

9M 2020/21

Interim financial results, 9M 2020/21

1 October 2020 - 30 June 2021

Coloplast A/S
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DK-3050 Humlebaek,
Denmark

Company reg. (CVR)
no. 69749917

Coloplast delivered Q3 organic growth of 11% and 33% EBIT margin. Financial guidance narrowed

- Coloplast delivered 11% organic growth in Q3. Reported revenue in DKK was up by 9% to DKK 4,835 million. Organic growth rates by business area in Q3: Ostomy Care 4%, Continence Care 5%, Interventional Urology 82% and Wound & Skin Care 17%.
- The Chronic Care business was positively impacted by improving underlying growth in Europe as well as a lower baseline. Growth was partly offset by lower growth in new patients in the US due to COVID-19, in especially Continence Care, as well as distributor destocking due to a prolonged period of lower growth in new patients. Ostomy Care delivered a softer quarter in Emerging markets due to tender phasing in the Middle East and Russia. The tenders are confirmed for delivery in Q4.
- During Q3, hospital activity increased as vaccines were rolled out and as a result growth in new patients within Ostomy Care normalised towards pre-COVID levels across markets. Growth in new patients within Continence Care is taking longer to normalise as expected, but the trend during Q3 was positive across markets.
- The Interventional Urology business delivered a strong quarter driven by broad-based recovery in elective procedures led by the US and Men's Health, as well as a lower baseline.
- The Wound and Skin Care business delivered a solid quarter. Wound Care alone delivered 20% organic growth driven by Europe and China and strong contribution from the Biatain Silicone portfolio, as well as a lower baseline.
- EBIT was DKK 1,592 million, a DKK 224 million (16%) increase from last year, corresponding to an EBIT margin of 33% which reflects efficiency gains and lower costs due to COVID-19, partly offset by continued commercial investments.
- Diluted earnings per share (EPS) increased by 26% to DKK 5.88.

9M organic growth of 6% and 33% EBIT margin

- Coloplast delivered 6% organic growth year to date. Reported revenue in DKK was up by 3% to DKK 14,326 million. Organic growth rates by business area year to date: Ostomy Care 5%, Continence Care 4%, Interventional Urology 22% and Wound & Skin Care 6%.
- EBIT before special items amounted to DKK 4,705 million, a 7% increase from last year, corresponding to an EBIT margin before special items of 33% against 31% last year.
- ROIC after tax before special items was 43% against 45% last year, negatively impacted by last year's acquisition of Nine Continents Medical. Diluted earnings per share (EPS) before special items increased by 17% to DKK 17.24.

2020/21 financial guidance narrowed – organic growth expected in the lower end of the 7-8% range and EBIT margin expected to be in the upper end of the 32-33% range before special items

- We now expect organic revenue growth in the lower end of the 7-8% range at constant exchange rates. Reported growth in DKK is still expected to be 4-5%.
- Reported EBIT margin before special items is now expected to be in the upper end of the 32-33% range. After special items, the reported EBIT margin is now expected to be in the upper end of the 31-32% range.
- Capital expenditure continues to be expected ~DKK 1.1 billion. The effective tax rate is still expected to be ~23%.

Conference call

Coloplast will host a conference call on Wednesday, 18 August 2021 at 15.00 CEST. 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 87004267#



Access the conference call
webcast directly here:

<https://getvisualtv.net/stream/?coloplast-x9e5dfwqrg>

Financial highlights and key ratios

1 October 2020 – 30 June 2021, unaudited

Consolidated	2020/21	2019/20	Change	2020/21	2019/20	Change
	9 mths	9 mths		Q3	Q3	
Income statement, DKK million						
Revenue	14,326	13,954	3%	4,835	4,419	9%
Research and development costs	-548	-533	3%	-185	-182	2%
Operating profit before interest, tax, depr. and amort. (EBITDA)	5,106	5,018	2%	1,801	1,582	14%
Operating profit (EBIT) before special items	4,705	4,382	7%	1,592	1,368	16%
Special items	-200	-	N/A	-	-	N/A
Operating profit (EBIT)	4,505	4,382	3%	1,592	1,368	16%
Net financial income and expenses	84	-283	N/A	27	-72	N/A
Profit before tax	4,589	4,099	12%	1,619	1,296	25%
Net profit for the period	3,520	3,156	12%	1,254	997	26%
Revenue growth, %						
Period growth in revenue	3	5		9	-4	
Organic growth	6	5		11	-2	
Currency effect	-3	-		-2	-2	
Balance sheet, DKK million						
Total assets	15,458	13,315	16%	15,458	13,315	16%
Capital invested	11,829	10,036	18%	11,829	10,036	18%
Net interest-bearing debt	3,606	2,378	52%	3,606	2,378	52%
Equity end of period	6,927	6,362	9%	6,927	6,362	9%
Cash flow and investments, DKK million						
Cash flows from operating activities	3,336	3,072	9%	1,377	1,431	-4%
Cash flows from investing activities	-1,710	-636	N/A	-197	-176	12%
Investments in property, plant and equipment, gross	-658	-627	5%	-196	-192	2%
Free cash flow	1,626	2,436	-33%	1,180	1,255	-6%
Cash flows from financing activities	-1,520	-2,361	-36%	-1,151	-1,345	-14%
Key ratios						
Average number of employees, FTEs	12,563	12,255				
Operating margin (EBIT margin) before special items, %	33	31		33	31	
Operating margin (EBIT margin), %	31	31		33	31	
Operating margin before interest, tax, depr. and amort., (EBITDA margin), %	36	36		37	36	
Return on average invested capital before tax (ROIC), % ¹⁾	57	59		53	52	
Return on average invested capital after tax (ROIC), % ¹⁾	43	45		41	40	
Return on equity, %	71	68		72	62	
Equity ratio, %	45	48		45	48	
Net asset value per outstanding share, DKK	33	30	10%	33	30	10%
Share data						
Share price, DKK	1,029	1,028	0%	1,029	1,028	0%
Share price/net asset value per share	31.6	34.4	-8%	31.6	34.4	-8%
Average number of outstanding shares, millions	212.8	212.6	0%	212.9	212.7	0%
PE, price/earnings ratio	46.7	51.9	-10%	43.7	54.8	-20%
Earnings per share (EPS), diluted	16.51	14.79	12%	5.88	4.67	26%
Free cash flow per share	7.6	11.5	-34%	5.5	5.9	-7%

