

Q1 2020/21

Interim financial results, Q1 2020/21

1 October 2020 - 31 December 2020

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

Company reg. (CVR)
no. 69749917

Coloplast delivers a good start to the year, guidance for 2020/21 maintained

- Coloplast delivered 5% organic growth in the first quarter. Reported revenue in DKK was up by 1% to DKK 4,738 million. Exchange rate developments decreased revenue by 4% due to a significant decrease in the value of USD, GBP and several emerging markets currencies, in particular ARS and BRL.
- Organic growth rates by business area for the first quarter: Ostomy Care 6%, Contenance Care 6%, Interventional Urology 5% and Wound & Skin Care 1%.
- Chronic Care delivered a satisfactory first quarter, primarily driven by solid growth in Emerging markets and the US. Growth in Europe continues to be negatively impacted by the COVID-19 outbreak due to lower growth in new patients, particularly in the UK Chronic business.
- The Interventional Urology business delivered 5% organic growth, driven by the Men's Health portfolio in the US, which returned to growth as elective procedures continued to recover during Q1.
- The Wound and Skin Care business delivered 1% organic growth in the first quarter. Wound Care in isolation delivered 5% organic growth driven by Europe and a return to growth in China. The recently launched Biatain® Fiber portfolio contributed positively to the growth, driven by France and Germany. Skin Care and Contract manufacturing detracted from growth due to lower demand as a result of COVID-19.
- Solid momentum in Emerging markets with 16% organic growth in the first quarter, driven by Ostomy Care and solid performance in China and LATAM as well as phasing of tender deliveries in Russia.
- EBIT amounted to DKK 1,536 million for Q1, a 4% increase, corresponding to an EBIT margin of 32% against 31% last year. The development reflects strong cost control during the COVID-19 outbreak, but also sustained investments in growth opportunities and innovation.
- ROIC after tax before special items was 44% for Q1 against 47% in the same period last year impacted by the acquisition of Nine Continents Medical in November 2020.
- The health and safety of the company's employees and continuity of service to customers continue to be the key priority during the pandemic.
- In Q2 2020/21, a new share buy-back programme is expected to be launched, totalling DKK 500 million and to be completed by the end of the 2020/21 financial year.

Financial guidance for 2020/21 unchanged

- We continue to expect organic revenue growth of 7-8% at constant exchange rates. Reported growth in DKK is expected to be 4-5%.
- We continue to expect a reported margin in DKK of 31-32%. The EBIT margin guidance reflects additional incremental investments of up to 2% of revenue for innovation and sales and marketing initiatives and continued prudent cost management.
- Capital expenditure is still expected to be around DKK 1.1 billion. The effective tax rate is still expected to be around 23%.

Conference call

Coloplast will host a conference call on Tuesday, 2 February 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 91604730#.



Access the conference call
webcast directly here:

<https://getvisualtv.net/stream/?coloplast-x5anj9jpn2>

Financial highlights and key ratios

1 October 2020 – 31 December 2020, unaudited

Consolidated	2020/21	2019/20	Change
	Q1	Q1	
Income statement, DKK million			
Revenue	4,738	4,712	1%
Research and development costs	-186	-169	10%
Operating profit before interest, tax, depr. and amort. (EBITDA)	1,738	1,680	3%
Operating profit (EBIT)	1,536	1,472	4%
Net financial income and expenses	-41	-54	-24%
Profit before tax	1,495	1,418	5%
Net profit for the period	1,136	1,092	4%
Revenue growth, %			
Period growth in revenue	1	9	
Organic growth	5	8	
Currency effect	-4	1	
Balance sheet, DKK million			
Total assets	14,926	13,223	13%
Capital invested	11,039	9,501	16%
Net interest-bearing debt	3,973	2,754	44%
Equity end of period	5,770	5,451	6%
Cash flow and investments, DKK million			
Cash flows from operating activities	1,212	1,030	18%
Cash flows from investing activities	-1,226	-214	N/A
Investments in property, plant and equipment, gross	-255	-205	24%
Free cash flow	-14	816	N/A
Cash flows from financing activities	125	-662	N/A
Key ratios			
Operating margin (EBIT margin), %	32	31	
Operating margin before interest, tax, depr. and amort., (EBITDA margin), %	37	36	
Return on average invested capital before tax (ROIC), % ¹⁾	58	60	
Return on average invested capital after tax (ROIC), % ¹⁾	44	47	
Return on equity, %	69	71	
Equity ratio, %	39	41	
Net asset value per outstanding share, DKK	27	26	4%
Share data			
Share price, DKK	930	826	13%
Share price/net asset value per share	34.3	32.2	7%
Average number of outstanding shares, millions	212.7	212.4	0%
PE, price/earnings ratio	43.5	40.2	8%
Earnings per share (EPS), diluted	5.33	5.12	4%
Free cash flow per share	-0.1	3.8	N/A

¹⁾ Before special items. After special items, ROIC before tax was 59% (2019/20: 63%), and ROIC after tax was 45% (2019/20: 48%).

Sales performance

The Q1 organic growth was 5%, adversely impacted by the COVID-19 pandemic. Reported revenue in DKK was up by 1% to DKK 4,738 million. Exchange rate developments decreased revenue by 4% mainly related to a significant decrease in the value of USD, GBP and several currencies within emerging markets against DKK, in particular ARS and BRL.

Sales performance by business areas

	DKK million		Growth composition (3 mths)		
	2020/21 3 mths	2019/20 3 mths	Organic growth	Exchange rates	Reported growth
Ostomy Care	1,932	1,907	6%	-5%	1%
Contenance Care	1,705	1,686	6%	-5%	1%
Interventional Urology	536	535	5%	-5%	0%
Wound & Skin Care	565	584	1%	-4%	-3%
Net revenue	4,738	4,712	5%	-4%	1%

Sales performance by region

	DKK million		Growth composition (3 mths)		
	2020/21 3 mths	2019/20 3 mths	Organic growth	Exchange rates	Reported growth
European markets	2,737	2,744	2%	-2%	0%
Other developed markets	1,174	1,178	7%	-7%	0%
Emerging markets	827	790	16%	-11%	5%
Net revenue	4,738	4,712	5%	-4%	1%



Ostomy Care

Ostomy Care generated 6% organic sales growth in the first quarter of 2020/21, with reported revenue in DKK growing by 1% to DKK 1,932 million.

The SenSura® Mio portfolio and the Brava® range of supporting products continued to be the main drivers of revenue growth. At product level, SenSura Mio Convex was the main contributor to growth driven by the UK and Germany. SenSura Mio Concave continues to increase its contribution to growth. The SenSura and Assura/Alterna® portfolios also delivered satisfactory sales growth in the markets where they are being actively promoted, most notably China. Sales of the Brava range of supporting products continue to contribute to growth driven by the US and Germany.

From a country perspective, the Emerging markets region was the main contributor to growth, led by China, LATAM and phasing of tender deliveries in Russia. The US also contributed nicely to growth in the first quarter. Growth in Europe improved compared to Q4 19/20, but remains challenged by lower growth in new patients due to COVID-19, in particular in the UK.

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 particularly in the UK, which is Coloplast's largest market in Europe. Growth in new patients continues to improve, albeit at a slower pace in Europe.



Continence Care

Continence Care generated 6% organic sales growth for the first quarter of 2020/21, with reported revenue in DKK growing by 1% to DKK 1,705 million.

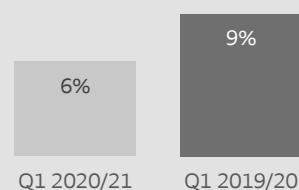
SpeediCath® intermittent catheters and Peristeen® continued to be the main drivers of revenue growth. The growth in sales of the SpeediCath portfolio was driven by flexible catheters, compact catheters and standard catheters, all of which are ready-to-use hydrophilic coated catheters. The growth in flexible catheters and compact catheters was driven by good momentum in the US, Germany and France. SpeediCath Navi, a hydrophilic catheter specifically designed for emerging markets and lower priced developed markets, continues to increase its contribution to growth.

