Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

Coloplast A/S
Holtedam 1
DK-3050 Humlebaek,
Denmark

Company reg. (CVR)
no. 69749917

2020/21

Announcement of full-year financial results 2020/21

1 October 2020 - 30 September 2021

Coloplast delivers solid Q4 organic growth of 10% and 32% EBIT margin.

- Coloplast delivered 10% organic growth in Q4. Reported revenue in DKK was up by 11%. Organic growth rates by business area in Q4: Ostomy Care 10%, Continence Care 8%, Interventional Urology 10% and Wound & Skin Care 15%.
- The Chronic Care business was positively impacted by a continued improvement in underlying growth in Europe, as well as a lower baseline. The US also contributed to growth, driven by an increase in growth in new patients. Emerging markets delivered a solid quarter lifted by tender phasing in the Middle East and Russia from Q3 to Q4.
- Within Ostomy Care, growth in new patients remains largely normalized at pre-COVID levels. Within Continence Care, the trend during Q4 was positive across markets, including the US. In Europe, growth in new patients in Continence Care approached pre-COVID levels during the quarter.
- The Interventional Urology business delivered another strong quarter. Growth was broad-based and led by the US and Men's Health, as well as a lower baseline.
- The Wound and Skin Care business delivered a solid quarter, lifted by double-digit growth in Contract Manufacturing, impacted by a low baseline. Wound Care alone delivered 12% organic growth, driven by China, Europe and tender phasing in the Middle East.
- EBIT was DKK 1,650 million, a DKK 178 million (12%) increase from last year, corresponding to an EBIT margin of 32% which reflects efficiency gains, partly offset by commercial investments and a normalization of commercial activities.

FY 2020/21 organic growth of 7% and 33% EBIT margin, in line with guidance.

- Coloplast delivered 7% organic growth for the full year. Reported revenue in DKK was up by 5% to DKK 19,426 million. Organic growth rates by business area: Ostomy Care 6%, Continence Care 5%, Interventional Urology 19%, Wound & Skin Care 8%.
- EBIT before special items amounted to DKK 6,355 million, a 9% increase from last year, corresponding to an EBIT margin before special items of 33% against 32% last year, reflecting efficiency gains and lower spending due to COVID-19 offset by commercial investments.
- ROIC after tax before special items was 45% against 46% last year, negatively impacted by the acquisition of Nine Continents Medical. Diluted earnings per share (EPS) before special items increased by 19% to DKK 23.36.
- The Board of Directors recommends a year-end dividend of DKK 14.00 per share, which brings the total dividend for the year to DKK 19.00 per share, compared to DKK 18.00 per share last year.

2021/22 financial guidance – organic revenue growth of around 7% and EBIT margin of around 32%.

- Organic revenue growth expected around 7% at constant exchange rates. Reported growth in DKK expected around 8%.
- Reported EBIT margin is expected to be around 32%, impacted by normalization of business activities, raw material price pressure and wage inflation in Hungary and continued commercial investments.
- Capital expenditures expected to be around DKK 1.2 billion. The effective tax rate is expected to be 22-23% positively impacted by increased R&D cost deductibility which continues in 21/22.

Conference call
Coloplast will host a conference call on Monday, 1 November 2021 at 15.00 CET.
The call is expected to last about one hour.
To actively participate in the Q&A session please call +45 3544 5577, +44 3333 000 804 or +1 631 913 1422. The participant PIN code is 83943702#

Access the conference call webcast directly here:
https://getvisualtv.net/stream/?coloplast-xa4jg8pr5z

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

Strive25

Update on strategic priorities

In September 2020, Coloplast presented the new strategy "Strive25 – Sustainable Growth Leadership". Below are key highlights on the progress made during FY 2020/21.

Growth

US Chronic Care
Expanded the US Ostomy Care sales force in order to capitalise on the Vizient and Premier GPO access.

China
Large project initiated with hundreds of Ostomy nurses aimed at raising standards of care for users.

Poland
Significantly improved the reimbursement for hydrophilic catheters for people with neurogenic bladder, thereby allowing for a full upgrade to the European standard of care.

Interventional Urology
Enhanced commercial activities within Men's Health, focusing on patient awareness and education programme.

Innovation

Chronic Care – Clinical Performance Programme
Payer pilot studies on the Digital Ostomy Tool in Germany and the UK initiated in Q4 2021.
Solid progress on the ostomy and new catheter platforms – pivotal studies to be initiated in 2021 and 2022.

Wound Care – launch new pipeline
Entered the gelling fibre segment in nine markets with the launch of Biatain® Fiber, an absorbent fibre dressing.

Interventional Urology – enter adjacent segments
Acquisition of Nine Continents Medical, an early-stage company pioneering a treatment for over-active bladder. A pivotal study in the US is expected to be initiated in late 2021.

Sustainability

Improving products and packaging
Achieved a breakthrough in waste recycling, with 58% of production waste recycled, exceeding the 2025 ambition of 50%. New ambition set at 75% of production waste to be recycled by 2025.

Reducing emissions
Ambitious scope 1, 2 and 3 emission targets submitted for validation to the Science-based targets initiative.

Responsible operations
Increased tax transparency by implementing country-by-country tax reporting.

Operational efficiency

Global Operations Plan 5
Opened the first volume site in Costa Rica. Construction of the second volume site in Costa Rica in progress and expected to be operational in the second half of FY 2021/22.

The Automation programme progressing according to plan, with 20% of the planned machines installed. The number of blue-collar FTEs remained flat vs last year.

Business Centre and IT infrastructure
Positive scale effect driven by the further utilisation of the Coloplast Business centre and IT infrastructure, characterized by one ERP and one CRM system.

Financial highlights and key ratios

1 October 2020 – 30 September 2021, unaudited

Consolidated	2020/21 12 mths	2019/20 12 mths	Change	2020/21 Q4	2019/20 Q4	Change
Income statement, DKK million						
Revenue	19,426	18,544	5%	5,100	4,590	11%
Research and development costs	-755	-708	7%	-207	-175	18%
Operating profit before interest, tax, depr. and amort. (EBITDA)	6,947	6,705	4%	1,841	1,687	9%
Operating profit (EBIT) before special items	6,355	5,854	9%	1,650	1,472	12%
Special items	-200	-	N/A	-	-	N/A
Operating profit (EBIT)	6,155	5,854	5%	1,650	1,472	12%
Net financial income and expenses	78	-388	N/A	-6	-105	-94%
Profit before tax	6,233	5,466	14%	1,644	1,367	20%
Net profit for the period	4,825	4,197	15%	1,305	1,041	25%
Revenue growth, %						
Period growth in revenue	5	3		11	-1	
Organic growth	7	4		10	2	
Currency effect	-2	-1		1	-3	
Balance sheet, DKK million						
Total assets	15,841	13,499	17%	15,841	13,499	17%
Capital invested	11,576	9,864	17%	11,576	9,864	17%
Net interest-bearing debt	2,112	1,162	82%	2,112	1,162	82%
Equity end of period	8,168	7,406	10%	8,168	7,406	10%
Cash flow and investments, DKK million						
Cash flows from operating activities	5,290	4,759	11%	1,954	1,687	16%
Cash flows from investing activities	-2,011	-901	N/A	-301	-265	14%
Investments in property, plant and equipment, gross	-919	-846	9%	-261	-219	19%
Free cash flow	3,279	3,858	-15%	1,653	1,422	16%
Cash flows from financing activities	-3,176	-3,857	-18%	-1,656	-1,496	11%
Key ratios						
Average number of employees, FTEs	12,578	12,250				
Operating margin (EBIT margin) before special items, %	33	32		32	32	
Operating margin (EBIT margin), %	32	32		32	32	
Operating margin before interest, tax, depr. and amort., (EBITDA margin), %	36	36		36	37	
Return on average invested capital before tax (ROIC), %[1)]	58	59		55	58	
Return on average invested capital after tax (ROIC), %[1)]	45	46		44	44	
Return on equity, %	70	66		69	60	
Equity ratio, %	52	55		52	55	
Net asset value per outstanding share, DKK	38	35	9%	38	35	9%
Share data						
Share price, DKK	1,007	1,004	0%	1,007	1,004	0%
Share price/net asset value per share	26.2	28.8	-9%	26.2	28.8	-9%
Average number of outstanding shares, millions	212.8	212.7	0%	212.8	212.7	0%
PE, price/earnings ratio	44.4	50.8	-13%	41.0	51.3	-20%
Pay-out ratio, %[2)]	81.2	91.2	-11%	-	-	
Earnings per share (EPS), diluted	22.63	19.67	15%	6.12	4.88	25%
Free cash flow per share	15.4	18.1	-15%	7.8	6.7	16%

[1)] Before special items. After special items, ROIC before tax was 57% (2019/20: 61%), and ROIC after tax was 44% (2019/20: 47%).