¹⁾ Before special items. After special items, ROIC before tax was 55% (2019/20: 61%), and ROIC after tax was 42% (2019/20: 47%).

Sales performance

The organic growth rate was 6% in the first nine months of 2020/21, adversely impacted by lower growth in new patients due to the COVID-19 pandemic. Reported revenue was up by 3% to DKK 14,326 million. Exchange rate developments decreased revenue by 3%-points mainly related to a significant decrease in the value of USD and several emerging markets currencies against DKK, in particular ARS, BRL and RUB.

Organic growth in the third quarter was 11%. Reported revenue in DKK was up by 9% to DKK 4,835 million. Exchange rate developments decreased revenue by 2%-points mainly related to the negative development in USD, ARS and JPY against DKK.

During Q3, Coloplast acquired another small catheter dealer in the US. The revenue contribution in the quarter is immaterial.

Sales performance by business areas	DKK million		Growth composition (9 mths)			
	2020/21 (9 mths)	2019/20 (9 mths)	Organic growth	Acquired operations	Exchange rates	Reported growth
Ostomy Care	5,783	5,697	5%	-	-3%	2%
Continence Care	5,168	5,142	4%	0%	-3%	1%
Interventional Urology	1,573	1,355	22%	-	-6%	16%
Wound & Skin Care	1,802	1,760	6%	-	-4%	2%
Revenue	14,326	13,954	6%	0%	-3%	3%

	DKK million		Growth composition (Q3)			
	2020/21 (Q3)	2019/20 (Q3)	Organic growth	Acquired operations	Exchange rates	Reported growth
Ostomy Care	1,915	1,870	4%	-	-2%	2%
Continence Care	1,744	1,680	5%	0%	-1%	4%
Interventional Urology	542	313	82%	-	-9%	73%
Wound & Skin Care	634	556	17%	-	-3%	14%
Revenue	4,835	4,419	11%	0%	-2%	9%

Sales performance by region	DKK million		Growth composition (9 mths)			
	2020/21 (9 mths)	2019/20 (9 mths)	Organic growth	Acquired operations	Exchange rates	Reported growth
European markets	8,349	8,168	3%	-	-1%	2%
Other developed markets	3,500	3,434	9%	0%	-7%	2%
Emerging markets	2,477	2,352	13%	-	-8%	5%
Revenue	14,326	13,954	6%	0%	-3%	3%

	DKK million		Growth composition (Q3)			
	2020/21 (Q3)	2019/20 (Q3)	Organic growth	Acquired operations	Exchange rates	Reported growth
European markets	2,844	2,577	10%	-	0%	10%
Other developed markets	1,183	1,083	17%	0%	-8%	9%
Emerging markets	808	759	8%	-	-2%	6%
Revenue	4,835	4,419	11%	0%	-2%	9%



Ostomy Care

Ostomy Care generated 5% organic sales growth in the first nine months of the 2020/21 financial year, with reported revenue in DKK growing by 2% to DKK 5,783 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 Germany, the UK and the US. SenSura Mio Concave continued to contribute to growth driven by growth in the UK and Germany. The SenSura and Assura/Alterna® portfolios also contributed to growth in the markets where they are being actively promoted, most notably in China. Sales of the Brava range of supporting products continue to contribute to growth driven by China, Germany and the US.

From a geographical perspective, the Emerging markets region was the main contributor to growth, led by China and LATAM. The US and the UK also contributed nicely to growth in the first nine months.

In the first nine months of the 2020/21 financial year, growth in the Ostomy Care business was negatively impacted by lower growth in new patients as only the most acute ostomy surgeries have taken place following the COVID-19 outbreak. The negative impact on growth in new patients has been the most pronounced in Europe, in particular in the UK, and in the US.

Q3 organic growth was 4% and reported revenue increased by 2% to DKK 1,915 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 China and Brazil. Revenue growth in the Brava range of supporting products was driven by Europe as well as China.

During Q3, growth in new patients normalised across markets towards pre-COVID levels, following the resumption of hospital activity.

