentage increase/decrease in the gross liability resulting from a change in a single actuarial assumption				
Discount rate	-21%	23%	-20%	22%
Future rate of salary increases	3%	-3%	3%	-3%
Inflation	17%	-14%	17%	-15%

Note 20
Other provisions

Accounting policies
Provisions are recognised when the Group has a legal or constructive obligation arising from a past event, and it is probable that an outflow of the Group's financial resources will be required to settle the obligation. Provisions are measured as Management's best estimate of the amount with which the liability is expected to be settled. The Group recognises a provision for the replacement of products covered by warranties at the balance sheet date.

Key accounting estimates and judgements
Provisions for legal obligations consist of provisions for pending litigation. Management makes assessments of provisions and contingent liabilities, including the probable outcome of pending and possible future litigation, which is inherently subject to uncertain future events. Based on information available, Management believes that adequate provisions have been made for pending litigation, but there can be no assurance that the scope of these matters will not be extended, nor that material lawsuits, claims, legal proceedings or investigations will not arise in the future.

	2019/20			2018/19		
DKK million	**Legal claims**	**Other**	**Total**	**Legal claims**	**Other**	**Total**
Provisions at 1 October	**451**	**7**	**458**	**255**	**16**	**271**
Exchange adjustment	-25	-1	**-26**	9	-	**9**
Provisions used during the year	-151	-	**-151**	-214	-10	**-224**
Unused provisions reversed during the year	-3	-	**-3**	-3	-1	**-4**
Additional provisions	4	5	**9**	404	2	**406**
Provisions at 30 September	**276**	**11**	**287**	**451**	**7**	**458**
Expected maturities						
Non-current liabilities	118	10	**128**	251	6	**257**
Current liabilities	158	1	**159**	200	1	**201**
Provisions at 30 September	**276**	**11**	**287**	**451**	**7**	**458**
Provisions charged to profit or loss during the year	1	5	**6**	401	1	**402**

Note 20, continued

Legal claims
The amounts are gross amounts relating to certain legal claims.

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 and in 2019 the remaining cases were remanded to the relevant Courts.

The total amount recognised since the 2013/14 financial year for expected costs of litigation in the USA amounts to DKK 5.65 billion including legal costs (before insurance cover of DKK 0.5 billion).

The total expense is based on a number of estimates and assumptions and is therefore subject to substantial uncertainty.

The remaining provision made for legal claims amounted to DKK 0.3 billion at 30 September 2020 (DKK 0.5 billion at 30 September 2019) plus DKK 0.1 billion recognised under other debt (DKK 0.1 billion at 30 September 2019). 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.

Other
Other liabilities relate to provisions for expenses associated with restructuring, guarantees and other non-legal claims.

Note 21
Credit institutions

Accounting policies
Borrowings from credit institutions are recognised at fair value less expenses incurred and subsequently at amortised cost. Repo debt relates to mortgage bonds forming a part of repo transactions. Repo debt is recognised at amortised cost plus accumulated repo interest.

DKK million	2020	2019	Maturity
Repo debt to credit institutions	208	215	Less than one month
Other borrowings from credit institutions	903	851	Less than one year
Borrowings from credit institutions at 30 September	**1,111**	**1,066**	
Lease liability	636	142	See note 13 'Right-of-use assets'
Marketable securities	-262	-313	Matures in 2021-2023
Bank balances	-323	-356	Available for withdrawal
Net interest-bearing debt at 30 September	**1,162**	**539**	

Debt to credit institutions from repo transactions
Coloplast has concluded repo transactions on mortgage bonds, according to which Coloplast has an obligation to buy back the bonds at a fixed price. Repo transactions are accounted for as lending transactions. Repo debt amounted to DKK 208 million at 30 September 2020 (DKK 215 million at 30 September 2019) with a due date of 15 October 2020. The repo debt carries a fixed rate of interest of minus 0.3% from the transaction date (minus 0.4% at 30 September 2019).

Bonds for which the ownership has been transferred to the counterpart as part of a repo transaction had a carrying amount of DKK 208 million at 30 September 2020 (DKK 215 million at 30 September 2019). See note 23 to the financial statements for information on interest rate risk relating to bonds.

Other borrowings from credit institutions
Other borrowings from credit institutions mainly comprise drawdowns on revolving credit facilities which are committed for three years on the balance sheet date in addition to minor bank overdrafts on authorised short-term facilities.

The borrowings from credit institutions are presented as current liabilities due to its nature as instruments for liquidity management.

Note 22
Financial instruments by category

Accounting policies

Financial instruments are measured at either amortised cost or fair value. Those financial instruments, which are measured at fair value, can be categorised according to the fair value measurement hierarchy below:

Level 1: Observable prices in active markets for identical instruments.
Level 2: Valuation models primarily based on observable prices or traded prices of comparable instruments.
Level 3: Valuation models primarily based on non-observable prices.

The fair value of forward exchange contracts and other derivative financial instruments are considered a level 2 fair value measurement as the fair value is determined directly based on the published exchange rates and quoted forward exchange rates at balance sheet dates. The fair value of derivative financial instruments is calculated on the basis of current market data.

DKK million	Amortised cost	Fair value through profit or loss (level 1)	Hedging instruments at fair value through OCI (level 2)	Total
2020				
Trade receivables	2,934	-	-	**2,934**
Other receivables	243	-	119	**362**
Marketable securities[1]	-	262	-	**262**
Cash and cash equivalents	323	-	-	**323**
Financial assets	**3,500**	**262**	**119**	**3,881**
Other credit institutions	1,111	-	-	**1,111**
Trade payables	814	-	-	**814**
Other payables	1,630	-	34	**1,664**
Lease liability	636	-	-	**636**
Financial liabilities	**4,191**	**-**	**34**	**4,225**
2019				
Trade receivables	3,153	-	-	**3,153**
Other receivables	207	-	17	**224**
Amounts held in escrow	13	-	-	**13**
Marketable securities[1]	-	313	-	**313**
Cash and cash equivalents	356	-	-	**356**
Financial assets	**3,729**	**313**	**17**	**4,059**
Other credit institutions	1,066	-	-	**1,066**
Trade payables	859	-	-	**859**
Other payables	1,640	-	80	**1,720**
Lease liability	142	-	-	**142**
Financial liabilities	**3,707**	**-**	**80**	**3,787**

[1] The securities portfolio consists of mortgage bonds and corporate bonds. The bond portfolio carried an effective rate of interest of 1-6% (2018/19: 1-6%).