The Peristeen portfolio also continued to show good results driven by Germany, Italy and the US.

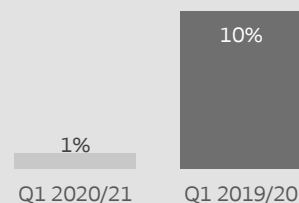
From a country perspective, growth was driven by the US and Germany. Growth in Europe improved compared to Q4, but remains challenged by lower growth in new patients due to COVID-19, in particular in the UK.

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 MS and 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 at a slower pace in Europe.

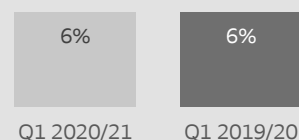
Ostomy Care Organic growth



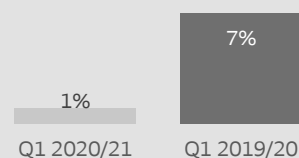
Reported growth



Continence Care Organic growth



Reported growth





Interventional Urology

Interventional Urology generated 5% organic sales growth in the first quarter of 2020/21, with reported revenue in DKK growing by 0% to DKK 536 million.

Growth continues to be negatively impacted by COVID-19, but elective procedures continued to resume throughout the quarter across the US in Men's Health and in most European markets.

Growth in the quarter was driven by Titan® penile implants in the US. Sales of disposable surgical products also contributed positively to growth driven by Europe. Women's Health in the US reported negative growth due to the cancellation of procedures following the COVID-19 outbreak.

From a country perspective, the US market continues to drive growth in Interventional Urology.



Wound & Skin Care

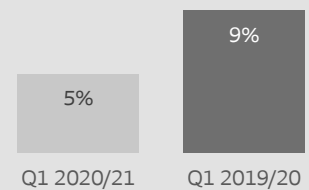
Wound & Skin Care generated 1% organic sales growth in the first quarter of 2020/21, with reported revenue in DKK declining by 3% to DKK 565 million.

The wound care business delivered 5% organic growth in the first quarter of 2020/21. The Biatain® Silicone portfolio and the newly launched Biatain Fiber portfolio were the main contributors to growth. Biatain Fiber, a gel-forming fiber dressing used for deeper wounds and wound cavities with exudate, has now been launched across 9 markets and continues to be well-received.

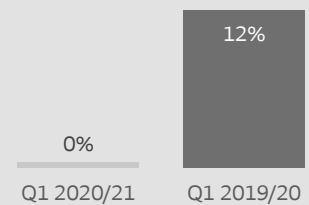
From a country perspective, China, Spain and Brazil were the main contributors to growth. China returned to growth following a rebound in hospital activity after three quarters of negative growth due to COVID-19. The European wound care business continues to be negatively impacted by a decline in hospital activity due to the COVID-19, but this was partly offset by a good contribution to growth from Biatain Fiber, in particular in France and Germany.

The Skin Care business detracted from growth impacted by lower demand due to COVID-19 and a strong comparison period. The Compeed contract manufacturing business detracted from growth impacted by lower demand due to the COVID-19 pandemic.

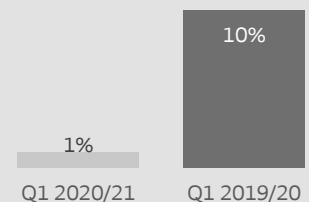
Interventional Urology Organic growth



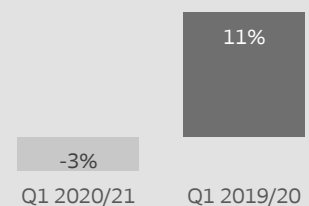
Reported growth



Wound & Skin Care Organic growth



Reported growth



Earnings

Gross profit

Gross profit was DKK 3,206 million, compared to DKK 3,212 million last year. The gross margin was 68%, on par with last year. The gross margin included a negative impact from currencies, mainly related to the depreciation of USD and GBP against DKK, which was only partly offset by a positive impact from depreciation of the HUF against the DKK.