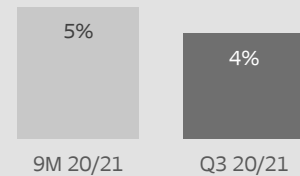
From a geographical perspective, Europe was the main contributor to growth in Q3, led by the UK and Germany. Europe was positively impacted by an increase in growth in new patients as well as a lower baseline due to stocking last year. The majority of the DKK 150 million stocking in Ostomy and Continence Care in Europe in Q2 2019/20 was reversed in Q3 last year. Ostomy Care accounted for approximately half of the stocking impact.

Growth in the US was negatively impacted by lower growth in new patients due to COVID-19. Distributor buying patterns also impacted growth in the quarter. The growth in new patients in the US has been negatively impacted by COVID-19 over a prolonged period of time, which led to excess inventory at our distributors and destocking in Q3.

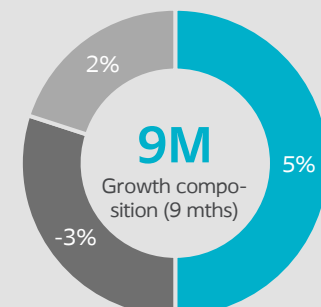
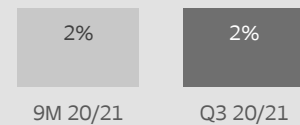
The Emerging markets region also contributed to growth in Q3, led by China and LATAM, but the growth was partly offset by tender phasing. Growth in Q4 is expected to be lifted by tender deliveries in the Middle East and Russia.

1.9 billion Reported revenue in DKK for Q3 2020/21

Organic growth



Reported growth



- Organic growth
- Exchange rates
- Reported growth



Continence Care

Continence Care generated 4% organic sales growth for the first nine months of the 2020/21 financial year, with reported revenue in DKK growing by 1% to DKK 5,168 million.

SpeediCath® intermittent catheters were 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 mainly driven by the US, France, Germany and the UK. SpeediCath Navi, a hydrophilic catheter specifically designed for emerging markets and lower priced developed markets, continued to contribute to growth.

The Bowel Management business also contributed to growth, driven by Peristeen in Europe. The Collecting Devices delivered flat growth negatively impacted by COVID-19.

From a geographical perspective, sales growth was mainly driven by Europe. The US and Emerging markets contributed positively to growth as well.

In the first nine months of the 2020/21 financial year, growth in the Continence Care business has been negatively impacted by lower growth in new patients due to the COVID-19 outbreak, as only the most acute patient groups such as spinal cord injured have been prioritised, whereas other patient groups including MS, BPH and Bowel Management patients have postponed their treatment. The negative impact on growth in new patients has been the most pronounced in Europe, in particular in the UK, and in the US.

Q3 organic growth was 5% and reported revenue increased by 4% to DKK 1,744 million.

Sales growth in Q3 was driven by the SpeediCath portfolio, and more specifically flexible and compact catheters.

Bowel Management and Collecting Devices also contributed to growth in Q3, led by an underlying improvement in Europe.

During Q3, growth in new patients increased across markets, and is now approaching pre-COVID levels.

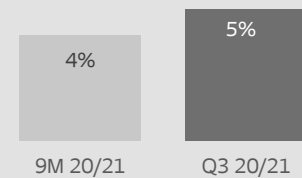
From a geographical perspective, France, the UK and Germany were the main contributors to sales growth in Q3. Europe was positively impacted by an increase in growth in new patients as well as a lower baseline due to stocking last year. The majority of the DKK 150 million stocking in Ostomy and Continence Care in Europe in Q2 2019/20 was reversed in Q3 last year. Continence Care accounted for approximately half of the stocking impact.

Growth in the US was negatively impacted by lower growth in new patients due to COVID-19. The quarter was also impacted by distributor buying patterns. The growth in new patients in the US has been negatively impacted by COVID-19 over a prolonged period of time, which led to excess inventory at our distributors and destocking in Q3.

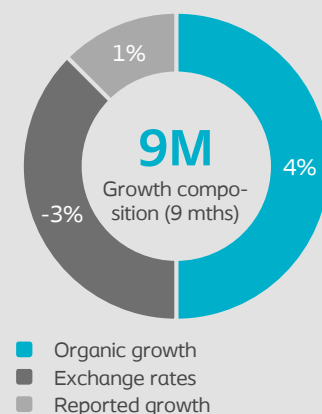
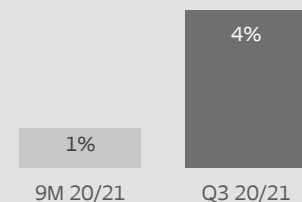
Emerging markets contributed positively to growth driven by Latin America.

1.7 billion
Reported revenue
in DKK for Q3
2020/21

Organic growth



Reported growth





Interventional Urology

Interventional Urology generated 22% organic sales growth for the first nine months of the 2020/21 financial year, with reported revenue in DKK growing by 16% to DKK 1,573 million.

Elective procedures continue to resume across regions and business areas. Growth was primarily 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 contributed to the growth as well.

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

Q3 organic growth was 82% and reported revenue increased by 73% to DKK 542 million.

Q3 growth was positively impacted by continued recovery within elective procedures as well as a lower baseline due to the cancellation of elective procedures in Q3 2019/20 as a result of the COVID-19 outbreak.

Men's Health and the Titan penile implants in the US continue to lead the recovery and accounted for a significant share of the growth in the quarter.