Note 23
Financial risks

Risk management policy
Financial risks are managed centrally and, accordingly, all derivative instruments are managed and controlled by the parent company. The framework is determined by the financial policy approved annually by the Board of Directors. The financial policy comprises policies for foreign exchange, funding, liquidity and financial counterparts. The core principle is for financial risk to be managed with a view to reducing significant risk.

Foreign exchange risk
A number of the Group's financial instruments is exposed foreign exchange risks as a natural consequence of its global activities. The Board of Directors determines the level of risk as a percentage of EBITDA. The foreign exchange risk related to financial instruments is concentrated in receivables, payables and cash positions denominated in foreign currencies. In addition to this, the fair value of the Group's hedging instruments is significantly exposed to changes in foreign exchange rates. On the other hand, there is only a low foreign exchange risk attached to the Group's marketable securities as these are denominated in DKK and EUR. Borrowings from credit institutions, including repo debt, are denominated in DKK.

While EUR is a key currency for the Group, the foreign exchange risk is regarded as low due to fixed exchange rate policy of the central bank of Denmark.

As at 30 September 2020, an average of 58% of the following twelve months of expected net cash flows were hedged (30 September 2019: 65% of the following twelve months of cash flows).

The table below show how a theoretical change of +/- 5% in all currencies against Danish kroner will impact the financial instruments recognised at the balance sheet date. The impact on profit or loss comes mainly from receivables denominated in foreign currencies. The impact on other comprehensive income relates to the fair value of hedging instruments.

	2019/20				2018/19			
DKK million	USD	GBP	HUF	All currencies	USD	GBP	HUF	All currencies
Impact from a 5% increase in currencies								
Profit or loss	-3	16	-13	**125**	16	17	-5	**139**
Other comprehensive income	-42	-54	24	**-147**	-41	-66	20	**-161**
Total comprehensive income	**-45**	**-38**	**11**	**-22**	**-25**	**-49**	**15**	**-22**
Impact from a 5% decrease in currencies								
Profit or loss	3	-16	13	**-125**	-16	-17	5	**-139**
Other comprehensive income	42	54	-24	**147**	41	66	-20	**161**
Total comprehensive income	**45**	**38**	**-11**	**22**	**25**	**49**	**-15**	**22**

The increase and decrease resulting from a 5% change are the same as all hedging instruments are forward contracts.

Note 23, continued

Interest rate risk
The exposure to interest rate risks is consider insignificant as the Group's net interest-bearing debt remains an insignificant part of the Groups capital structure.

Liquidity risk
The exposure to liquidity risks is considered to be low. In addition to cash available for withdrawal and marketable securities, the Group's cash reserves comprise a mix of committed and uncommitted credit facilities to ensure an adequate level of funding for the Group's activities, even in periods of operational uncertainty.

DKK million	2020	2019
Cash and cash equivalents	323	356
Marketable securities	262	313
Liquid assets recorded on the balance sheet at 30 September	**585**	**669**
Committed credit facilities, unutilised (3 years term)	1,680	1,763
Uncommitted credit facilities, unutilised (short-term)	2,196	2,218
Financial reserves at 30 September	**4,461**	**4,650**

The Board of Directors generally intends to distribute excess cash to the shareholders by way of dividends and share buybacks. It is expected that dividends will be paid twice a year: after the annual general meeting and after the release of the half-year interim report. However, share buy-backs and distribution of dividend will always be made with due consideration for the Group's liquidity requirements and plans.

The capital management objective of the Group is to raise new debt only for acquisition purposes or for other special purposes. The Group assesses the capital on the basis of the solvency ratio, which is calculated in accordance with the guidelines issued by the Danish Society of Financial Analysts.

Credit risk
The Group's credit risk relates to the possibility that the counterparties of its financial assets are not able to meet their obligations as they fall due. The carrying amount of the financial assets represents the maximum credit risk exposure. The Group's policy for managing credit risks involves an ongoing credit assessment of major customers and other key business partners.

The credit risk exposure relates to (i) receivables, (ii) bank deposits, (iii) marketable securities (mortgage bonds and corporate bonds) as well as (iv) derivative financial instruments (forward exchange contracts) with a positive fair value at the balance sheet date.

- The credit risk relating to trade receivables and other receivables is diversified over a large number of customers and other counterparties. For this reason, the credit risk is regarded as insignificant. See also note 16.

- The credit risk relating to bank deposits is, pursuant to the Group's counterparty policy, managed and mitigated by making money market deposits only with selected financial institutions holding a satisfactory credit rating. In addition, the maximum deposit limits have been defined for each financial counterparty.

- The credit risk relating to marketable securities is considered to be limited as investment is only made in selected liquid bonds with a high credit rating.

- The credit risk relating to derivative financial instruments is aligned with the credit risk for bank deposits as derivative contracts are only entered with selected financial institutions holding a satisfactory credit rating.

Note 24
Derivative financial instruments

Accounting policies

At the initiation of derivative contracts, it is assessed whether they qualify for hedge accounting and the derivatives are classified as either cash flow hedges or fair value hedges. Cash flow hedges relates to forecasted transactions at a future point in time. Fair value hedges relate to changes in the fair value of assets or liabilities recognised on the balance sheet.