The gross profit was positively impacted by savings from the Global Operations Plan 4 and 5. On the other hand, the gross margin was negatively impacted by 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, as well as higher costs in Costa Rica due to scaling up of activities.

Costs

Distribution costs amounted to DKK 1,310 million, a DKK 105 million decrease (7%) from DKK 1,415 million last year. Distribution costs amounted to 28% of revenue compared to 30% last year. The lower distribution costs reflect lower travel and sales & marketing expenses as a result of the COVID-19 pandemic. This was partly offset by investments in sales and marketing activities in Asia, Interventional Urology and consumer and digital initiatives.

Administrative expenses amounted to DKK 185 million, up DKK 14 million (8%) from DKK 171 million last year. The increase in the first quarter of 2020/21 was mainly due to timing of legal expenses. Administrative expenses accounted for 4% of revenue which was consistent with last year.

Income statement, DKK million	Q1 2020/21	Index
Revenue	4,738	101
Production costs	-1,532	102
Gross profit	3,206	100
Distribution costs	-1,310	93
Administrative expenses	-185	108
Research and development costs	-186	110
Other operating income	15	88
Other operating expenses	-4	200
Operating profit (EBIT) before special items	1,536	104
Financial income	18	180
Financial expenses	-59	92
Profit before tax	1,495	105
Tax on profit for the period	-359	110
Net profit for the period	1,136	104

The R&D costs were DKK 186 million, a DKK 17 million (10%) increase compared to last year due to an increased activity level and costs associated with organisational changes. 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 11 million, against DKK 15 million last year.

Operating profit (EBIT)

EBIT amounted to DKK 1,536 million, a DKK 64 million (4%) increase from DKK 1,472 million last year. The EBIT margin was 32% compared to 31% last year. The EBIT margin includes a negative impact from currencies, mainly related to the depreciation of USD and GBP against DKK.

Financial items and tax

Financial items were a net expense of DKK 41 million, compared to a net expense of DKK 54 million last year. The net expense of DKK 41 million was mainly due to losses on balance sheet items denominated in several foreign currencies of DKK 44 million, including

the British Pound and US Dollar. This was only partly offset mainly by a gain on currency hedges of DKK 12 million.

The tax rate was 24%, 1%-point higher than last year. The tax rate was impacted by two separate matters – the Nine Continents acquisition and a temporary increase in the tax-deductible value of R&D expenses. The full year tax rate is still expected to be around 23%. The tax expense amounted to DKK 359 million against DKK 326 million last year. Please see “Other matters” for further details.

Net profit

Net profit was DKK 1,136 million, a DKK 44 million increase from DKK 1,092 million last year. Diluted earnings per share (EPS) increased by 4% from DKK 5.12 last year to DKK 5.33.

Cash flows and investments

Cash flows from operating activities

Cash flows from operating activities amounted to DKK 1,212 million, against DKK 1,030 million last year. The positive development in cash flows from operating activities was mainly due to a decrease in income tax paid and an increase in operating profit (EBIT), partly offset by the development in trade receivables.

Investments

Coloplast made investments of DKK 1,230 million in the first quarter of 2020/21 compared with DKK 223 million last year. Investments related to the acquisition of Nine Continents Medical amounted to DKK 950 million. Excluding acquisitions, capex amounted to DKK 280 million or 6% of revenues compared to 5% last year. The increase in investment was mainly linked to increased investments in automation, IT and the new factory in Costa Rica. Total cash flows from investing activities were a DKK 1,226 million outflow, against a DKK 214 million outflow in the same period last year, due to the above-mentioned investments.