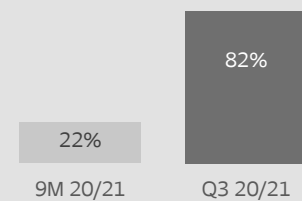
Women's Health in the US continues to rebound and delivered a decent growth contribution.

Disposable surgical products in Europe also contributed to growth.

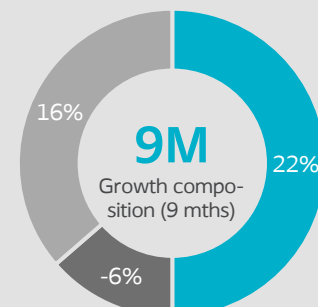
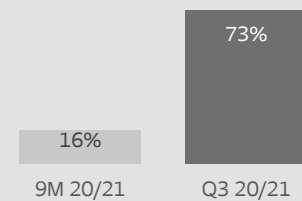
From a geographical perspective, Q3 growth was largely driven by the US.

0.5 billion
Reported revenue
in DKK for Q3
2020/21

Organic growth



Reported growth



- Organic growth
- Exchange rates
- Reported growth



Wound & Skin Care

Wound & Skin Care generated 6% organic sales growth for the first nine months of the 2020/21 financial year, with reported revenue in DKK growing by 2% to DKK 1,802 million.

The wound care business delivered 11% organic growth in the first nine months of the 2020/21 financial year.

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 been launched in nine markets and continues to be well-received.

From a geographical perspective, Germany, China, Spain and France were the main contributors to growth. China posted solid growth for the first nine months, positively impacted by a weak comparison period in 2019/20. The growth in the European wound care business was primarily driven by growth in the Biatain Silicone and Biatain Fiber portfolios.

The Skin Care business had a negative impact on growth driven by lower demand due to COVID-19 and a strong comparison period. The Compeed contract manufacturing business also impacted growth negatively driven by lower demand due to COVID-19.

Q3 organic growth for Wound & Skin Care was 17%, while reported revenue in DKK increased by 14% to DKK 634 million.

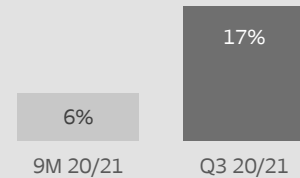
The wound care business alone delivered 20% organic growth in Q3 and reported growth of 19%.

Europe was the main contributor to growth, primarily due to solid momentum in Germany and France, driven by the Biatain Silicone and Biatain Fiber portfolios. China also contributed nicely to growth in the quarter.

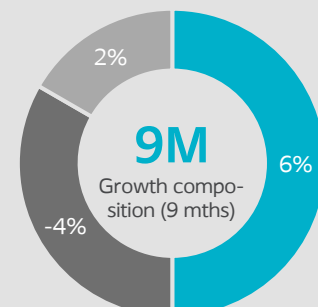
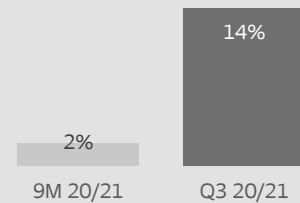
In Q3, the Skin Care business and the Compeed contract manufacturing business contributed to growth again, reflecting an improved demand situation after several challenging quarters due to COVID-19.

0.6 billion
Reported revenue
in DKK for Q3
2020/21

Organic growth



Reported growth



- Organic growth
- Exchange rates
- Reported growth

Earnings

Gross profit

Gross profit was up by 4% to DKK 9,792 million compared to DKK 9,452 million last year and equivalent to a gross margin of 68%, on par with last year. The gross margin included a negative impact from currencies, mainly related to the depreciation of USD, GBP and ARS against DKK, which was only partly offset by a positive impact from 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 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, as well as extraordinary costs related to COVID-19, including the implementation of extensive safety measures across the company. Higher costs related to scaling up of activities in Costa Rica also impacted the gross profit negatively. The automation program 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.

In Q3, gross profit was DKK 3,335 million, corresponding to a Q3 gross margin of 69% against 67% in Q3 last year. The Q3 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 4,031 million, a DKK 40 million increase (1%) from DKK 3,991 million last year. Distribution costs amounted to 28% of

Income statement, DKK million	9M 2020/21	Index
Revenue	14,326	103
Production costs	-4,534	101
Gross profit	9,792	104
Distribution costs	-4,031	101
Administrative expenses	-549	96
Research and development costs	-548	103
Other operating income	57	163
Other operating expenses	-16	178
Operating profit (EBIT) before special items	4,705	107
Special items	-200	n/a
Operating profit (EBIT)	4,505	103
Financial income	129	806
Financial expenses	-45	15
Profit before tax	4,589	112
Tax on profit for the period	-1,069	113
Net profit for the period	3,520	112

revenue compared to 29% last year. The increase was mainly due to investments in sales and marketing activities in Asia, Interventional Urology and consumer and digital initiatives, which was 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.

Distribution costs amounted to DKK 1,396 million in Q3, equal to 29% of revenue against 28% in the same period last year.

Administrative expenses amounted to DKK 549 million, down DKK 23 million (4%) from DKK 572 million last year. The decrease was mainly due to timing of legal expenses. Administrative expenses accounted for 4% of revenue which was consistent with last year.