[2)] For the 2020/21 financial year, this item is before special items. After special items, the pay-out ratio was 83.8%.

Sales performance

The full-year organic growth was 7%, adversely impacted by lower growth in new patients due to the COVID-19 pandemic. Reported revenue in DKK was up by 5% to DKK 19,426 million. Exchange rate developments decreased revenue by 2% mainly related to the depreciation of the USD and several emerging markets currencies against DKK in particular ARS, BRL and RUB.

Organic growth in the fourth quarter was 10%. Reported revenue in DKK was up by 11% to DKK 5,100 million. Exchange rate developments increased revenue by 1%-point mainly related to the appreciation of the GBP and CNY against DKK, partly offset by the depreciation of the USD against DKK.

Sales performance by business areas	**DKK million**		**Growth composition (12 mths)**			
	2020/21 (12 mths)	2019/20 (12 mths)	Organic growth	Acquired operations	Exchange rates	Reported growth
Ostomy Care	7,841	7,538	6%	-	-2%	4%
Continence Care	7,003	6,819	5%	0%	-2%	3%
Interventional Urology	2,097	1,835	19%	-	-5%	14%
Wound & Skin Care	2,485	2,352	8%	-	-2%	6%
Revenue	**19,426**	**18,544**	**7%**	**0%**	**-2%**	**5%**
	DKK million		**Growth composition (Q4)**			
	2020/21 (Q4)	2019/20 (Q4)	Organic growth	Acquired operations	Exchange rates	Reported growth
Ostomy Care	2,058	1,841	10%	-	2%	12%
Continence Care	1,835	1,677	8%	0%	1%	9%
Interventional Urology	524	480	10%	-	-1%	9%
Wound & Skin Care	683	592	15%	-	0%	15%
Revenue	**5,100**	**4,590**	**10%**	**0%**	**1%**	**11%**

Sales performance by region	**DKK million**		**Growth composition (12 mths)**			
	2020/21 (12 mths)	2019/20 (12 mths)	Organic growth	Acquired operations	Exchange rates	Reported growth
European markets	11,261	10,820	4%	-	0%	4%
Other developed markets	4,785	4,644	8%	0%	-5%	3%
Emerging markets	3,380	3,080	15%	-	-5%	10%
Revenue	**19,426**	**18,544**	**7%**	**0%**	**-2%**	**5%**
	DKK million		**Growth composition (Q4)**			
	2020/21 (Q4)	2019/20 (Q4)	Organic growth	Acquired operations	Exchange rates	Reported growth
European markets	2,912	2,652	8%	-	2%	10%
Other developed markets	1,285	1,210	7%	0%	-1%	6%
Emerging markets	903	728	21%	-	3%	24%
Revenue	**5,100**	**4,590**	**10%**	**0%**	**1%**	**11%**

Ostomy Care

Ostomy Care generated 6% organic sales growth for the 2020/21 financial year, with reported revenue in DKK growing by 4% to DKK 7,841 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 by Germany, the UK and the US. SenSura Mio Concave continued to contribute to growth driven by the UK and Germany. The SenSura and Assura/Alterna® portfolios also contributed to growth in the markets where they are being actively promoted, such as China and other Emerging markets. Sales of the Brava range of supporting products continue to contribute to growth driven by China, the US, Germany and the UK.

From a geographical perspective, the Emerging markets region was the main contributor to growth, led by China and LATAM. Among the European markets, the UK and Germany were the main growth contributors. The US also contributed to growth.

During 2020/21, growth in Ostomy Care was negatively impacted by lower growth in new patients, as only the most acute ostomy surgeries took place due to the COVID-19 pandemic. The impact was most pronounced in Europe, in particular in the UK as well as the US. Growth in new patients normalised during the second half of FY 2020/21, following the resumption of hospital activity. In Q4, growth in new patients was largely normalized at pre-COVID levels across markets.

Q4 organic growth was 10% and reported revenue increased by 12% to DKK 2,058 million.

The SenSura Mio portfolio and the Brava range of supporting products were the main contributors to growth. SenSura Mio Convex was the main contributor to growth driven by Europe and in particular the UK and Germany. The SenSura and Assura/Alterna portfolios contributed to growth, driven by Emerging Markets, mainly the Middle East, Russia and China. Revenue growth in the Brava range of supporting products was driven by the US and Europe.

From a geographical perspective, Europe was the main contributor to growth in Q4, led by the UK and Germany. Growth was positively impacted by an increase in growth in new patients, as well as a lower baseline.

The US also contributed to growth, driven by an increase in growth in new patients.

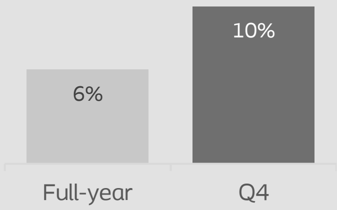
Growth in Emerging markets was lifted by tender phasing between Q3 and Q4 in Russia and the Middle East. In China, the outbreak of the Delta variant of COVID-19 had a negative impact on growth in new patients in the quarter. Towards the end of the quarter, growth in new patients normalized again to pre-COVID levels. Economic uncertainty has impacted consumer sentiment in China which has had some impact on the average value per patient.

The global market for ostomy care products is worth an estimated DKK 18-19 billion. Annual market growth is forecasted at 4-5% excluding any short-term impact from the COVID-19 pandemic. Coloplast is the global market leader, holding a market share of 35-40%. The supporting products category is estimated at about DKK 3 billion of the overall market for ostomy care products with a forecasted annual market growth of 6-8%. Coloplast market share in this category is in the level of 35-40%.

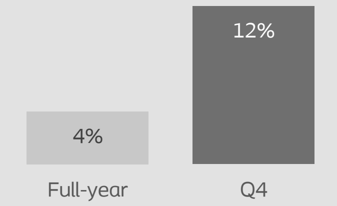
2.1 billion

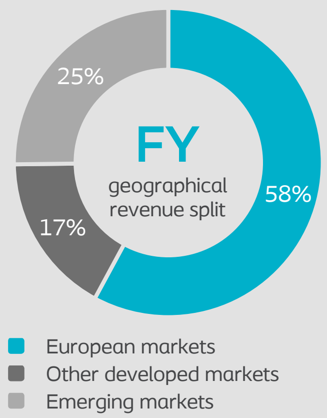
Reported revenue in DKK for Q4 2020/21

Organic growth



Reported growth





Continence Care

Continence Care generated 5% organic sales growth for the 2020/21 financial year, with reported revenue in DKK growing by 3% to DKK 7,003 million.

SpeediCath® intermittent catheters were the main drivers of revenue growth. The growth in sales of the SpeediCath portfolio was driven by compact catheters, standard catheters and flexible catheters, all of which are ready-to-use hydrophilic coated catheters. The growth in flexible catheters and compact catheters was mainly driven by the US, France, the UK and Germany. SpeediCath Navi, a hydrophilic catheter specifically designed for emerging markets and lower priced developed markets, also contributed to growth.
The Bowel Management business also contributed to growth, driven by Peristeen® in Europe. Growth in Collecting Devices was flat for the year, impacted by COVID-19.