Free cash flow

As a result, the free cash flow was an outflow of DKK 14 million compared to an inflow of DKK 816 million in the same period last year.

Capital resources

At 31 December 2020, Coloplast had net interest-bearing debt, including securities, of DKK 3,973 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 and payment of dividends in December 2020.

Statement of financial position and equity

Balance sheet

At 31 December 2020, total assets amounted to DKK 14,926 million, an increase of DKK 1,427 million compared to 30 September 2020.

The increase was mainly due to an increase in intangible assets as a result of the DKK 950m acquisition of Nine Continents Medical.

Working capital was 24% of revenue, compared to 23% at 30 September 2020. Inventories increased by DKK 4 million to DKK 2,231 million and trade receivables decreased by DKK 18 million to DKK 2,916 million.

Trade payables decreased by DKK 251 million relative to 30 September 2020 to stand at DKK 563 million.

Equity

Equity decreased by DKK 1,636 million relative to 30 September 2020 to DKK 5,770 million. Payment of dividends amounting to DKK 2,765 million were only partly offset by total comprehensive income for the period of DKK 1,087 million, share-based remuneration of DKK 14 million and treasury shares sold of DKK 28 million.

Treasury shares

At 31 December 2020, Coloplast's holding of treasury shares consisted of 3,267,902 B shares, which was 51,093 fewer than at 30 September 2020. The decrease was due to the exercise of share options.

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. 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 and healthcare professionals to the best of the company's ability.

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

Tax matters

Following the COVID-19 outbreak, the Danish Parliament agreed on a temporary increase in the tax-deductible value of R&D expenses for 2020 to 2022, which represents a tax incentive for Coloplast as a significant part of the company's R&D activities are based in Denmark. Since the law was not passed until late December 2020 after the closing of Coloplast's 2019/20 fiscal year, the full 2020 incentive has been included in the first quarter of 2020/21 together with a proportionate share of the 2021 incentive. The impact on the quarterly tax rate is a reduction of around 3%-points.

The positive impact from the reduced tax rate from the R&D tax incentive in Q1 is more than offset by a one-time tax expense related to the inclusion of Nine Continents Medical in Coloplast's global tax model. The impact on the quarterly tax rate is an increase of around 4%-points.

The tax rate for the full year 2020/21 is still expected to be around 23%. The higher Q1 tax rate will be offset in the remaining quarters by lower tax expenses due to the increased deductibility on R&D costs in Denmark. The impact from the increased deductibility on the annual tax rate is a reduction of around 0.5%-point.

Acquisition of Nine Continents Medical

In early November 2020, Coloplast acquired Nine Continents Medical, 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. Through the acquisition of Nine Continents Medical, Coloplast has acquired patents and know-how. Hence, from an accounting perspective, the acquisition is recognized as intangible assets.

Sustainability commitments

As part of the new corporate strategy "Strive 25", Sustainability has become an enterprise theme with a key focus on "Reducing Emissions" and "Improving products and packaging". Coloplast is committed to science-based climate action and at the end of 2020 the company joined the 'Business Ambition for 1.5°C' campaign to meet the goals of the Paris Agreement - limiting global temperature rise to 1.5°C. Coloplast has also become official supporters of the Task Force on Climate-related Financial Disclosures or "TCFD".

Our *financial* guidance for 2020/21

7-8%

Organic revenue growth at constant exchange rates

31-32%

Reported EBIT margin

around

1.1 billion

Capital expenditure in DKK

around 23%

Effective tax rate

Key financial guidance assumptions

The financial guidance assumptions are unchanged compared to the assumptions presented in connection with FY 2019/20 results in November 2020.