The Q3 administrative expenses amounted to DKK 189 million, down 8% from DKK 205 million last year due to timing of legal expenses. Administrative

expenses accounted for 4% of revenue against 5% in the same period last year.

The R&D costs were DKK 548 million, a DKK 15 million (3%) 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 Q3 R&D costs amounted to DKK 185 million or 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 41 million, against DKK 26 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 Q3 increased to a net income of DKK 27 million, against net income of DKK 6 million last year due to the above-mentioned sale.

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 has led to an increase in legal advisory costs.

Operating profit (EBIT)

EBIT before special items amounted to DKK 4,705 million, a DKK 323 million (7%) increase from DKK 4,382 million last year. The EBIT margin before special items was 33% compared to 31% 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 4,505 million, including special items of DKK 200 million related to the aforementioned lawsuits. The EBIT margin after special items was 31%.

In Q3, EBIT was DKK 1,592 million, a DKK 224 million (16%) increase from the same period last year. The EBIT margin was 33% in Q3, against last year's EBIT margin of 31%.

EBIT continues to be positively impacted by efficiency gains and lower travel and sales & marketing expenses following the COVID-19 outbreak. The company continues to invest in innovation and commercial activities in markets where the COVID-19 situation is normalizing.

Financial items and tax

Financial items were a net income of DKK 84 million, compared to a net expense of DKK 283 million last year. The net income of DKK 84 million was mainly due to gains on balance sheet items denominated in several foreign

currencies, including the British Pound, of DKK 67 million, and gains on currency hedges of DKK 43 million on mainly the US Dollar. This was only partly offset, mainly by other financial expenses and fees of DKK 24 million.

The Q3 financial items were a net income of DKK 27 million, compared with a net expense of DKK 72 million in the year-earlier period driven by gains on balance sheet items and currency hedges as explained above.

The tax rate was around 23% for the first nine months, 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 full year tax rate is still expected to be around 23%. The tax expense amounted to DKK 1,069 million against DKK 943 million last year.

Net profit

Net profit before special items was DKK 3,674 million, a DKK 518 million increase from DKK 3,156 million last year. Diluted earnings per share (EPS) before special items increased by 17% from DKK 14.79 last year to DKK 17.24.

Net profit after special items was DKK 3,520 million and diluted earnings per share (EPS) after special items was DKK 16.51.

The Q3 net profit amounted to DKK 1,254 million, against DKK 997 million last year. The Q3 earnings per share (EPS), diluted, were up by 26% to DKK 5.88.

Cash flows and investments

Cash flows from operating activities

Cash flows from operating activities amounted to DKK 3,336 million, against DKK 3,072 million last year. The positive development in cash flows from operating activities was mainly due to an increase in operating profit before special items (EBIT) and a gain on financial items.

Cash flow from operating activities in the quarter was impacted by a one-off tax payment related to Nine Continents exit taxation in the US.

Investments

Coloplast made investments of DKK 1,680 million in the first nine months of 2020/21 compared with DKK 690 million last year. Investments related to the acquisition of Nine Continents Medical amounted to DKK 950 million. Excluding acquisitions, capex amounted to DKK 730 million or 5% of revenues on par with last year. The increase in investments was mainly linked to the new factory in Costa Rica.

Free cash flow

As a result, the free cash flow was an inflow of DKK 1,626 million compared to an inflow of DKK 2,436 million in the same period last year.

Capital resources

At 30 June 2021, Coloplast had net interest-bearing debt, including securities, of DKK 3,606 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 and payment of dividends in December 2020.

Statement of financial position and equity

Balance sheet

At 30 June 2021, total assets amounted to DKK 15,458 million, an increase of DKK 1,959 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 26% of revenue, compared to 23% at 30 September 2020. Inventories increased by DKK 151 million to DKK 2,378 million and trade receivables increased by DKK 208 million to DKK 3,142 million. Trade payables decreased by DKK 283 million relative to 30 September 2020 to stand at DKK 531 million. Net Working Capital for the year is expected to be around 24% of revenue.

Equity

Equity decreased by DKK 479 million relative to 30 September 2020 to DKK 6,927 million. Payment of dividends amounting to DKK 3,830 million and net effect of treasury shares bought and sold of DKK 116 million was only partly offset by total comprehensive income for the period of DKK 3,428 million and share-based remuneration of DKK 39 million.

Dividends

Coloplast paid interim dividends totalling DKK 1,065 million in the third quarter, equal to DKK 5.00 per share.

Share buy-backs

A share buy-back programme of DKK 500 million was initiated in Q2 2020/21 and is expected to be completed before the end of the current financial year. At 30 June 2021, Coloplast had bought back shares for a total amount of DKK 342 million under the programme.

Treasury shares

At 30 June 2021, Coloplast's holding of treasury shares consisted of 3,227,698 B shares, which was 91,297 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. The company continues to monitor developments closely across all markets and business areas. All global manufacturing sites are operating as normal in terms of production and supply chain, and the company continues to fully meet demand.

The operating environment is not yet back to normal, but the situation is improving across all regions. 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, the growth in new patients within Ostomy Care is now largely normalised at pre-covid levels across markets. As expected, it is taking longer for growth in new patients within Continence Care to normalise, but the trend over the summer was positive and growth in new patients is approaching pre-COVID levels.