Upon initial recognition, the fair values of derivative financial instruments are recognised as an asset or a liability on the balance sheet date. These are presented together with other receivables or other payables, respectively. The fair values of derivative financial instruments are subsequently remeasured at fair value at each reporting date.

The subsequent value adjustments of cash flow hedges are recognised through other comprehensive income as a cash flow hedge reserve when the hedging relationship continues to meet the effectiveness requirement. The reserve is recognised in the income statement upon realisation of the hedged transactions. If a derivative financial instrument used to hedge expected future transactions expires, is sold or no longer qualifies for hedge accounting, any accumulated reserve remains in equity until the hedged transaction is concluded. If a transaction is no longer expected to be concluded, any reserve accumulated under equity is transferred to the income statement.

The subsequent value adjustments of fair value hedges are recognised through profit or loss along with any adjustments of the value of the hedged asset that concern the hedged risk.

Pursuant to the Group's foreign exchange policy, forward exchange contracts are used for the purpose of neutralising and delaying the effect of exchange rate fluctuations in profit or loss and thereby enhance the predictability of the financial results.

The foreign exchange risk is calculated by applying the principles of a cash-flow-at-risk model, with the Board of Directors determining the level of risk as a percentage of operating profit (EBITDA). The risk is managed and mitigated through cash flow hedges and, in some cases, through fair value hedges. Sources of hedging ineffectiveness comprise mainly those that arise from assumptions on expected 12-month rolling cash flows not being realised.

The Group hedges key currencies e.g. USD, GBP, JPY, HUF, and selectively hedge emerging markets currencies taking the cost of hedging into consideration.

The Group does not hedge forecasted cash flows denominated in EUR as the foreign exchange risk is regarded as low due to a fixed exchange rate policy of the central bank of Denmark.

Note 24, continued

Specification of derivative financial instruments held at the balance sheet date.

DKK million	Contract amount at year-end[1)]	Fair value of contract at year-end[2)]	Average exchange rate per the hedging contracts	Expiry period of the contracts
2020				
USD	871	37	659.85	Oct 20 - Aug 21
GBP	1,115	46	844.53	Oct 20 - Sept 21
JPY	189	5	6.16	Oct 20 - Sept 21
HUF	-514	-29	2.14	Oct 20 - Sept 21
Other currencies	844	18	n/a	Oct 20 - Sept 21
Forward exchange contracts at 30 September, cash flow hedges	**2,505**	**77**		
HUF	315	9	2.10	Oct 20 - Dec 20
Forward exchange contracts at 30 September, fair value hedges	**315**	**9**		
2019				
USD	771	-36	642.51	Oct 19 - Aug 20
GBP	1,308	-1	832.91	Oct 19 - Sept 20
JPY	182	-8	6.04	Oct 19 - Sept 20
HUF	-406	-12	2.29	Oct 19 - Sept 20
Other currencies	860	-11	n/a	Oct 19 - Sept 20
Forward exchange contracts at 30 September, cash flow hedges	**2,715**	**-68**		
HUF	339	5	2.26	Oct 19 - Dec 19
Forward exchange contracts at 30 September, fair value hedges	**339**	**5**		

[1)] Amount is translated to DKK millions using the exchange rates per the hedging contracts. Positive amounts indicate a forecasted sale of the currency in question; negative amounts indicate a forecasted purchase of currency in question.

[2)] Positive amounts indicate that the net fair value of the hedging contracts is an asset. Negative amounts indicate that the net fair value of the hedging contracts is a liability.

Note 25
Specifications of cash flow from operating and financing activities

DKK million	2019/20	2018/19
Net gain/loss on divestment of non-current assets	2	-24
Change in other provisions	-177	197
Other non-cash operating items	40	40
Adjustment for other non-cash operating items	**-135**	**213**
Inventories	-403	-197
Trade receivables	81	-222
Other receivables, including amounts held in escrow	-150	-17
Trade and other payables etc.	120	145
Changes in working capital	**-352**	**-291**

	2019/20			2018/19		
DKK million	Lease liability	Credit facilities	Total	Lease liability	Credit facilities	Total
Balance at 1 October	**142**	**1,066**	**1,208**	**99**	**1,262**	**1,361**
Impact of accounting policy change	472	-	472	-	-	-
Additions during the year	235	-	235	54	-	54
Cash flows	-197	45	-152	-8	-196	-204
Exchange rate adjustments	-16	-	-16	-3	-	-3
Balance at 30 September	**636**	**1,111**	**1,747**	**142**	**1,066**	**1,208**

Note 26
Cash and cash equivalents

Accounting policies

Cash and cash equivalents, recognised under current assets, comprise bank deposits and cash at hand and are measured at fair value.

DKK million	2020	2019
Bank deposits, short term	323	356
Cash and cash equivalents at 30 September	**323**	**356**

Note 27
Public grants

Accounting policies

Public grants comprise grants for research, development and other investments. Grants for investments are recognised as deferred income, which is recognised systematically in the income statement under production costs from the date when the conditions attaching to them are deemed to be complied with until the date on which the deadline for retaining such conditions expires. Other grants are recognised as income on a systematic basis, so that they are matched with the related costs for which they compensate.

The Group has received DKK 1 million in public grants for research and development purposes (2018/19: DKK 2 million) and DKK 3 million in public grants for investments (2018/19: DKK 1 million). An income of DKK 12 million relating to investment grants has been recognised under production costs in the income statement (2018/19: DKK 11 million).

Note 28
Contractual commitments

The Group has leased various office space, warehouses, cars and IT equipment under non-cancellable operating leases. From 1 October 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases. See note 13 to the financial statements for further information.

DKK million	2020	2019
Operating leases fall due		
In less than one year	-	195
Within 1 to 5 years	-	246
After more than 5 years	-	7
Total	**-**	**448**

Note 29
Contingent liabilities and guarantees

As part of the normal course of business, Coloplast is involved in pending litigations, claims and investigations. Provisions for probable losses have been made for those matters Management has assessed as needed, but there are uncertainties associated with these estimates. Please also see note 20 to the financial statements.