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 guidance assumes the following:

- 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
- Interventional Urology positively impacted by comparison period in 2019/20
- Uncertainty around growth in new patients across Chronic Care in the UK and other markets particularly in Europe
- Uncertainty around resumption of hospital activity impacting Wound & Skin Care
- No current knowledge of significant health care reform vs. French reform in 2019/20
- 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 and IT 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 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 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 3M 2019/20	868	675	2.25
Average exchange rate 3M 2020/21	824	624	2.07
Change in average exchange rates for 2020/21 compared with the same period last year	-5%	-7%	-8%
Average exchange rate 2019/20 ¹⁾	850	667	2.17
Spot rate on 1 February 2021	842	613	2.08
Estimated average exchange rate 2020/21 ²⁾	838	616	2.08
Change in estimated average exchange rates compared with average exchange rate 2019/20	-1%	-8%	-4%

¹⁾ Average exchange rates for 2019/20 are from 1 October 2019 to 30 September 2020.

²⁾ Estimated average exchange rates are calculated as the average exchange rates for the first three months combined with the spot rates at 1 February 2021.

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

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

	Revenue	EBIT
USD	-410	-170
GBP	-280	-190
HUF	-	100

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today considered and approved the interim report of Coloplast A/S for the period 1 October 2020 – 31 December 2020.

The interim report, which has neither been audited nor reviewed by the company's auditors, is presented in accordance with IAS 34 "Interim financial reporting" as adopted by the

EU and additional Danish disclosure requirements for interim reports of listed companies.

In our opinion, the interim report gives a true and fair view of the Group's assets, liabilities and financial position at 31 December 2020 and of the results of the Group's operations and cash flows for the period 1 October 2020 – 31 December 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 period and of the financial position of the Group. Other than as set forth in the interim report, no changes have occurred to the significant risks and uncertainty factors compared with those disclosed in the annual report for 2019/20.

Humblebæk, 2 February 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 – 31 December, unaudited

Consolidated DKK million	Note	2020/21 Q1	2019/20 Q1	Index
Revenue	2	4,738	4,712	101
Production costs		-1,532	-1,500	102
Gross profit		3,206	3,212	100
Distribution costs		-1,310	-1,415	93
Administrative expenses		-185	-171	108
Research and development costs		-186	-169	110
Other operating income		15	17	88
Other operating expenses		-4	-2	>200
Operating profit (EBIT)		1,536	1,472	104
Financial income	3	18	10	180
Financial expenses	3	-59	-64	92
Profit before tax		1,495	1,418	105
Tax on profit for the period		-359	-326	110
Net profit for the period		1,136	1,092	104
Remeasurements of defined benefit plans		-15	19	
Tax on remeasurements of defined benefit plans		3	-5	
Items that will not be reclassified to the income statement		-12	14	
Value adjustment of currency hedging		8	-46	
Transferred to financial items		-12	36	
Tax effect of hedging		1	2	
Currency adjustment of opening balances and other market value adjustments relating to subsidiaries		-34	-28	
Items that may be reclassified to income statement		-37	-36	
Total other comprehensive income		-49	-22	
Total comprehensive income		1,087	1,070	
DKK				
Earnings per share (EPS)		5.34	5.14	
Earnings per share (EPS), diluted		5.33	5.12	

Statement of cash flows

1 October – 31 December, unaudited

Consolidated DKK million	Note	2020/21 3 mths	2019/20 3 mths
Operating profit		1,536	1,472
Depreciation and amortisation		202	208
Adjustment for other non-cash operating items	5	-48	-35
Changes in working capital	5	246	321
Ingoing interest payments, etc.		14	2
Outgoing interest payments, etc.		-10	-67
Income tax paid		-728	-871
Cash flows from operating activities		1,212	1,030
Investments in intangible assets		-975	-18
Investments in land and buildings		-1	-6
Investments in plant and machinery and other fixtures and fittings, tools and equipment		-10	-8
Investments in property, plant and equipment under construction		-244	-191
Property, plant and equipment sold		3	-
Investment in other investments		1	-
Net sales/purchase of marketable securities		-	9
Cash flows from investing activities		-1,226	-214
Free cash flow		-14	816
Dividend to shareholders		-2,765	-2,549
Sale of treasury shares		28	10
Financing from shareholders		-2,737	-2,539
Repayment of lease liabilities		-49	-47
Drawdown on credit facilities		2,911	1,924
Cash flows from financing activities		125	-662
Net cash flows		111	154
Cash and cash equivalents at 1 October		323	356
Value adjustment of cash and bank balances		1	6
Net cash flows		111	154
Cash and cash equivalents at 31 December	6	435	516