The company is encouraged by the rollout of the vaccination programs and improving hospital access for our sales force. The level of access varies across markets and remains a mix of in-person and virtual access, but there has been a notable improvement in hospital access over the summer in especially the US and the larger European markets. Access to hospitals in Asia was restored last year, but we are currently seeing some regional lockdowns.

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.

Strive25 update

While navigating the COVID-19 pandemic, Coloplast has focused on execution of the Strive25 strategy. Key progress has been made across all pillars of the strategy. As an example, over the past quarter the company has made solid progress on delivering on the Clinical Performance Programme within Ostomy Care and Continence Care.

Highlights include:

- Digital Ostomy Tool: CE mark has been granted. Payer pilot studies in Germany and the UK to be initiated in Q4 2021.
- New Ostomy Platform: An optimized product design has been developed and a new pivotal study will be initiated toward the end of 2021.
- New Catheter Platform: Solid progress has been made on the product design and performance. The platform is now expected to be launched in the first half of the Strive25 strategy period.

Acquisition in the US

During Q3, Coloplast acquired 100% of the shares and voting rights of a small US direct-to-consumer Durable Medical Equipment (DME) dealer, Affordable Medical, a Florida-based distributor of catheter supplies. Together with the previous acquisitions of Hope Medical Supply and Rocky Mountain Medical Supply, the acquisition of Affordable Medical strengthens Comfort Medical's presence in the US catheter dealer market by expanding our insurance coverage, which enables Coloplast to offer innovative products and services to a broader part of the US market.

The agreed consideration for the shares of Affordable Medical amounted to USD 6 million. The contribution to group reported growth in the quarter was immaterial.

Country-by-country tax reporting

Following the decision at the Annual General Meeting in December 2020 the Board of Directors have assessed the viability for Coloplast to do country-by-country tax reporting from the financial year 2020/21.

With the Strive25 strategy, Coloplast continues to demonstrate a strong commitment to sustainability initiatives and company ethics, including improved ESG reporting. Hence the Board of Directors has decided that Coloplast will publish country-by-country tax reporting together with the Annual Report 2020/21 on 1 November 2021. Coloplast will apply a reporting scope that will provide the best possible transparency given Coloplast's specific conditions while also taking the newly agreed future mandatory EU reporting into consideration.

Climate action

At Coloplast we are committed to ambitious science-based climate action for a 1.5°C future. During Q3, the company conducted a screening of scope 3 emissions to determine where to focus our reduction efforts. By year-end, Coloplast will submit scope 1, 2 and 3 emission reduction targets for official validation through the Science Based Targets initiative. The Board of Directors are currently discussing Executive Leadership remuneration and upon approval at this year's AGM climate-related criteria will be incorporated into the short-term incentive plan for 2021/22.

Gender Diversity Pledge

As part of the company's Inclusion and Diversity efforts, Coloplast has signed the Confederation of Danish Industry's Gender Diversity Pledge, committing to a target of 40/60 gender distribution in management and our Board of Directors by 2030.

Financial guidance for 2020/21

Lower end of the
7-8% range

Organic revenue growth at constant exchange rates

Upper end of the
32-33% range

Reported EBIT margin before special items

Upper end of the
31-32% range

Reported EBIT margin after special items

around
1.1 billion

Capital expenditure in DKK

around **23%**

Effective tax rate

Key financial guidance assumptions

Revenue growth

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

Coloplast's full year guidance assumes the following:

- Double-digit growth in the second half of 2020/21.
- Continued resumption of elective procedures and hospital activity across business areas as vaccines are rolled out.
- No current knowledge of significant health care reform.
- A stable supply and distribution of products across the company.

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

The financial guidance takes account of known reforms. The company's 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.

EBIT is impacted by a provision of DKK 200 million in special items in Q2 to cover costs connected to the existing lawsuits in the United States alleging

injury resulting from the use of transvaginal surgical mesh products designed to treat pelvic organ prolapse and stress urinary incontinence.

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

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

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 9M 2019/20	859	677	2.19
Average exchange rate 9M 2020/21	846	620	2.07
Change in average exchange rates for 2020/21 compared with the same period last year	-2%	-8%	-5%
Average exchange rate 2019/20 ¹⁾	850	667	2.17
Spot rate on 17 August 2021	872	632	2.11
Estimated average exchange rate 2020/21 ²⁾	852	623	2.08
Change in estimated average exchange rates compared with average exchange rate 2019/20	0%	-7%	-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 six months combined with the spot rates at 17 August 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 – 30 June 2021.