Coloplast does not expect any pending litigations, claims and investigations to materially influence the Group’s future earnings, cash flows or financial position, neither individually nor in aggregate, in addition to the amounts recognised as provisions.

Bonds in repo transactions have been provided as collateral for repo debt. Bonds provided as collateral were valued at DKK 208 million at 30 September 2020 (DKK 215 million at 30 September 2019). See note 21 to the financial statements for information on interest rate risk relating to bonds.

Note 30
Remuneration of the Board of Directors and Executive Management

The current policy for the remuneration of the Board of Directors and Executive Management was adopted in 2019 and sets out the general guidelines for the remuneration of the Group's management. The guidelines for the remuneration of the Board of Directors and Executive Management are available on the Group website.

In addition to the disclosures provided in this note, more details on the remuneration of Executive Management and Directors are provided in the separate Remuneration report for the Coloplast Group, which is not a part of the audited financial statements. The report is also available on the Group website.

Download the Remuneration Policy

www.coloplast.com/management-remuneration/

Download the Remuneration Report

www.coloplast.com/remuneration-reports/

Fees to Board members in respect of the current financial year
Fees to Board members make up DKK 7.0 million (2018/19: DKK 6.6 million) of the total staff costs (see note 5 to the financial statements) and are specified as follows:

DKK million	2019/20	2018/19
Ordinary board member fee	5.3	5.3
Audit Committee	1.1	1.0
Nomination and Remuneration Committee	0.6	0.3
Fee to members of the Board of Directors	**7.0**	**6.6**

In addition, the accounting cost of not-yet-vested share options held by the Chairman amount to DKK 1.4 million in 2019/20 (2018/19: DKK 4.1 million) of the total staff costs (see note 5 to the financial statements). The accounting cost is calculated in line with IFRS 2 and relates to share options awarded to him during his term as CEO.

Remuneration of members of the Executive Management in respect of the current financial year
Remuneration of members of Executive Management make up DKK 49.8 million (2018/19: DKK 51.8 million) of the total staff costs (see note 5 to the financial statements) and are specified as follows:

DKK million	2019/20	2018/19
Base salaries	27.5	26.9
Pension	4.1	4.0
Other benefits	1.3	1.2
Cash bonus[1)]	3.8	8.0
Remuneration of Executive Management, excluding value of share options and contingent salary items	**36.7**	**40.1**
Share options	8.8	8.6
Contingent bonus schemes[2)]	4.3	3.1
Remuneration of Executive Management	**49.8**	**51.8**

1) The cash bonus expense of DKK 8.0 million in 2018/19 comprise a carry-over from 2017/18 of DKK 1.7 million related to a change in the estimated bonus payout for 2017/18. The adjusted cash bonus expense for 2018/19 was DKK 6.3 million.

2) When Paul Marcun joined Executive Management in 2018/19, he was offered a contingent cash bonus as compensation for waiving long-term incentive schemes offered by his previous employer. The cash bonus is contingent on continued employment and is payable in two instalments in December 2020 and December 2021. The cash bonus is expensed in profit or loss over the vesting period.

Note 30, continued

The value of share options, which is calculated as the fair value of share options at the grant date using the Black-Scholes Formula in line with IFRS 2, comprise the annual accounting cost of share options awarded in the current and in prior years in accordance with the accounting policies applied. Consequently, it does not represent the fair value of share options awarded or exercised in the current financial year.

If a member of Executive Management is given notice of termination by the company and such termination is not due to breach on the part of the member of Executive Management, such member is entitled to compensation corresponding to a maximum of two years' salary and pension contribution.

Share options are granted to members of Executive Management and senior management. See note 18 to the financial statements for further information regarding share-based payments as well as the separate Remuneration Report for the Coloplast Group, which is not part of the audited financial statements. The report is available on the Group website.

Note 31
Related party transactions

Related parties to the Coloplast Group include members of the Board of Directors and the Executive Management and main shareholders of the parent company, Coloplast A/S. There were no major transactions with related parties. Information about the remuneration of the Management is set out in note 30 to the financial statements.

Note 32
Fees to auditors appointed by the Annual General Meeting

DKK million	2019/20	2018/19
Statutory audit	8	8
Other services	3	13
Fee to PricewaterhouseCoopers	**11**	**21**

Fee for non-audit services provided to the Group by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, Denmark, amounted to DKK 1 million (2018/19: DKK 9 million), relating to other assurance opinions and compliance advice.

Certain of the Group's subsidiaries are not subject to an audit by PricewaterhouseCoopers.

Note 33
Events occurring after the balance sheet date

No events have occurred after the balance sheet date which are deemed to have a material impact on the financial results or equity at 30 September 2020. At 3rd November 2020 Coloplast acquired Nine Continents Medical, Inc. Please see page 25 for further information.