From a geographical perspective, sales growth was mainly driven by Europe, in particular the UK and France, and the US.

During 2020/21, growth in Continence Care was negatively impacted by lower growth in new patients due to the COVID-19 pandemic, as only the most acute patient groups, such as spinal cord injured received treatment, while other patient groups, such as MS, BPH and Bowel management were deprioritised for treatment. The impact was most pronounced in Europe, in particular in the UK, and the US.
Growth in new patients increased during the second half of FY 2020/21, following the resumption of hospital activity. In Europe, it approached pre-COVID levels towards the end of Q4. Growth in new patients in the US is improving, but it is still below pre-COVID levels.

Q4 organic growth was 8% and reported revenue increased by 9% to DKK 1,835 million.

Sales growth in Q4 was driven by the SpeediCath portfolio, and more specifically compact, standard and flexible catheters.

Bowel Management and Collecting Devices also contributed to growth in Q4, led by an underlying improvement in Europe.

From a geographical perspective, the European markets were the main growth contributor, in particular France and the UK. Growth was positively impacted by an increase in growth in new patients, as well as a lower baseline.

The US also contributed to sales growth in Q4, driven by an increase in growth in new patients.

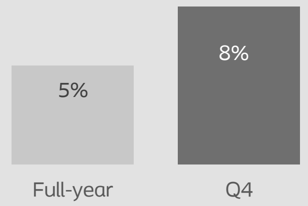
Emerging markets also contributed to growth driven mainly by Latin America.

The global market for continence care products, defined as intermittent catheters and collecting devices, is estimated to be about DKK 14-15 billion in size. Annual market growth is forecasted at 5-6% excluding any short-term impact from the COVID-19 pandemic. Coloplast is the global market leader in the continence care market with a global market share of around 40-45%.

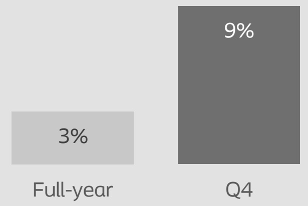
1.8 billion

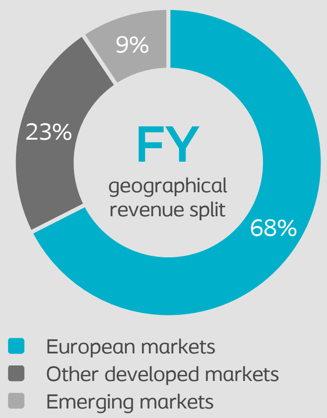
Reported revenue in DKK for Q4 2020/21

Organic growth



Reported growth





Interventional Urology

Interventional Urology generated 19% organic sales growth in the 2020/21 financial year, with reported revenue in DKK growing by 14% to DKK 2,097 million.

During the year, elective procedures resumed across regions and business areas. Men's Health and the disposable surgical products segment returned to pre-COVID growth levels during the year. Women's Health is recovering at a slower pace, but the trend was positive in the second half of the year.

Growth was primarily driven by the Titan® penile implants in the US. Sales of disposable surgical products in Europe also contributed positively to growth, as well as the Women's Health business in the US.

From a geographical perspective, the US market was the largest contributor to growth in Interventional Urology, followed by France.

Q4 organic growth was 10% and reported revenue increased by 9% to DKK 524 million.

Q4 growth was positively impacted by continued recovery within elective procedures as well as a lower baseline due to the cancellation of elective procedures in Q4 2019/20 as a result of the COVID-19 outbreak.
The outbreak of the Delta variant in the Southern US states resulted in some cancellation of elective procedures during the quarter. Towards the end of the quarter, the level of elective surgeries largely normalized again.

Men's Health and the Titan penile implants in the US were the main driver of growth in the quarter.
Disposable surgical products in Europe also contributed to growth, as well as Women's Health in the US.

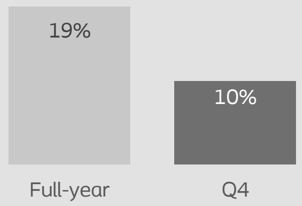
From a geographical perspective, growth in Q4 was largely driven by the US.

In 2020/21, the global market for Interventional Urology products in which Coloplast operates was back to growth as elective procedures resumed. The market increased to an estimated DKK 12-13 billion from DKK 11-12 billion in the previous year. Annual market growth is forecasted at 3–5% excluding any short-term impact from COVID-19. Coloplast is the fourth largest global manufacturer of interventional urology products with a global market share of about 15%.

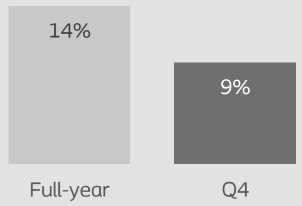
0.5 billion

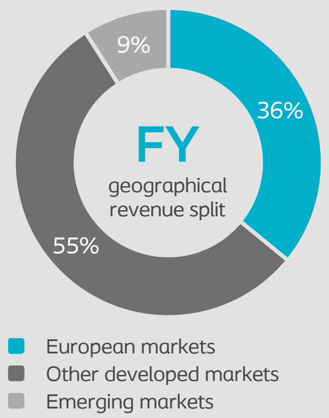
Reported revenue in DKK for Q4 2020/21

Organic growth



Reported growth





Wound & Skin Care

Wound & Skin Care generated 8% organic sales growth for the 2020/21 financial year, with reported revenue in DKK growing by 6% to DKK 2,485 million.

The wound care business in isolation delivered organic growth of 11% for the 2020/21 financial year.

The Biatain® Silicone portfolio was the main growth contributor, followed by the newly launched Biatain Fiber portfolio. Biatain Fiber, a gel-forming fibre dressing used for deeper wounds and wound cavities with exudate, has been launched in nine markets and continues to be well-received.

From a geographical perspective, the European markets and China were the main contributors to growth. China posted solid growth for the financial year, positively impacted by a lower baseline in 2019/20 due to COVID-19. The growth in the European wound care business was primarily driven by growth in the Biatain Silicone and Biatain Fiber portfolios in Germany, France and Spain.

Growth in the skin care business was flat for the year, driven by lower demand due to COVID-19. The Compeed contract manufacturing business made a modest positive contribution to growth as a result of strong growth in Q4, which was driven by a low baseline and an improved demand situation.

Q4 organic growth for Wound & Skin Care was 15%, while reported revenue in DKK increased by 15% to DKK 683 million.
The wound care business in isolation delivered 12% organic growth in Q4 and reported growth of 13%.

The Emerging markets region was the main contributor to growth, primarily driven by China, as well as tender phasing in the Middle East region. The outbreak of the Delta variant of COVID-19 impacted growth in China negatively in the quarter.
Europe also contributed to growth in the quarter, driven by the Biatain Silicone and Biatain Fiber portfolios, mainly in France and Spain.

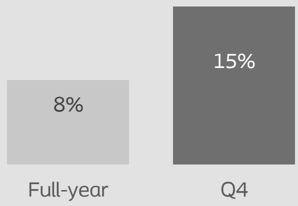
The Compeed contract manufacturing business contributed significantly to growth and grew double-digit, driven by a low baseline last year and an improved demand situation.
In Q4, the Skin Care business detracted slightly from growth, impacted by lower demand due to COVID-19.

The global wound care market is estimated to be worth DKK 22-24 billion. Annual market growth is forecasted at 2-4% excluding any short-term impact from COVID-19. The market is defined as advanced wound care products excluding the negative pressure wound therapy segment. Coloplast is the world's fifth-largest manufacturer of advanced wound care products, holding a market share of 5-10%.
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 market, which is mainly a US-based business. The forecasted annual market growth is 2–4% excluding any short-term impact from COVID-19.