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

Assets

At 31 December, unaudited

Consolidated				
DKK million	Note	31.12.20	31.12.19	30.09.20
Intangible assets		3,524	2,459	2,364
Property, plant and equipment		3,424	3,216	3,311
Right-of-use assets		621	570	615
Other equity investments		25	5	27
Deferred tax asset		669	584	669
Other receivables		23	28	24
Non-current assets		8,286	6,862	7,010
Inventories		2,231	1,917	2,227
Trade receivables		2,916	2,982	2,934
Income tax		245	228	242
Other receivables		384	189	338
Prepayments		172	212	163
Amounts held in escrow		-	13	-
Marketable securities		257	304	262
Cash and cash equivalents		435	516	323
Current assets		6,640	6,361	6,489
Assets		14,926	13,223	13,499

Equity and liabilities

At 31 December, unaudited

Consolidated DKK million	Note	31.12.20	31.12.19	30.09.20
Share capital		216	216	216
Currency translation reserve		-379	-185	-375
Reserve for currency hedging		57	-61	60
Proposed ordinary dividend for the year		-	-	2,765
Retained earnings		5,876	5,481	4,740
Equity		5,770	5,451	7,406
Provisions for pensions and similar liabilities		193	184	176
Provision for deferred tax		628	264	369
Other provisions	4	71	237	128
Lease liability		471	418	430
Prepayments		11	21	11
Non-current liabilities		1,374	1,124	1,114
Provisions for pensions and similar liabilities		13	10	13
Other provisions	4	153	178	159
Other credit institutions		4,021	2,989	1,111
Trade payables		563	679	814
Income tax		627	518	1,003
Other payables		2,225	2,098	1,664
Lease liability		173	167	206
Prepayments		7	9	9
Current liabilities		7,782	6,648	4,979
Equity and liabilities		14,926	13,223	13,499

Statement of changes in equity, current year

At 31 December, unaudited

Consolidated DKK million	Share capital		Reserves		Proposed dividend	Retained earnings	Total
	A shares	B shares	Currency translation	Currency hedging			
2020/21							
Equity at 1 October	18	198	-375	60	2,765	4,740	7,406
Net profit for the period	-	-	-	-	-	1,136	1,136
Other comprehensive income	-	-	-4	-3	-	-42	-49
Total comprehensive income	-	-	-4	-3	-	1,094	1,087
Sale of treasury shares	-	-	-	-	-	28	28
Share-based payment	-	-	-	-	-	14	14
Dividend paid out in respect of 2019/20	-	-	-	-	-2,765	-	-2,765
Transactions with shareholders	-	-	-	-	-2,765	42	-2,723
Equity at 31 December	18	198	-379	57	-	5,876	5,770

Statement of changes in equity, last year

At 31 December, unaudited

Consolidated DKK million	Share capital		Reserves		Proposed dividend	Retained earnings	Total
	A shares	B shares	Currency translation	Currency hedging			
2019/20							
Equity at 1 October	18	198	-175	-53	2,549	4,376	6,913
Net profit for the period	-	-	-	-	-	1,092	1,092
Other comprehensive income	-	-	-10	-8	-	-4	-22
Total comprehensive income	-	-	-10	-8	-	1,088	1,070
Sale of treasury shares	-	-	-	-	-	10	10
Share-based payment	-	-	-	-	-	7	7
Dividend paid out in respect of 2018/19	-	-	-	-	-2,549	-	-2,549
Transactions with shareholders	-	-	-	-	-2,549	17	-2,532
Equity at 31 December	18	198	-185	-61	-	5,481	5,451

List of notes

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Note 1

Accounting policies

The unaudited consolidated financial statements and interim report is presented in accordance with IAS 34 "Interim financial reporting" 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 interim report are consistent with those applied in the Annual Report 2019/20 except for new standards, amendments and interpretations that are effective from 2020/21 financial year.