Note 34
Overview of Group companies

Company	Country	Ownership
Parent company		
Coloplast A/S	Denmark	
Sales and/or manufacturing subsidiaries		
Coloplast de Argentina S.A.	Argentina	100%
Coloplast Pty. Ltd.	Australia	100%
Coloplast Ges.m.b.H.	Austria	100%
Coloplast Belgium S.A.	Belgium	100%
Coloplast do Brasil Ltda.	Brazil	100%
Coloplast Canada Corporation	Canada	100%
Coloplast (China) Ltd.	China	100%
Coloplast (China) Medical Devices Ltd.	China	100%
Coloplast (Hong Kong) Ltd.	China	100%
Coloplast Volume Manufacturing Costa Rica S.A.	Costa Rica	100%
Coloplast Danmark A/S	Denmark	100%
Coloplast Oy	Finland	100%
Laboratoires Coloplast S.AS.	France	100%
Coloplast Manufacturing France S.A.S.	France	100%
Lilial S.A.S.	France	100%
Lilial Executives S.A.S.	France	100%
Lilial Preference S.A.S.	France	100%
Coloplast GmbH	Germany	100%
Coloplast Distribution GmbH	Germany	100%
Coloplast Hungary Kft.	Hungary	100%
Coloplast (India) Private Limited	India	100%
Coloplast Israel Ltd.	Israel	100%
Coloplast S.p.A.	Italy	100%
Coloplast K.K.	Japan	100%
Coloplast Korea Limited	Korea	100%
Coloplast B.V.	Netherlands	100%
Coloplast Norge AS	Norway	100%
Coloplast Sp. zo.o.	Poland	100%
Coloplast Portugal Lda.	Portugal	100%
Coloplast II Portugal Lda.	Portugal	100%
Coloplast OOO	Russia	100%
Coloplast Slovakia s.r.o.	Slovakia	100%
Coloplast Productos Médicos S.A.	Spain	100%
Coloplast AB	Sweden	100%
Coloplast AG	Switzerland	100%
Coloplast Taiwan Co., Ltd.	Taiwan	100%
Coloplast Turkey AS	Turkey	100%
Coloplast Limited	UK	100%
Coloplast Medical Limited	UK	100%
Charter Healthcare Limited	UK	100%
Porgès UK Limited	UK	100%
Coloplast Corp.	USA	100%
Coloplast Manufacturing US, LLC	USA	100%
Comfort Medical, LLC	USA	100%
Other companies		
Coloplast Ejendomme A/S	Denmark	100%
Ejendomsselskabet Kromosevej A/S	Denmark	100%
Coloplast Business Centre Sp. zo.o.	Poland	100%
Acarix AB	Sweden	1%
Francis Medical, Inc.	USA	13%

Representative offices and branches

Czech Republic	Saudi Arabia
Dubai	Singapore
Egypt	Slovakia
Hungary	South Africa
New Zealand	Ukraine

Note 35
Definitions of key ratios

The ratios are calculated and applied in accordance with Recommendations & Financial Ratios issued by the Danish Society of Financial Analysts. Key ratios are shown on page 2.

EBIT
Earnings before interest and tax

EBITDA
Earnings before interest, tax, depreciation and amortisation

Invested capital
Assets less cash, less marketable securities plus accumulated goodwill amortised before 1 October 2002 less non-interest bearing debt including provisions

EBIT margin, %
EBIT as a percentage of revenues

Return on average invested capital (ROIC), %
EBIT as a percentage of invested capital (average)

Return on equity, %
Profit for the year attributable to Coloplast as a percentage of equity before minority interests (average)

Equity ratio, %
Equity at year-end as a percentage of total assets at year-end

Net asset value per share, DKK
Equity excluding minority interests per outstanding share

Market price/net asset value per share
Market price per share relative to net asset value per share

PE, price/earnings ratio
Market price per share relative to earnings per share (EPS)

Payout ratio, %
Dividend declared as a percentage of profit for the year attributable to Coloplast

Earnings per share (EPS)
Profit for the year attributable to Coloplast per outstanding share (average of four quarters)

Free cash flow per share
Free cash flow per outstanding share (average of four quarters)

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today considered and approved the Annual Report of Coloplast A/S for the financial year 1 October 2019 – 30 September 2020.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements set out in the Danish Financial Statements Act.

The parent company financial statements have been prepared in accordance with the Danish Financial Statements Act. In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 30 September 2020 and of the results of the Group's and the parent company's operations and the cash flows for the Group for the financial year 1 October 2019 – 30 September 2020.

In our opinion, the Management's report includes a fair account of the development and performance of the Group and the parent company, the results for the year and of the financial position of the Group and the parent company, together with a description of the principal risks and uncertainties that the Group and the parent company face.

We recommend the annual report for adoption at the Annual General Meeting.

Humlebæk, 3 November 2020

Executive Management

Kristian Villumsen
President, CEO

Anders Lonning-Skovgaard
Executive Vice President, CFO

Paul Marcun
Executive Vice President

Allan Rasmussen
Executive Vice President

Nicolai Buhl Andersen
Executive Vice President

Board of Directors

Lars Rasmussen
Chairman

Niels Peter Louis-Hansen
Deputy Chairman

Carsten Hellmann

Birgitte Nielsen

Jette Nygaard-Andersen

Jørgen Tang-Jensen

Thomas Barfod
Elected by the employees

Roland V. Pedersen
Elected by the employees

Nikolaj Kyhe Gundersen
Elected by the employees

Independent auditors' report

To the shareholders of Coloplast A/S

Our opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 30 September 2020 and of the results of the Group's operations and cash flows for the financial year 1 October 2019 to 30 September 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 30 September 2020 and of the results of the Parent Company's operations for the financial year 1 October 2019 to 30 September 2020 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements of Coloplast A/S for the financial year 1 October 2019 to 30 September 2020 comprise statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies.

The Parent Company Financial Statements of Coloplast A/S for the financial year 1 October 2019 to 30 September 2020 comprise income statement, balance sheet and notes, including summary of significant accounting policies.

Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of Coloplast A/S on 12 June 1998 for the financial year 1997/98. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 23 years including the financial year 2019/20.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2019/20. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Effect of pending and potential transvaginal mesh cases Since 2011, Coloplast has been a party to individual lawsuits in different federal and state courts in the USA where claims of product liability have been registered relating to the use of transvaginal mesh for the treatment of pelvic organ prolapse and stress urinary incontinence. We focused on the assessment of the liability relating to the transvaginal mesh cases as the valuation is subject to significant judgement, including expected settlement amounts and legal costs per case as well as the number of cases. We refer to note 20 in the Consolidated Financial Statements for detailed information on the transvaginal mesh cases.	We discussed the principles for the assessment of the liability relating to the transvaginal mesh cases with Management. We tested the principles for identification and assessment of potential and on-going transvaginal mesh cases, and we discussed and obtained statements from internal and external legal counsel on the likely economic consequences of the transvaginal mesh cases, including the expected number of cases, the expected settlement amounts and the expected legal costs. Based on the historical development of the overall proceedings of the transvaginal mesh cases, we assessed the reasonableness of Management's expectations of the settlement amount per case with respect to cases not yet settled and expectations for any additional registration of claims as well as additional legal costs. We also assessed the disclosures relating to the cases.
Recognition of revenue The preparation and negotiation of sales agreements take place with due consideration of territorial healthcare reforms, diverse legislation, increased competition, growth strategies and requirements relating to various tenders. The main part of Coloplast's sales are carried out through distributors, who operate under diverse circumstances and consequently have different requirements that affects the sales agreements. Coloplast's agreements with distributors include volume and product dependent discounts, which requires data management and monitoring of sales at product level to the individual distributors. We focused on the recognition of revenue as the accounting rules are complex and involve assessments of the timing and amount of the revenue to be recognised. We refer to note 3 in the Consolidated Financial Statements.	We discussed the recognition principles applied to distributor agreements and the related sales transactions with Management. We reviewed and assessed the procedures and internal controls relating to revenue and tested relevant controls with special focus on controls relating to the conclusion of agreements and collection of relevant data. We applied data analysis to revenue transactions in order to obtain an understanding of the transaction flow in the Group and in relation hereto, we tested a sample of revenue transactions. Finally, we tested a sample of revenue transactions to sales agreements, tested provisions for discounts and tested the time of recognition of sales transactions.

Independent auditors' report

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hellerup, 3 November 2020

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Mogens Nørgaard Mogensen
State Authorised Public Accountant
mne21404

Kim Tromholt
State Authorised Public Accountant
mne33251

Parent company financial statements Coloplast A/S

Income statement

1 October - 30 September

DKK million	Note	2019/20	2018/19
Revenue	3	12,679	12,853
Production costs	4	-6,071	-6,204
Gross profit		**6,608**	**6,649**
Distribution costs	4, 6	-1,202	-1,499
Administrative expenses	4, 5	-356	-479
Research and development costs	4	-716	-702
Other operating income		16	45
Other operating expenses		-8	-7
Operating profit (EBIT)		**4,342**	**4,007**
Profit/loss after tax on investments in subsidiaries	11	942	681
Financial income	7	28	50
Financial expenses	7	-318	-148
Profit before tax		**4,994**	**4,590**
Tax on profit for the year	8	-897	-826
Net profit for the year	2	**4,097**	**3,764**

Balance sheet

At 30 September

DKK million	Note	2020	2019
Assets			
Intangible assets	9	859	986
Property, plant and equipment	10	639	662
Financial assets	11	3,611	3,113
Non-current assets		**5,109**	**4,761**
Inventories	12	1,225	925
Trade receivables		378	570
Receivables from Group companies		2,503	3,011
Other receivables		250	93
Prepayments		95	78
Amounts held in escrow	13	-	13
Marketable securities		262	313
Cash and cash equivalents		41	55
Current assets		**4,754**	**5,058**
Assets		**9,863**	**9,819**
Equity and liabilities			
Share capital		216	216
Reserve for currency hedging		59	-53
Proposed ordinary dividend for the year		2,765	2,549
Retained earnings		3,327	3,216
Equity	14	**6,367**	**5,928**
Provisions for pensions and similar liabilities	15	3	3
Provision for deferred tax	16	81	17
Other provisions	15	115	248
Non-current liabilities		**199**	**268**
Other provisions	15	152	192
Other credit institutions		1,307	1,211
Trade payables		235	282
Payable to Group companies		559	645
Income tax	16	676	769
Other payables		368	524
Current liabilities		**3,297**	**3,623**
Liabilities		**3,496**	**3,891**
Equity and liabilities		**9,863**	**9,819**
Contingent items and other financial liabilities	17		

Note 1
Accounting policies

Basis of preparation
The parent company's financial statements are presented in accordance with the Danish Financial Statements Act for companies in reporting class D and additional Danish disclosure requirement for listed companies.
The accounting policies of the parent company are the same as those of the Group, but with the addition of the policies described below. The Group's accounting policies are set out in note 1, 2 and 3 to the consolidated financial statements. Other than as set out hereinabove, there have been no changes to the accounting policies relative to last year.

General information
No separate cash flow statement has been prepared for the parent company as per the exemption clause of section 86(4) of the Danish Financial Statements Act. The consolidated cash flow statement is set out on page 51.

Intangible assets
Goodwill is measured at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over the expected useful life, estimated at 10 years. This estimate was made on the basis of estimated useful lives of the other assets acquired in the transaction.

Property, plant and equipment
Leases, under which substantially all risk and rewards or ownership of an asset are transferred, are classified as finance leases. Other leases are classified as operating leases. No finance leases have been recognised in the parent company's financial statements.

Financial assets
In the parent company's financial statements, investments in subsidiaries and associates are recognised according to the equity method. The share of the results of subsidiaries less unrealised intra-group gains is recognised in the parent company's income statement. Net revaluation of investments in subsidiaries and associates exceeding the dividend declared by such companies is recognised in equity as reserve for net revaluation according to the equity method.

Financial instruments
The accounting policies and other information about derivative financial instruments are set out in note 24 to the consolidated financial statements.

Tax
The parent company is taxed jointly with its domestic subsidiaries. The jointly taxed Danish subsidiaries are covered by the Danish on-account tax scheme. Current tax for jointly taxed companies is recognised in each individual company.