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 30 June 2021 and of the results of the Group's operations and cash flows for the period 1 October 2020 – 30 June 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, 18 August 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 June, unaudited

Consolidated		2020/21	2019/20		2020/21	2019/20	
DKK million	Note	9 mths	9 mths	Index	Q3	Q3	Index
Revenue	2	14,326	13,954	103	4,835	4,419	109
Production costs		-4,534	-4,502	101	-1,500	-1,449	104
Gross profit		9,792	9,452	104	3,335	2,970	112
Distribution costs		-4,031	-3,991	101	-1,396	-1,221	114
Administrative expenses		-549	-572	96	-189	-205	92
Research and development costs		-548	-533	103	-185	-182	102
Other operating income		57	35	163	32	5	>200
Other operating expenses		-16	-9	178	-5	1	<-200
Operating profit (EBIT) before special items		4,705	4,382	107	1,592	1,368	116
Special items	3	-200	-	-	-	-	-
Operating profit (EBIT)		4,505	4,382	103	1,592	1,368	116
Financial income	4	129	16	>200	44	1	>200
Financial expenses	4	-45	-299	15	-17	-73	23
Profit before tax		4,589	4,099	112	1,619	1,296	125
Tax on profit for the period		-1,069	-943	113	-365	-299	122
Net profit for the period		3,520	3,156	112	1,254	997	126
Remeasurements of defined benefit plans		5	7		-4	-41	
Tax on remeasurements of defined benefit plans		-1	-2		1	9	
Items that will not be reclassified to the income statement		4	5		-3	-32	
Value adjustment of currency hedging		-81	11		30	14	
Transferred to financial items		-43	94		-10	20	
Tax effect of hedging		27	-23		-4	-7	
Currency adjustment of opening balances and other market value adjustments relating to subsidiaries		1	-153		-1	-28	
Items that may be reclassified to income statement		-96	-71		15	-1	
Total other comprehensive income		-92	-66		12	-33	
Total comprehensive income		3,428	3,090		1,266	964	
DKK							
Earnings per share (EPS) before special items		17.27	14.85		5.89	4.69	
Earnings per share (EPS)		16.54	14.85		5.89	4.69	
Earnings per share (EPS) before special items, diluted		17.24	14.79		5.88	4.67	
Earnings per share (EPS), diluted		16.51	14.79		5.88	4.67	

Statement of cash flows

1 October – 30 June, unaudited

Consolidated DKK million	Note	2020/21 9 mths	2019/20 9 mths
Operating profit		4,505	4,382
Depreciation and amortisation		601	636
Adjustment for other non-cash operating items	6	80	-103
Changes in working capital	6	-421	-497
Ingoing interest payments, etc.		51	5
Outgoing interest payments, etc.		-67	-161
Income tax paid		-1,413	-1,190
Cash flows from operating activities		3,336	3,072
Investments in intangible assets		-1,022	-63
Investments in land and buildings		-6	-15
Investments in plant and machinery and other fixtures and fittings, tools and equipment		-50	-37
Investments in property, plant and equipment under construction		-602	-575
Property, plant and equipment sold		36	4
Investment in other investments		1	-
Acquisition of operations		-97	-
Net sales/purchase of marketable securities		30	50
Cash flows from investing activities		-1,710	-636
Free cash flow		1,626	2,436
Dividend to shareholders		-3,830	-3,612
Acquisition of treasury shares		-342	-456
Sale of treasury shares		226	402
Financing from shareholders		-3,946	-3,666
Repayment of lease liabilities		-147	-144
Drawdown on credit facilities		2,573	1,449
Cash flows from financing activities		-1,520	-2,361
Net cash flows		106	75
Cash and cash equivalents at 1 October		323	356
Value adjustment of cash and bank balances		17	-20
Cash and cash equivalents, acquired operations		1	-
Net cash flows		106	75
Cash and cash equivalents at 30 June	7	447	411

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

Assets

At 30 June, unaudited

Consolidated				
DKK million	Note	30.06.21	30.06.20	30.09.20
Intangible assets		3,634	2,419	2,364
Property, plant and equipment		3,660	3,282	3,311
Right-of-use assets		572	516	615
Other equity investments		25	4	27
Deferred tax asset		709	578	669
Other receivables		31	26	24
Non-current assets		8,631	6,825	7,010
Inventories		2,378	2,116	2,227
Trade receivables		3,142	2,997	2,934
Income tax		262	272	242
Other receivables		205	257	338
Prepayments		165	163	163
Amounts held in escrow		-	12	-
Marketable securities		228	262	262
Cash and cash equivalents		447	411	323
Current assets		6,827	6,490	6,489
Assets		15,458	13,315	13,499

Equity and liabilities

At 30 June, unaudited

Consolidated DKK million	Note	30.06.21	30.06.20	30.09.20
Share capital		216	216	216
Currency translation reserve		-363	-307	-375
Reserve for currency hedging		-37	29	60
Proposed ordinary dividend for the year		-	-	2,765
Retained earnings		7,111	6,424	4,740
Equity		6,927	6,362	7,406
Provisions for pensions and similar liabilities		165	189	176
Provision for deferred tax		631	273	369
Other provisions	5	176	169	128
Lease liability		433	380	430
Prepayments		10	19	11
Non-current liabilities		1,415	1,030	1,114
Provisions for pensions and similar liabilities		13	5	13
Other provisions	5	157	166	159
Other credit institutions		3,683	2,515	1,111
Trade payables		531	623	814
Income tax		696	882	1,003
Other payables		1,869	1,573	1,664
Lease liability		165	156	206
Prepayments		2	3	9
Current liabilities		7,116	5,923	4,979
Equity and liabilities		15,458	13,315	13,499

Statement of changes in equity, current year

At 30 June, 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	-	-	-	-	1,065	2,455	3,520
Other comprehensive income	-	-	12	-97	-	-7	-92
Total comprehensive income	-	-	12	-97	1,065	2,448	3,428
Acquisition of treasury shares	-	-	-	-	-	-342	-342
Sale of treasury shares	-	-	-	-	-	226	226
Share-based payment	-	-	-	-	-	39	39
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	-77	-3,907
Equity at 30 June	18	198	-363	-37	-	7,111	6,927