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 DKK million	Chronic Care		Interventional Urology		Wound & Skin Care		Group	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Segment revenue:								
Ostomy Care	1,932	1,907	-	-	-	-	1,932	1,907
Continence Care	1,705	1,686	-	-	-	-	1,705	1,686
Interventional Urology	-	-	536	535	-	-	536	535
Wound & Skin Care	-	-	-	-	565	584	565	584
External revenue as per the statement of comprehensive income	3,637	3,593	536	535	565	584	4,738	4,712
Costs allocated to segment	-1,444	-1,546	-292	-338	-326	-359	-2,062	-2,243
Segment operating profit/loss	2,193	2,047	244	197	239	225	2,676	2,469
Shared/non-allocated							-1,140	-997
Operating profit before tax (EBIT) as per the statement of comprehensive income							1,536	1,472
Net financials							-41	-54
Tax on profit/loss for the year							-359	-326
Profit/loss for the year as per the statement of comprehensive income							1,136	1,092

Note 3 Financial income and expenses

DKK million	2020/21	2019/20
Financial income		
Interest income	2	2
Fair value adjustments of forward contracts transferred from other comprehensive income	12	-
Fair value adjustments of cash-based share options	2	-
Hyperinflationary adjustment of monetary position	2	8
Total	18	10
Financial expenses		
Interest expenses	4	4
Interest expenses, lease liabilities	3	3
Fair value adjustments of forward contracts transferred from other comprehensive income	-	36
Net exchange adjustments	44	14
Other financial expenses and fees	8	7
Total	59	64

Note 4

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.

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 0.2 billion at 31 December 2020 (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 5

Specifications of cash flow from operating activities

DKK million	2020/21	2019/20
Change in other provisions	-63	-42
Other non-cash operating items	15	7
Adjustment for other non-cash operating items	-48	-35
Inventories	-5	20
Trade receivables	-6	171
Other receivables, including amounts held in escrow	-54	-42
Trade and other payables etc.	311	172
Changes in working capital	246	321

Note 6

Cash and cash equivalents

DKK million	2020	2019
Bank deposits, short term	435	516
Cash and cash equivalents at 31 December	435	516

Note 7

Contingent liabilities

Other than as set out in note 4, the Coloplast Group is a party to a few minor legal proceedings, which are not expected to influence the Group's future earnings.

Income statement, quarterly

Unaudited

Consolidated DKK million	2020/21		2019/20		
	Q1	Q4	Q3	Q2	Q1
Revenue	4,738	4,590	4,419	4,823	4,712
Production costs	-1,532	-1,430	-1,449	-1,553	-1,500
Gross profit	3,206	3,160	2,970	3,270	3,212
Distribution costs	-1,310	-1,326	-1,221	-1,355	-1,415
Administrative expenses	-185	-190	-205	-196	-171
Research and development costs	-186	-175	-182	-182	-169
Other operating income	15	14	5	13	17
Other operating expenses	-4	-11	1	-8	-2
Operating profit (EBIT)	1,536	1,472	1,368	1,542	1,472
Financial income	18	4	1	5	10
Financial expenses	-59	-109	-73	-162	-64
Profit before tax	1,495	1,367	1,296	1,385	1,418
Tax on profit for the period	-359	-326	-299	-318	-326
Net profit for the period	1,136	1,041	997	1,067	1,092
DKK					
Earnings per share (EPS)	5.34	4.89	4.69	5.02	5.14
Earnings per share (EPS), diluted	5.33	4.88	4.67	5.00	5.12

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.

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