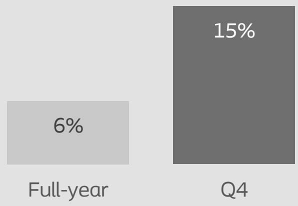
0.7 billion

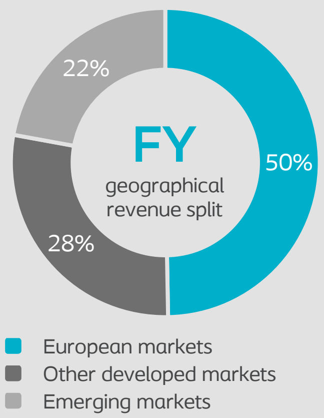
Reported revenue in DKK for Q4 2020/21

Organic growth



Reported growth





Earnings

Income statement, DKK million	2020/21	Index
Revenue	**19,426**	**105**
Production costs	-6,113	103
Gross profit	**13,313**	**106**
Distribution costs	-5,485	103
Administrative expenses	-762	100
Research and development costs	-755	107
Other operating income	73	149
Other operating expenses	-29	145
Operating profit (EBIT) before special items	**6,355**	**109**
Special items	-200	n/a
Operating profit (EBIT)	**6,155**	**105**
Financial income	137	685
Financial expenses	-59	14
Profit before tax	**6,233**	**114**
Tax on profit for the period	-1,408	111
Net profit for the period	**4,825**	**115**

Gross profit

Gross profit was up by 6% to DKK 13,313 million compared to DKK 12,612 million last year and equivalent to a gross margin of 69%, against 68% last year. The gross margin included a negative impact from currencies, mainly related to the depreciation of USD, ARS and BRL against DKK, which was only partly offset by a positive impact from the depreciation of the HUF against the DKK. Around 80% of the company's production volumes are in Hungary.

The gross profit was positively impacted by leverage on the production costs and efficiency gains from the Global Operations Plan 4 and 5. This was partly offset by a negative impact from wage inflation and labour shortages in Hungary. Higher costs related to scaling up of activities in Costa Rica also impacted the gross profit negatively. The automation programme, which is a key component of the GOP5 plan, is progressing according to plan and has contributed to maintaining a flat level of blue-collar workers, while ramping up the volume site in Costa Rica. Increasing raw material prices had an immaterial impact on costs, but the impact increased during Q4.

In Q4, gross profit was DKK 3,521 million, corresponding to a Q4 gross margin of 69% on par with last year. The Q4 margin was impacted by the above-mentioned drivers as well as positive product mix driven by strong growth in Men's Health within Interventional Urology.

Costs

Distribution costs amounted to DKK 5,485 million, a DKK 168 million increase (3%) from DKK 5,317 million last year. The increase was mainly due to commercial investments in Asia, the US, Interventional Urology and consumer and digital initiatives. The investments were partly offset by lower travel and sales & marketing expenses as a result of the COVID-19 pandemic. Increasing freight rates had an immaterial impact on logistic costs but the impact increased during Q4. Distribution costs amounted to 28% of revenue compared to 29% last year.

Distribution costs amounted to DKK 1,454 million in Q4, up 10% from DKK 1,326 million last year due to commercial investments and a resumption of sales & marketing activities. Distribution costs amounted to 29% of revenue which is on par with the same period last year.

Administrative expenses amounted to DKK 762 million, at the same absolute level as last year. Administrative expenses accounted for 4% of revenue which was consistent with last year.

The Q4 administrative expenses amounted to DKK 213 million, up 12% from DKK 190 million last year due to quarterly phasing of cost. Administrative expenses in Q4 accounted for 4% of revenue in line with the same period last year.

The R&D costs were DKK 755 million, a DKK 47 million (7%) increase compared to last year due to an increased activity level. R&D costs amounted to 4% of revenue, on par with last year.

The Q4 R&D costs amounted to DKK 207 million, a DKK 32 million (18%) increase compared to last year due to an increased activity level including ramp up of costs related to the pivotal study for Nine Continents Medical. R&D costs amounted to 4% of revenue, in line with the same period last year.

Other operating income and other operating expenses amounted to a net income of DKK 44 million, against DKK 29 million last year. The increase was due to the sale of a property in Denmark (DKK 16 million).
Other operating income and other operating expenses for Q4 were a net income of DKK 3 million.

Special items
In Q2 Coloplast made a further provision of DKK 200 million to cover potential settlements and costs in connection with lawsuits in the US alleging injury resulting from the use of transvaginal surgical mesh products designed to treat pelvic organ prolapse and stress urinary incontinence. The process to resolve outstanding cases is taking longer than previously anticipated, including delays due to COVID-19, which led to an increase in legal advisory costs. Further settlement progress has been made and it is now estimated that 98% of MDL cases have been settled.

Operating profit (EBIT)
EBIT before special items amounted to DKK 6,355 million, a DKK 501 million (9%) increase from DKK 5,854 million last year. The EBIT margin before special items was 33% compared to 32% last year. The EBIT margin includes a negative impact from currencies, mainly related to the depreciation of USD against DKK.

EBIT after special items was DKK 6,155 million, including special items of DKK 200 million related to the aforementioned lawsuits. The EBIT margin after special items was 32%.

In Q4, EBIT was DKK 1,650 million, a DKK 178 million (12%) increase from the same period last year. The EBIT margin was 32% in Q4, which was consistent with last year.

EBIT during 2020/21 was positively impacted by efficiency gains and lower travel and sales & marketing expenses following the COVID-19 outbreak. The company continued to invest in innovation and commercial activities in markets where the COVID-19 situation had normalised.

Financial items and tax
Financial items were a net income of DKK 78 million, compared to a net expense of DKK 388 million last year. The net income of DKK 78 million was mainly due to gains on balance sheet items denominated in several foreign currencies, including the British Pound and the Chinese Yuan, of DKK 95 million, and gains on currency hedges of DKK 19 million on mainly the US dollar. This was only partly offset, mainly by other financial expenses and fees of DKK 32 million.

The Q4 financial items were a net expense of DKK 6 million, compared with a net expense of DKK 105 million in the year-earlier period driven by gains on balance sheet items partly offset by losses on hedges of DKK 24 million.

The tax rate was around 23% for the financial year, which was in line with last year. The tax rate this year was impacted by two separate matters – the Nine Continents acquisition and a temporary increase in the tax-deductible value of R&D expenses in Denmark. The tax expense amounted to DKK 1,408 million against DKK 1,269 million last year.

Net profit
Net profit before special items was DKK 4,981 million, a DKK 784 million increase from DKK 4,197 million last year. Diluted earnings per share (EPS) before special items increased by 19% from DKK 19.67 last year to DKK 23.36.

Net profit after special items was DKK 4,825 million and diluted earnings per share (EPS) after special items was DKK 22.63.

The Q4 net profit amounted to DKK 1,305 million, against DKK 1,041 million last year. The Q4 earnings per share (EPS), diluted, were up by 25% to DKK 6.12.

Cash flows and investments

Cash flows from operating activities
Cash flows from operating activities amounted to DKK 5,290 million, against DKK 4,759 million last year. The positive development in cash flows from operating activities was mainly due to an increase in operating profit (EBIT), an improvement on financial items and positive changes in working capital. Cash flow from operating activities was impacted by a one-off tax payment related to Nine Continents exit taxation in the US.

Investments
Coloplast made investments of DKK 1,966 million in 2020/21 compared with DKK 931 million last year. Investments related to the acquisition of Nine Continents Medical amounted to DKK 950 million. Excluding acquisitions, capex amounted to DKK 1,016 million or 5% of revenues on par with last year. The increase in investments was mainly linked to the new factory in Costa Rica and the automation programme within Global Operations.

Free cash flow
As a result, the free cash flow was an inflow of DKK 3,279 million compared to an inflow of DKK 3,858 million in the same period last year. Adjusted for the acquisition of Nine Continents Medical, the free cash flow was DKK 4,547 million, corresponding to an increase of 18%.