Statement of changes in equity, last year

At 30 June, 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	-	-	-	-	1,064	2,092	3,156
Other comprehensive income	-	-	-132	82	-	-16	-66
Total comprehensive income	-	-	-132	82	1,064	2,076	3,090
Acquisition of treasury shares	-	-	-	-	-	-456	-456
Sale of treasury shares	-	-	-	-	-	402	402
Share-based payment	-	-	-	-	-	29	29
Tax on share-based payment, etc.	-	-	-	-	-	-3	-3
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	-3,641
Equity at 30 June	18	198	-307	29	-	6,424	6,362

List of notes

Key accounting policies

- 1 Accounting policies

Profit and loss

- 2 Segment information
- 3 Special items
- 4 Financial income and expenses

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- 5 Other provisions

Cash flows

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

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- 8 Contingent liabilities
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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	5,783	5,697	-	-	-	-	5,783	5,697
Continence Care	5,168	5,142	-	-	-	-	5,168	5,142
Interventional Urology	-	-	1,573	1,355	-	-	1,573	1,355
Wound & Skin Care	-	-	-	-	1,802	1,760	1,802	1,760
External revenue as per the statement of comprehensive income	10,951	10,839	1,573	1,355	1,802	1,760	14,326	13,954
Costs allocated to segment	-4,402	-4,532	-915	-900	-1,042	-1,057	-6,359	-6,489
Segment operating profit/loss	6,549	6,307	658	455	760	703	7,967	7,465
Shared/non-allocated							-3,262	-3,083
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							4,505	4,382
Net financials							84	-283
Tax on profit/loss for the year							-1,069	-943
Profit/loss for the year as per the statement of comprehensive income							3,520	3,156

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	8	5
Fair value adjustments of forward contracts transferred from other comprehensive income	43	-
Net exchange adjustments	67	-
Hyperinflationary adjustment of monetary position	11	11
Total	129	16
Financial expenses		
Interest expenses	10	9
Interest expenses, lease liabilities	9	10
Fair value adjustments of forward contracts transferred from other comprehensive income	-	94
Fair value adjustments of cash-based share options	2	7
Net exchange adjustments	-	157
Other financial expenses and fees	24	22
Total	45	299

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 97% 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 0.3 billion at 30 June 2021 (DKK 0.3 billion at 30 September 2020) plus DKK 0.04 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	2	-1
Change in other provisions	39	-132
Other non-cash operating items	39	30
Adjustment for other non-cash operating items	80	-103
Inventories	-109	-249
Trade receivables	-179	75
Other receivables, including amounts held in escrow	120	-77
Trade and other payables etc.	-253	-246
Changes in working capital	-421	-497

Note 7

Cash and cash equivalents

DKK million	2021	2020
Bank deposits, short term	447	411
Cash and cash equivalents at 30 June	447	411

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

During Q2, Coloplast acquired 100% of the shares and voting rights of two small US direct-to-consumer Durable Medical Equipment (DME) dealers, Hope Medical Supply and Rocky Mountain Medical Supply. In May 2021 an additional acquisition of a DME dealer in the US was completed, when Coloplast acquired 100% of the shares and voting rights in Affordable Medical, LLC.

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

The fair value of net assets acquired was estimated on the basis of a preliminary balance sheet at the date of acquisition. As a result, the entire purchase prices are expected to be considered as intangible assets.

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

Income statement, quarterly

Unaudited

Consolidated DKK million	2020/21				2019/20		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	4,835	4,753	4,738	4,590	4,419	4,823	4,712
Production costs	-1,500	-1,502	-1,532	-1,430	-1,449	-1,553	-1,500
Gross profit	3,335	3,251	3,206	3,160	2,970	3,270	3,212
Distribution costs	-1,396	-1,325	-1,310	-1,326	-1,221	-1,355	-1,415
Administrative expenses	-189	-175	-185	-190	-205	-196	-171
Research and development costs	-185	-177	-186	-175	-182	-182	-169
Other operating income	32	10	15	14	5	13	17
Other operating expenses	-5	-7	-4	-11	1	-8	-2
Operating profit (EBIT) before special items	1,592	1,577	1,536	1,472	1,368	1,542	1,472
Special items	-	-200	-	-	-	-	-
Operating profit (EBIT)	1,592	1,377	1,536	1,472	1,368	1,542	1,472
Financial income	44	67	18	4	1	5	10
Financial expenses	-17	31	-59	-109	-73	-162	-64
Profit before tax	1,619	1,475	1,495	1,367	1,296	1,385	1,418
Tax on profit for the period	-365	-345	-359	-326	-299	-318	-326
Net profit for the period	1,254	1,130	1,136	1,041	997	1,067	1,092
DKK							
Earnings per share (EPS) before special items	5.89	6.04	5.34	4.89	4.69	5.02	5.14
Earnings per share (EPS)	5.89	5.31	5.34	4.89	4.69	5.02	5.14
Earnings per share (EPS) before special items, diluted	5.88	6.03	5.33	4.88	4.67	5.00	5.12
Earnings per share (EPS), diluted	5.88	5.30	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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