Note 2
Profit distribution

DKK million	2019/20	2018/19
Profit distribution		
Retained earnings	269	153
Dividend paid during the year	1,063	1,062
Proposed dividend for the year	2,765	2,549
Total	**4,097**	**3,764**

Note 3
Revenue

DKK million	2019/20	2018/19
Business areas		
Intimate health care	12,679	12,853
Total	**12,679**	**12,853**
Geographical markets		
Europe	8,717	8,947
Americas	2,383	2,438
Rest of the world	1,579	1,468
Total	**12,679**	**12,853**

Note 4
Staff costs

DKK million	2019/20	2018/19
Specification of staff costs recognised in the financial year		
Salaries, wages and directors' remuneration	1,072	1,162
Pensions	91	91
Other social security costs	8	4
Total	**1,171**	**1,257**
Average number of employees, FTEs	1,376	1,425

See note 30 to the consolidated financial statements for information on the remuneration for the Board of Directors and Executive Management.

Note 5
Fees to auditors appointed by the Annual General Meeting

DKK million	2019/20	2018/19
Statutory audit	5	6
Other services	1	9
Fee to PricewaterhouseCoopers	**6**	**15**

Note 6
Special items

Distribution costs include expected costs relating to pending litigation. See note 20 to the consolidated financial statements for more information regarding the litigation about transvaginal surgical mesh products.

DKK million	2019/20	2018/19
Costs related to pending litigation	-	400
Total	**-**	**400**

Note 7
Financial income and expenses

DKK million	2019/20	2018/19
Financial income		
Interest income, etc.	5	10
Interest income from Group companies	23	21
Net exchange adjustments	-	19
Total	**28**	**50**
Financial expenses		
Interest expenses, etc.	12	19
Interest expenses from Group companies	2	8
Net exchange adjustments	214	-
Fair value adjustments, forward contracts	90	121
Total	**318**	**148**

Note 8
Tax on profit for the year

DKK million	2019/20	2018/19
Current tax on profit for the year	879	888
Change in deferred tax on profit for the year	14	-63
Adjustment of tax relating to prior years	4	1
Tax on profit for the year	**897**	**826**
Tax on equity entries, income	**9**	**32**

Note 9
Intangible assets

DKK million	Acquired patents and trademarks etc.	Goodwill	Software	Prepay-ments and intangible assets in progress	Total 2019/20	Total 2018/19
Cost at 1 October	1,461	1,506	355	50	3,372	3,350
Transfers	-	-	49	-49	-	-
Additions and improvements during the year	-	-	10	75	85	72
Disposals during the year	-	-	-16	-	-16	-50
Cost at 30 September	1,461	1,506	398	76	3,441	3,372
Amortisation at 1 October	1,294	831	261	-	2,386	2,229
Amortisation for the year	75	98	39	-	212	207
Amortisation reversed on disposals during the year	-	-	-16	-	-16	-50
Amortisation at 30 September	1,369	929	284	-	2,582	2,386
Carrying amount at 30 September	92	577	114	76	859	986

Note 10
Property, plant and equipment

DKK million	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepay-ments and assets under construc-tion	Total 2019/20	Total 2018/19
Cost at 1 October	736	796	124	1,656	1,770
Transfers	25	59	-84	-	-
Additions and improvements during the year	19	27	130	176	183
Disposals during the year	-185	-51	-12	-248	-297
Cost at 30 September	595	831	158	1,584	1,656
Depreciations at 1 October	454	540	-	994	984
Depreciations for the year	63	114	-	177	200
Depreciations reversed on disposals during the year	-175	-51	-	-226	-190
Depreciations at 30 September	342	603	-	945	994
Carrying amount at 30 September	253	228	158	639	662

Note 11
Financial assets

DKK million	Investments in Group companies	Receivables from Group companies	Other securities and investments	Total	
				2019/20	2018/19
Cost at 1 October	**3,610**	**256**	**11**	**3,877**	**3,812**
Capital investments	9	211	26	**246**	**79**
Divestments	-	-53	-2	**-55**	**-14**
Cost at 30 September	**3,619**	**414**	**35**	**4,068**	**3,877**
Value adjustments at 1 October	**-757**	**-**	**-7**	**-764**	**-474**
Profit after tax	942	-	-2	**940**	**681**
Dividend received	-409	-	-	**-409**	**-968**
Exchange adjustments	-225	-	-1	**-226**	**26**
Other adjustments	-	-	2	**2**	**-29**
Value adjustments at 30 September	**-449**	**-**	**-8**	**-457**	**-764**
Carrying amount at 30 September	**3,170**	**414**	**27**	**3,611**	**3,113**

See note 34 in the consolidated financial statements for an overview of subsidiaries.

Note 12
Inventories

DKK million	2020	2019
Raw materials and consumables	36	46
Work in progress	225	205
Manufactured goods	964	674
Inventories at 30 September	**1,225**	**925**

The company has not provided inventories as security for debt obligations.

Note 13
Amounts held in escrow

Amounts paid into escrow accounts relate to the litigation about transvaginal surgical mesh products. See note 20 to the consolidated financial statements for more information regarding the litigation about transvaginal surgical mesh products.

Note 14
Statement of changes in equity

DKK million	Share capital: A shares	Share capital: B shares	Currency hedging reserve	Proposed dividend	Retained earnings	Total equity: 2019/20	Total equity: 2018/19
Equity at 1 October	18	198	-53	2,549	3,216	5,928	5,580
Net profit for the year	-	-	-	3,829	268	4,097	3,764
Value adjustment of currency hedging	-	-	55	-	-	55	-143
Transferred to financial items	-	-	89	-	-	89	121
Tax effect of hedging	-	-	-32	-	-	-32	5
Currency adjustment of opening balances and other adjustments relating to subsidiaries	-	-	-	-	-227	-227	5
Transactions with shareholders							
Transfer	-	-	-	-1	1	-	-
Acquisition of treasury shares	-	-	-	-	-500	-500	-500
Sale of treasury shares	-	-	-	-	501	501	440
Share-based payment	-	-	-	-	27	27	27
Tax on equity entries	-	-	-	-	41	41	27
Interim dividend paid out in respect of 2019/20	-	-	-	-1,063	-	-1,063	-1,062
Dividend paid out in respect of 2018/19	-	-	-	-2,549	-	-2,549	-2,336
Equity at 30 September	18	198	59	2,765	3,327	6,367	5,928