Capital resources
At 30 September 2021, Coloplast had net interest-bearing debt, including securities, of DKK 2,112 million, against DKK 1,162 million at 30 September 2020. The increase in net interest-bearing debt was mainly due to the acquisition of Nine Continents Medical in November 2020.

Statement of financial position and equity

Balance sheet
At 30 September 2021, total assets amounted to DKK 15,841 million, an increase of DKK 2,342 million compared to 30 September 2020. The increase was mainly due to an increase in intangible assets as a result of the DKK 950 million acquisition of Nine Continents Medical.

Working capital was 24% of revenue, compared to 23% at 30 September 2020. Inventories increased by DKK 201 million to DKK 2,428 million and trade receivables increased by DKK 278 million to DKK 3,212 million.
Trade payables increased by DKK 222 million relative to 30 September 2020 to stand at DKK 1,036 million.

Equity
Equity increased by DKK 762 million relative to 30 September 2020 to DKK 8,168 million. Total comprehensive income for the year of DKK 4,704 million, share-based remuneration of DKK 50 million and tax on equity entries of DKK 32 million were only partly offset by the payment of dividends amounting to DKK 3,830 million, along with the net effect of treasury shares bought and sold of DKK 194 million.

Share buybacks
A share buyback programme of DKK 500 million was initiated in Q2 2020/21 and completed in August 2021.

Treasury shares
At 30 September 2021, Coloplast's holding of treasury shares consisted of 3,199,349 B shares, which was 119,646 fewer than at 30 September 2020. The decrease was due to the exercise of share options.

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

Update on sustainability strategy and performance

In September 2020 in connection with the launch of the company's new strategy ***Strive25***, sustainability was made a core pillar of the strategy focusing on three areas: Improving products and packaging, reducing emissions and responsible operations. To deliver on its sustainability ambitions, Coloplast will invest up to DKK 250 million over the next 5 years. A few highlights on the company's progress as of 30 September 2021 are summarised below.

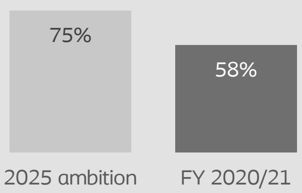
Product and packaging

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

During H1 2020/21, Coloplast achieved a significant breakthrough in Hungary around waste recycling, resulting in 58% of production waste being recycled, through a circularity waste pilot. In collaboration with a local waste management supplier, the waste is shredded and bundled to be recycled into rubber flooring for kindergartens and training courts. With this, Coloplast exceeded the previously set target of 50% in 2025.
Coloplast is committed to further improvements and a new target has been set to increase the recycling rate to 75% by 2025. To achieve the new waste recycling target, Coloplast will be investigating new recycling technologies such as chemcycling and dry agglomeration, as well as new recycling partnerships.

On the packaging side, we initiated a project aimed at primary packaging, converting virgin PET plastic trays to recycled PET plastic trays used in ostomy protective seals and baseplates.

Production waste recycled



Reducing emissions

13 CLIMATE ACTION

Coloplast is committed to ambitious science-based climate action for a 1.5°C future and has submitted emission reduction targets through the Science-Based Targets initiative.

On scope 1 and 2, the ambition is to become net-zero by 2025. Two key initiatives within scope 1 and 2 are 100% renewable energy used in production by 2025 and 50% of the company car fleet will be electric by 2025. By 2030, 100% of company cars will be electric.
As an example, this year we initiated a project to install solar panels on the roof of our Minneapolis site in the US.

On scope 3, Coloplast has set a target to reduce emissions per product by 50% by 2030. A key focus area to reach the target will be raw materials, which account for 67% of the total scope 3 emissions. During 2020/21, Coloplast reached out to 50 of its raw material suppliers responsible for 70% of its scope 3 emissions to initiate a dialogue around setting a target for Coloplast's scope 3 emissions and to improve data from its raw materials.

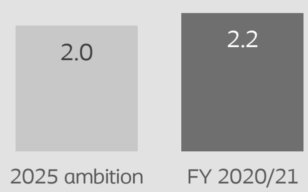
Responsible operations

8 DECENT WORK AND ECONOMIC GROWTH

Employee safety
This year, Coloplast's lost-time injury frequency was 2.2 ppm, or 51 accidents, the majority of which were related to accidental slips and falls. Coloplast has thereby achieved the target to reduce the LTI frequency to 2.8 ppm by 2021. The result is based on continued focus on safety behaviour at sites and distribution centres. The result also reflects that the sales organization has partly been working from home during the year due to COVID-19.

Country by country tax reporting
Coloplast has increased its tax transparency by publishing country-by-country tax reporting together with the Annual Report 2020/21. Coloplast has applied a reporting scope that will provide improved transparency given Coloplast's specific conditions while also taking the future mandatory EU reporting into consideration.

LTI frequency[1]



[1] Measured in parts per million (PPM): number of injuries resulting in absence from work of one day or more per one million

Other matters

COVID-19 update
Coloplast continues to take all necessary precautionary measures globally to protect all employees and will continue to comply with and support local, national and global guidelines from health care authorities. The company continues to monitor developments closely, including the outbreak of the delta variant, across all markets and business areas. Coloplast continues to fully meet demand, with all global manufacturing sites operating normally in terms of production and supply chain. The operating environment is not yet back to normal, but the situation significantly improved during the second half of 2020/21. Prolonged lockdowns and reduced hospital activity during COVID-19 have led to a lower than expected number of new patients within Chronic Care over the past 1.5 years. On a positive note, growth in new patients increased during the second half of 2020/21, and in Ostomy Care it is largely back at pre-COVID levels. In Continence Care, growth in new patients is taking longer to recover, however, in Europe it approached pre-COVID levels during Q4. In the US, growth in new patients continues to be below pre-COVID levels, but the trend is positive.

The level of access remains a mix of in-person and virtual interactions. There has been a notable improvement in hospital access during the second half of 2020/21, in especially the US and the larger European markets. Access to hospitals in Asia was restored last year, but we have seen some more recent regional lockdowns, related to the Delta variant outbreak.

In summary and looking further ahead, we remain confident that the long-term market growth rate of 4-5%, excluding any COVID-19 impact, remains intact.

Poland introduces reimbursement for hydrophilic intermittent catheters
Together with patient organizations, healthcare professionals and other groups, Coloplast has supported a project through the company's Access to Healthcare programme advocating for better access to hydrophilic catheters for people living with neurogenic bladder dysfunction in Poland.

As a result of solid clinical evidence and a series of public consultations the Polish Ministry of Health recently decided to significantly improve reimbursement for hydrophilic coated catheters allowing for a full upgrade to the European standard of care. This will help improve the standard of care for thousands of people living with neurogenic bladder dysfunction such as spinal cord injured or children living with spina bifida. The improved reimbursement scheme takes effect as of December 1, 2021.

Francis Medical
During Q4, Coloplast participated in the Series B equity financing of Francis Medical, an early-stage company working on a water-vapor treatment for prostate cancer. Coloplast made its first investment of USD 4 million (DKK 25 million) in Francis Medical in 2020. Coloplast's stake in Francis Medical following the series B financing is unchanged at around 13%.

Timetable for dividend of DKK 14.00 per share
2 December 2021 – Declaration date
3 December 2021 – Ex-dividend date
6 December 2021 – Value date
7 December 2021 – Disbursement date

Financial guidance for 2021/22

Around 7%
Organic revenue growth at constant exchange rates

Around 32%
Reported EBIT margin

Around 1.2 bn
Capital expenditure in DKK

22-23%
Effective tax rate

Long term financial guidance

The 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

Key assumptions

Revenue growth
The impact of COVID-19 and the spread of the Delta variant are continuously monitored and evaluated on a short- and medium-term basis, and the financial guidance is subject to higher uncertainty. The ongoing COVID-19 pandemic has had a negative impact on the addressable market growth, and for 2021/22 we expect market growth to be at the lower end of the 4-5% range. Coloplast expects to grow above the market and gain market share.

Coloplast's full year guidance assumes the following:

a) Continued resumption of hospital activity across business areas
b) For the Chronic Care business, the assumptions by region include:
   - Europe – continued improvement in growth, as a result of a normalised growth in new patients in line with pre-COVID levels
   - US – continued improvement in growth driven by a gradual normalisation of growth in new patients to pre-COVID levels, especially in Continence Care
   - Emerging markets – broad-based double-digit growth. China is expected to remain impacted by COVID-19 and economic uncertainty.
c) Interventional Urology and Wound & Skin Care deliver in line with Strive 25 ambitions
d) No current knowledge of significant health care reforms
e) A stable supply and distribution of products across the company

Reported growth in DKK is expected to be around 8%.

The financial guidance takes account of known reforms. The company's expectations of long-term price pressure of up to 1% annually, is unchanged. The financial guidance further assumes a continuation of the successful roll-out of new products.

EBIT margin
The EBIT margin guidance reflects an increase in operating costs related to the resumption of business activity as the impact of COVID-19 recedes. The guidance also reflects cost inflation including a low single-digit increase in raw material costs and double-digit wage inflation in Hungary.
The EBIT margin guidance assumes leverage effect on fixed costs and continued efficiency improvements through the Global Operations Plan 5. The guidance also reflects additional incremental investments of up to 2% of revenue for innovation as well as sales and marketing purposes.

Capex
The capex guidance includes investments in automation initiatives at volume sites in Hungary and China as part of GOP5, establishment of the second 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.

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

Forward-looking statements

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

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

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

Exchange rate exposure

Our financial guidance for the 2021/22 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 2019/20	850	667	2.17
Average exchange rate 2020/21	852	622	2.08
Change in average exchange rates for 2020/21 compared with the same period last year	**0%**	**-7%**	**-4%**
Spot rate on 27 October 2021	881	641	2.04
Change in spot rates compared with average exchange rate 2020/21	**3%**	**3%**	**-2%**

EFFECT OVER 12 MONTHS OF A 10% INITIAL DROP IN EXCHANGE RATES FOR KEY CURRENCIES (DKK MILLION)

	Revenue	EBIT
USD	-420	-170
GBP	-290	-200
HUF	-	120

Revenue is particularly exposed to developments in USD and GBP relative to DKK. Fluctuations in HUF against DKK impact the operating profit because a substantial part of our production, and thus of our costs, are in Hungary, whereas our sales there are moderate.

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

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 2020 – 30 September 2021.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU. In addition, the consolidated financial statements have been prepared in accordance with additional Danish disclosure requirements for listed companies. The Management's report is also presented in accordance with Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements give a true and fair view of the Group's assets, liabilities and financial position at 30 September 2021 and of the results of the Group's operations and cash flows for the financial year 1 October 2020 – 30 September 2021.

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

Humlebæk, 1 November 2021

Executive Management

Kristian Villumsen
President, CEO

Anders Lonning-Skovgaard
Executive Vice President, CFO

Nicolai Buhl Andersen
Executive Vice President

Paul Marcun
Executive Vice President

Allan Rasmussen
Executive Vice President

Board of Directors

Lars Rasmussen
Chairman

Niels Peter Louis-Hansen
Deputy Chairman

Carsten Hellmann

Birgitte Nielsen

Jette Nygaard-Andersen

Marianne Wiinholt

Thomas Barfod
Elected by the employees

Roland V. Pedersen
Elected by the employees

Nikolaj Kyhe Gundersen
Elected by the employees

Statement of comprehensive income

1 October – 30 September, unaudited

Consolidated DKK million	Note	2020/21 12 mths	2019/20 12 mths	Index	2020/21 Q4	2019/20 Q4	Index
Revenue	2	19,426	18,544	105	5,100	4,590	111
Production costs		-6,113	-5,932	103	-1,579	-1,430	110
Gross profit		**13,313**	**12,612**	**106**	**3,521**	**3,160**	**111**
Distribution costs		-5,485	-5,317	103	-1,454	-1,326	110
Administrative expenses		-762	-762	100	-213	-190	112
Research and development costs		-755	-708	107	-207	-175	118
Other operating income		73	49	149	16	14	114
Other operating expenses		-29	-20	145	-13	-11	118
Operating profit (EBIT) before special items		**6,355**	**5,854**	**109**	**1,650**	**1,472**	**112**
Special items	3	-200	-	-	-	-	-
Operating profit (EBIT)		**6,155**	**5,854**	**105**	**1,650**	**1,472**	**112**
Financial income	4	137	20	>200	8	4	>200
Financial expenses	4	-59	-408	14	-14	-109	13
Profit before tax		**6,233**	**5,466**	**114**	**1,644**	**1,367**	**120**
Tax on profit for the period		-1,408	-1,269	111	-339	-326	104
Net profit for the period		**4,825**	**4,197**	**115**	**1,305**	**1,041**	**125**
Remeasurements of defined benefit plans		-11	12		-16	5	
Tax on remeasurements of defined benefit plans		3	-4		4	-2	
Items that will not be reclassified to the income statement		**-8**	**8**		**-12**	**3**	
Value adjustment of currency hedging		-110	55		-29	44	
Transferred to financial items		-19	90		24	-4	
Tax effect of hedging		28	-32		1	-9	
Currency adjustment of opening balances and other market value adjustments relating to subsidiaries		-11	-252		-12	-99	
Tax effect of currency adjustment, assets in foreign currency		-1	12		-1	12	
Items that may be reclassified to income statement		**-113**	**-127**		**-17**	**-56**	
Total other comprehensive income		**-121**	**-119**		**-29**	**-53**	
Total comprehensive income		**4,704**	**4,078**		**1,276**	**988**	
DKK							
Earnings per share (EPS)		22.67	19.74		6.13	4.89	
Earnings per share (EPS), diluted		22.63	19.67		6.12	4.88	

Statement of cash flows

1 October – 30 September

Consolidated DKK million	Note	2020/21 12 mths	2019/20 12 mths
Operating profit		6,155	5,854
Depreciation and amortisation		792	851
Adjustment for other non-cash operating items	6	-31	-135
Changes in working capital	6	-75	-352
Ingoing interest payments, etc.		31	9
Outgoing interest payments, etc.		-81	-191
Income tax paid		-1,501	-1,277
Cash flows from operating activities		**5,290**	**4,759**
Investments in intangible assets		-1,047	-85
Investments in land and buildings		-8	-18
Investments in plant and machinery and other fixtures and fittings, tools and equipment		-102	-42
Investments in property, plant and equipment under construction		-809	-786
Property, plant and equipment sold		36	5
Investment in other investments		-14	-26
Acquisition of operations		-97	-
Net sales/purchase of marketable securities		30	51
Cash flows from investing activities		**-2,011**	**-901**
Free cash flow		**3,279**	**3,858**
Dividend to shareholders		-3,830	-3,612
Acquisition of treasury shares		-500	-500
Sale of treasury shares		306	407
Financing from shareholders		**-4,024**	**-3,705**
Repayment of lease liabilities		-202	-197
Drawdown on credit facilities		1,050	45
Cash flows from financing activities		**-3,176**	**-3,857**
Net cash flows		**103**	**1**
Cash and cash equivalents at 1 October		**323**	**356**
Value adjustment of cash and bank balances		20	-34
Cash and cash equivalents, acquired operations		2	-
Net cash flows		103	1
Cash and cash equivalents at 30 September	7	**448**	**323**