Note 15
Provisions

DKK million	Legal claims	Pension	Total: 2019/20	Total: 2018/19
Provisions at 1 October	440	3	443	247
Exchange adjustments	-24	-	-24	9
Provisions used during the year	-149	-	-149	-213
Additional provisions	-	-	-	400
Provisions at 30 September	267	3	270	443
Expected maturities				
Current liabilities	152	-	152	192
Non-current liabilities	115	3	118	251
Provisions at 30 September	267	3	270	443

See note 20 to the consolidated financial statements for more information regarding the litigation about transvaginal surgical mesh products.

Note 16
Deferred tax

DKK million	2020	2019
Calculation of deferred tax is based on the following items		
Intangible assets	57	65
Property, plant and equipment	63	61
Production overhead	14	15
Provisions	-59	-106
Jointly taxed companies (recaptured balances)	10	9
Other	-4	-27
Deferred tax at 30 September, net	**81**	**17**

Note 17
Contingent items and other financial liabilities

	2020			2019		
DKK million	Rent	Other operating leases	Total	Rent	Other operating leases	Total
Falling due in						
Less than one year	1	20	**21**	1	20	**21**
Within 1 to 5 years	2	21	**23**	3	28	**31**
After more than 5 years	-	-	**-**	-	-	**-**
Other financial liabilities at 30 September	**3**	**41**	**44**	**4**	**48**	**52**

The parent company had provided guarantees for loans raised by Group companies amounting to DKK 525 million at 30 September 2020 (DKK 500 million at 30 September 2019).

The parent company has issued a letter of subordination to the benefit of other creditors of subsidiaries.

The parent company is involved in minor lawsuits, which, other than as described in note 20 to the consolidated financial statements, are not expected to influence the parent company's future earnings.

The parent company is jointly and severally liable for tax on the Group's jointly taxed Danish income, etc.

Bonds in repo transactions have been provided as collateral for repo debt. Bonds provided as collateral were valued at DKK 208 million at 30 September 2020 (DKK 215 million at 30 September 2019).

Financial calendar, analysts following Coloplast and contact information

Announcements 2019/20

2019

10/2019	Full-year Financial Results 2018/19
11/2019	Annual Report 2018/19, Corporate Responsibility Report 2018/19 and Remuneration Report 2018/19
12/2019	Notice of Annual General Meeting
13/2019	Decisions of Annual General Meeting 2019
14/2019	Articles of Association

2020

01/2020	Q1 2019/20 Financial Report
02/2020	Share buy-back programme
03/2020	Revised Guidance
04/2020	Coloplast establishes sponsored Level 1 ADR Programme in US
05/2020	H1 2019/20 Financial Report
06/2020	9M Financial Report, 2019/20
07/2020	Coloplast strengthens Executive Management
08/2020	Financial calendar 2020/21
09/2020	Coloplast launches new 2025 strategy and provides new long-term financial guidance of 7-9% organic revenue growth and an EBIT margin of more than 30%

Financial calendar 2020/21

2020

5 October	Closing period until 3 November
21 October	Notice of submission of agenda points for Annual General Meeting
3 November	Financial Statements for the full year 2019/20 and Annual Report 2019/20
3 December	Annual General Meeting
8 December	Dividends for 2019/20 at the disposal of shareholders

2021

4 January	Closing period until 2 February
2 February	Interim Financial Statements for Q1 2020/21
6 April	Closing period until 6 May
6 May	Interim Financial Statements for H1 2020/21
5 July	Closing period until 18 August
18 August	Interim Financial Statements for 9M 2020/21
4 October	Closing period until 1 November
20 October	Notice of submission of agenda points for Annual General Meeting
1 November	Financial Statements for the full year 2020/21 & Annual Report 2020/21
3 December	Annual General Meeting
8 December	Dividends for 2020/21 at the disposal of shareholders

Banks and stockbroking companies following Coloplast

ABG Sundal Collier
Alm. Brand Markets
AlphaValue
Barclays
Berenberg Bank
Bernstein
BofA Merrill Lynch
Carnegie Bank
CFRA
Citi
Commerzbank AG
Credit Suisse AG
Danske Bank Markets
DnB Markets
Exane BNP Paribas
Goldman Sachs International
Handelsbanken Capital Markets
Jefferies International Ltd.
J. P. Morgan
Jyske Bank
Kepler Cheuvreux
Morgan Stanley
Morningstar Inc.
Nordea Markets
Nykredit
Redburn
SEB
Sydbank

Investor Relations contacts

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Vice President, Investor Relations

Tel. +45 49 11 33 76

Email: dkebj@coloplast.com

The Coloplast story begins back in 1954. Elise Sørensen is a nurse. Her sister Thora has just had an ostomy operation and is afraid to go out in public, fearing that her stoma might leak. Listening to her sister's problems, Elise conceives the idea of the world's first adhesive ostomy bag.

Based on Elise's idea, Aage Louis-Hansen, a civil engineer and plastics manufacturer, and his wife Johanne Louis-Hansen, a trained nurse, created the ostomy bag. A bag that does not leak, giving Thora – and thousands of people like her – the chance to live the life they want.

A simple solution that makes a difference.

Today, our business includes Ostomy Care, Continence Care, Wound & Skin Care and Interventional Urology. We operate globally and employ about 12,500 employees.

Our mission
Making life easier for people
with intimate healthcare 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

MIX
Paper from responsible sources
FSC® C010493

5041 0826

Ostomy Care / Continence Care / Wound & Skin Care / Interventional Urology

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.

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Company registration (CVR) No. 69 74 99 17