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

Assets

At 30 September

Consolidated

DKK million	Note	30.09.21	30.09.20
Intangible assets		3,651	2,364
Property, plant and equipment		3,785	3,311
Right-of-use assets		601	615
Other equity investments		41	27
Deferred tax asset		743	669
Other receivables		26	24
Non-current assets		**8,847**	**7,010**
Inventories		2,428	2,227
Trade receivables		3,212	2,934
Income tax		282	242
Other receivables		226	338
Prepayments		172	163
Marketable securities		226	262
Cash and cash equivalents		448	323
Current assets		**6,994**	**6,489**
Assets		**15,841**	**13,499**

Equity and liabilities

At 30 September

Consolidated

DKK million	Note	30.09.21	30.09.20
Share capital		216	216
Currency translation reserve		-392	-375
Reserve for currency hedging		-41	60
Proposed ordinary dividend for the year		2,979	2,765
Retained earnings		5,406	4,740
Equity		**8,168**	**7,406**
Provisions for pensions and similar liabilities		181	176
Provision for deferred tax		671	369
Other provisions	5	56	128
Lease liability		449	430
Prepayments		2	11
Non-current liabilities		**1,359**	**1,114**
Provisions for pensions and similar liabilities		15	13
Other provisions	5	150	159
Other credit institutions		2,160	1,111
Trade payables		1,036	814
Income tax		928	1,003
Other payables		1,840	1,664
Lease liability		177	206
Prepayments		8	9
Current liabilities		**6,314**	**4,979**
Equity and liabilities		**15,841**	**13,499**

Statement of changes in equity, current year

At 30 September

Consolidated	Share capital		Reserves				
DKK million	**A shares**	**B shares**	**Currency translation**	**Currency hedging**	**Proposed dividend**	**Retained earnings**	**Total**
2020/21							
Equity at 1 October	**18**	**198**	**-375**	**60**	**2,765**	**4,740**	**7,406**
Net profit for the period	-	-	-	-	4,044	781	**4,825**
Other comprehensive income	-	-	-17	-101	-	-3	**-121**
Total comprehensive income	**-**	**-**	**-17**	**-101**	**4,044**	**778**	**4,704**
Acquisition of treasury shares	-	-	-	-	-	-500	**-500**
Sale of treasury shares	-	-	-	-	-	306	**306**
Share-based payment	-	-	-	-	-	50	**50**
Tax on share-based payment, etc.	-	-	-	-	-	32	**32**
Interim dividend paid out in respect of 2020/21	-	-	-	-	-1,065	-	**-1,065**
Dividend paid out in respect of 2019/20	-	-	-	-	-2,765	-	**-2,765**
Transactions with shareholders	**-**	**-**	**-**	**-**	**-3,830**	**-112**	**-3,942**
Equity at 30 September	**18**	**198**	**-392**	**-41**	**2,979**	**5,406**	**8,168**

Statement of changes in equity, last year

At 30 September

Consolidated	Share capital		Reserves				
DKK million	A shares	B shares	Currency translation	Currency hedging	Proposed dividend	Retained earnings	Total
2019/20							
Equity at 1 October	**18**	**198**	**-175**	**-53**	**2,549**	**4,376**	**6,913**
Net profit for the period	-	-	-	-	3,829	368	**4,197**
Other comprehensive income	-	-	-200	113	-	-32	**-119**
Total comprehensive income	**-**	**-**	**-200**	**113**	**3,829**	**336**	**4,078**
Transfers	-	-	-	-	-	-	**-**
Acquisition of treasury shares	-	-	-	-	-	-500	**-500**
Sale of treasury shares	-	-	-	-	-	407	**407**
Share-based payment	-	-	-	-	-	40	**40**
Tax on share-based payment, etc.	-	-	-	-	-	81	**81**
Interim dividend paid out in respect of 2019/20	-	-	-	-	-1,064	-	**-1,064**
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**

List of notes

Key accounting policies

1 Accounting policies

Profit and loss

2 Segment information
3 Special items
4 Financial income and expenses

Assets and liabilities

5 Other provisions

Cash flows

6 Specifications of cash flow from operating activities
7 Cash and cash equivalents

Other disclosures

8 Contingent liabilities
9 Acquisitions

Note 1
Accounting policies

The financial statements in this report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies. The accounting policies for recognition and measurement applied in the preparation of the financial statements in this report are consistent with those applied in the Annual Report 2020/21.

Note 2
Segment information

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

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 and 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 Leadership Team.

The shared/non-allocated comprises support functions (i.e. production units and staff functions) and eliminations, as these functions do not generate revenue. While costs of R&D activities for Interventional Urology is 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 comprised in shared/non-allocated.

Financial items and income tax are not allocated to the operating segments.

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

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

Note 2, continued

Consolidated	Chronic Care		Interventional Urology		Wound & Skin Care		Group	
DKK million	**2020/21**	**2019/20**	**2020/21**	**2019/20**	**2020/21**	**2019/20**	**2020/21**	**2019/20**
Segment revenue:								
Ostomy Care	7,841	7,538	-	-	-	-	7,841	7,538
Continence Care	7,003	6,819	-	-	-	-	7,003	6,819
Interventional Urology	-	-	2,097	1,835	-	-	2,097	1,835
Wound & Skin Care	-	-	-	-	2,485	2,352	2,485	2,352
External revenue as per the statement of comprehensive income	**14,844**	**14,357**	**2,097**	**1,835**	**2,485**	**2,352**	**19,426**	**18,544**
Costs allocated to segment	-6,070	-6,039	-1,279	-1,181	-1,456	-1,411	-8,805	-8,631
Segment operating profit/loss	**8,774**	**8,318**	**818**	**654**	**1,029**	**941**	**10,621**	**9,913**
Shared/non-allocated							-4,266	-4,059
Special items not included in segment operating profit/loss (see note 3)							-200	-
Operating profit before tax (EBIT) as per the statement of comprehensive income							**6,155**	**5,854**
Net financials							78	-388
Tax on profit/loss for the year							-1,408	-1,269
Profit/loss for the year as per the statement of comprehensive income							**4,825**	**4,197**

Note 3
Special items

DKK million	2020/21	2019/20
Provisions for litigation about transvaginal surgical mesh products	200	-
Total	**200**	**-**

Special items contains expenses to cover further costs to resolve the remaining claims in connection with legal assistance related to litigation about transvaginal surgical mesh products as the process takes longer than previously anticipated. See note 5 to the financial statements for more information about the mesh litigation.

Note 4
Financial income and expenses

DKK million	2020/21	2019/20
Financial income		
Interest income	11	8
Fair value adjustments of forward contracts transferred from other comprehensive income	19	-
Net exchange adjustments	95	-
Hyperinflationary adjustment of monetary position	11	11
Other financial income	1	1
Total	**137**	**20**

DKK million	2020/21	2019/20
Financial expenses		
Interest expenses	13	16
Interest expenses, lease liabilities	12	14
Fair value adjustments of forward contracts transferred from other comprehensive income	-	90
Fair value adjustments of cash-based share options	2	7
Net exchange adjustments	-	248
Other financial expenses and fees	32	33
Total	**59**	**408**

Note 5
Other provisions

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

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

Against this background, Coloplast has from the start reached settlements with groups of law firms. In 2017, Judge Joseph Goodwin issued a court order stating that plaintiffs may no longer direct claims against Coloplast in the ongoing MDL. In 2019, the remaining cases were remanded to the relevant Courts, and on 18 December 2020 the MDL was formally closed. It is estimated that around 98% of the MDL cases have been settled to date.

An additional expense of DKK 0.2 billion has been recognised in Q2 2020/21 to cover further costs to resolve the remaining claims as the process takes longer than previously anticipated. The total amount recognised since the 2013/14 financial year for expected costs of litigation in the USA amounts to DKK 5.85 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 uncertainty.

The remaining provision made for legal claims amounted to DKK 0.2 billion at 30 September 2021 (DKK 0.3 billion at 30 September 2020) plus DKK 0.1 billion recognised under other debt (DKK 0.1 billion at 30 September 2020). Liabilities are classified as other debt when agreements are reached with the plaintiffs' legal counsel and amounts and timing become known.

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

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

Note 6
Specifications of cash flow from operating activities

DKK million	2020/21	2019/20
Net gain/loss on divestment of non-current assets	4	2
Change in other provisions	-85	-177
Other non-cash operating items	50	40
Adjustment for other non-cash operating items	**-31**	**-135**
Inventories	-161	-403
Trade receivables	-235	81
Other receivables, including amounts held in escrow	97	-150
Trade and other payables etc.	224	120
Changes in working capital	**-75**	**-352**

Note 7
Cash and cash equivalents

DKK million	2021	2020
Bank deposits, short term	448	323
Cash and cash equivalents at 30 September	**448**	**323**

Note 8
Contingent liabilities

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

Note 9
Acquisitions

Coloplast acquired 100% of the shares and voting rights of three small US direct-to-consumer Durable Medical Equipment (DME) dealers, Rocky Mountain Medical Supply on 4 January 2021, Hope Medical Supply on 1 Marts 2021 and Affordable Medical, LLC on 4 May 2021.

The agreed consideration for the shares in total for the entities amounts to DKK 97 million (USD 16 million), which fell due for payment on the date of the acquisitions.

The acquisitions are expected to expand Coloplast's footprint in the US market and enable Coloplast to offer innovative products and services to a broader part of the US market.

If the acquisitions had occurred on 1 October 2020 the contribution to the Group's reported growth, revenue and profit in the financial year would have been immaterial.

The fair value adjustments for the three distributors consist mainly of trademarks DKK 4 million and customer lists DKK 45 million. Customer lists consist of access to Durable Medical Equipment (DME) dealers' existing customer base (users) and physicians lists. Trademarks consist of the Durable Medical Equipment (DME) dealers' trademark and name, which are both associated with sales of catheter supplies.

Receivables represent a gross amount of DKK 5 million and liabilities represent a gross amount DKK 3 million.

After recognition of identifiable assets and liabilities at fair value goodwill related to the acquisition amounts to DKK, 45 million, which amount is deductible for tax purposes. Goodwill expresses the synergies expected to be achieved from the broader geographical coverage of the US market, access to providing innovative products and services and the opportunity to attract new users.

Income statement, quarterly

Unaudited

Consolidated	2020/21				2019/20			
DKK million	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	5,100	4,835	4,753	4,738	4,590	4,419	4,823	4,712
Production costs	-1,579	-1,500	-1,502	-1,532	-1,430	-1,449	-1,553	-1,500
Gross profit	**3,521**	**3,335**	**3,251**	**3,206**	**3,160**	**2,970**	**3,270**	**3,212**
Distribution costs	-1,454	-1,396	-1,325	-1,310	-1,326	-1,221	-1,355	-1,415
Administrative expenses	-213	-189	-175	-185	-190	-205	-196	-171
Research and development costs	-207	-185	-177	-186	-175	-182	-182	-169
Other operating income	16	32	10	15	14	5	13	17
Other operating expenses	-13	-5	-7	-4	-11	1	-8	-2
Operating profit (EBIT) before special items	**1,650**	**1,592**	**1,577**	**1,536**	**1,472**	**1,368**	**1,542**	**1,472**
Special items	-	-	-200	-	-	-	-	-
Operating profit (EBIT)	**1,650**	**1,592**	**1,377**	**1,536**	**1,472**	**1,368**	**1,542**	**1,472**
Financial income	8	44	67	18	4	1	5	10
Financial expenses	-14	-17	31	-59	-109	-73	-162	-64
Profit before tax	**1,644**	**1,619**	**1,475**	**1,495**	**1,367**	**1,296**	**1,385**	**1,418**
Tax on profit for the period	-339	-365	-345	-359	-326	-299	-318	-326
Net profit for the period	**1,305**	**1,254**	**1,130**	**1,136**	**1,041**	**997**	**1,067**	**1,092**

DKK								
Earnings per share (EPS) before special items	6.13	5.89	6.04	5.34	4.89	4.69	5.02	5.14
Earnings per share (EPS)	6.13	5.89	5.31	5.34	4.89	4.69	5.02	5.14
Earnings per share (EPS) before special items, diluted	6.12	5.88	6.03	5.33	4.88	4.67	5.00	5.12
Earnings per share (EPS), diluted	6.12	5.88	5.30	5.33	4.88	4.67	5.00	5.12

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

Five-year financial highlights and key ratios

	2020/21	2019/20	2018/19	2017/18	2016/17
Income statement, DKK million					
Revenue	19,426	18,544	17,939	16,449	15,528
Research and development costs	-755	-708	-692	-640	-574
Operating profit before interest, tax, depr. and amort. (EBITDA)	6,947	6,705	5,807	5,716	5,635
Operating profit (EBIT) before special items	6,355	5,854	5,556	5,091	5,024
Special items[1]	-200	-	-400	-	-
Operating profit (EBIT)	6,155	5,854	5,156	5,091	5,024
Net financial income and expenses	78	-388	-128	-82	-72
Profit before tax	6,233	5,466	5,028	5,009	4,950
Net profit for the year	4,825	4,197	3,873	3,845	3,797
Revenue growth					
Annual growth in revenue, %	5	3	9	6	6
Growth breakdown:					
Organic growth, %	7	4	8	8	7
Currency effect, %	-2	-1	1	-4	-1
Acquired operations, %	0	-	0	1	1
Other matters, %	-	-	-	1	-1
Balance sheet, DKK million					
Total assets	15,841	13,499	12,732	11,769	12,050
Capital invested	11,576	9,864	8,748	8,468	7,977
Net interest-bearing debt	2,112	1,162	539	754	826
Equity at year end	8,168	7,406	6,913	6,418	5,952
Cash flows and investments, DKK million					
Cash flows from operating activities	5,290	4,759	4,357	4,361	3,251
Cash flows from investing activities	-2,011	-901	-591	-947	-1,619
Investments in property, plant and equipment, gross	-919	-846	-617	-616	-661
Free cash flow	3,279	3,858	3,766	3,414	1,632
Cash flows from financing activities	-3,176	-3,857	-3,714	-3,430	-1,863
Key ratios					
Average number of employees, FTEs	12,578	12,250	11,821	11,155	10,420
Operating margin (EBIT margin) before special items, %	33	32	31	31	32
Operating margin (EBIT margin), %	32	32	29	31	32
Operating margin before interest, tax, depr. and amort. (EBITDA margin), %	36	36	32	35	36
Return on average invested capital before tax (ROIC), %[2]	58	59	62	57	61
Return on average invested capital after tax (ROIC), %[2]	45	46	48	44	47
Return on equity, %	70	66	65	72	77
Equity ratio, %	52	55	54	55	49
Net asset value per outstanding share, DKK	38	35	33	30	28
Share data					
Share price, DKK	1,007	1,004	825	657	511
Share price/net asset value per share	26	29	25	22	18
Average number of outstanding shares, in million	213	213	212	212	212
PE, price/earnings ratio	44	51	45	36	29
Dividend per share, DKK[3]	19.0	18.0	17.0	16.0	15.0
Payout ratio, %[4]	81	91	86	88	84
Earnings per share (EPS), diluted	22.63	19.67	18.18	18.10	17.87
Free cash flow per share	15	18	18	16	8

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.

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 57%/61%/60%/62%/74%, and ROIC after tax was 44%/47%/46%/47%/57%. 3) The figure shown for the 2020/21 financial year is the proposed dividend. 4) For the 2020/21 and 2018/19 financial years, this item is before special items. After special items, the payout ratio is 84%/93%.
Key ratios have been calculated and applied in accordance with Recommendations & Financial Ratios issued by the Danish Society of Financial Analysts.

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

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

Our vision
Setting the global standard
for listening and responding

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

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 health care. Our business includes Ostomy Care, Continence Care, Wound and Skin Care and Interventional Urology. We operate globally and employ about 12,500 employees.