

# *Country by country tax report*

2023/24



## Coloplast's approach to taxes 2023/24

Coloplast is committed to running an ethical, transparent, and responsible business. This is tied to our company values: Respect & Responsibility. We consider a fair tax policy and a robust management of this policy as part of our commitments and Coloplast wants to be known and trusted as a company that upholds highest standards of ethical business practices, irrespective of country and markets.

For Coloplast, respecting local tax laws, regulation guidelines and industry standards are important to the company's reputation and brand. We acknowledge that even legal and compliant transactions and structures may have reputational impact if the underlying business reasons are not communicated in a clear and transparent manner.

### *Accountability and Governance*

Tax is a core part of Coloplast's corporate responsibility and governance and is overseen by the Audit Committee on behalf of the Board of Directors.

### *Compliance*

Being compliant with applicable national and international tax rules and regulations is important to Coloplast. We are committed to upholding tax legislation in all the countries we operate in and ensuring to pay the correct amount of taxes at the right time.

### *Business structure*

Business structures and transactions within Coloplast must have a business purpose or commercial rationale. Coloplast does not allow commercial needs to override compliance with applicable laws, nor base commercial activities on artificial or opaque structures that are intended for tax avoidance or have no commercial substance.

### *Transparency*

Coloplast believes that transparency in our tax approach can strengthen trust in both the corporate tax system and the management of tax by multinational companies. Therefore, we are committed to disclosing relevant information about our tax practices.

### *Relationship with authorities*

Coloplast seeks to have an open and transparent relationship with the tax authorities and actively participates in relevant cooperative compliance relationships.

### *Seeking and accepting tax incentives*

Governments often implement tax rules and incentives encouraging companies to increase investments to stimulate economic development or employment. Coloplast will claim available incentives and tax reliefs where they apply in areas where we have business substance.

### *Supporting Effective Tax Systems*

Coloplast engages constructively in national and international dialogue with governments, business groups and civil society to support the development of effective tax systems, legislation, and administration, and support target 16.6 in UN's Sustainable Development Goals.

Please find more information about Coloplast commitments in our tax policy here [\[LINK\]](#).

## Introduction to country-by-country reporting

Coloplast A/S is a global corporation with the ultimate parent located in Denmark.

The nature of being a global corporation implies that goods are sold, services are carried out, and intangibles are exploited between Coloplast entities across geographical borders and between different tax regimes.

We pay close attention to transfer pricing requirements and focus on pricing the value of these cross border intercompany transactions on arms-length basis according to best practice guidelines issued by the OECD. These guidelines ensure that taxes are paid where the business activities generate value and are performed within a normal cause of business activity.

Coloplast A/S is the headquarters where the executive management as well as most of the research and development activities reside. Additionally, the majority of all intellectual property is held by Coloplast A/S.

Subsidiaries carry out their activities on behalf of Coloplast A/S. This means that Coloplast A/S buys all products manufactured in the Group and sells the products to the distribution entities, who then sell those in the local markets. Some services are carried out in the subsidiaries on behalf of Coloplast A/S and charged accordingly. All activities are remunerated based on regional benchmarked profit margins of independent enterprises with comparable activities.

Acquired entities are integrated into the operated structure when practically possible.

This report discloses the country-by-country reporting (CbCr) data based on the content of the EU directive, however disclosed fully and not limited to the countries in scope of the EU directive CbCr reporting.

Beyond what is required by the EU directive, Coloplast has decided to additional data to increase the transparency as well as to strengthen the understanding of how the data is linked to the Group Annual Report as follows:

- Change in deferred income tax on profits
- Income tax related to prior years and changes in tax rates
- Total income tax of the year
- Effective tax rate

The data source is the group consolidation reporting system. This means that the data is based on the International Financial Reporting Standards (IFRS) and the currency is DKK.

The reporting period is 1 October 2023 – 30 September 2024 for all countries irrespective that the fiscal year is different in a few countries outside EU.

The financial information has been prepared under Coloplast's general financial controls. The country-by-country reporting is not subject to external audit opinion.

## Definitions

### Income tax

Income tax includes corporate income tax, other local taxes and tax credits classified as corporate income tax according to IFRS accounting principles.

### Primary activities

The primary activities are reported per country. The primary activities are distribution, manufacturing, or service.

### Employees

The number of full-time employees (FTEs) is calculated as the average full-time employees during the year in line with the definition in the Annual Report.

### Accumulated earnings

Accumulated earnings reflect the profits that are retained and not used for any other purpose. Accumulated earnings from investments in subsidiaries in the same country are eliminated per country to avoid double counting.

### Total of revenue

The total revenue includes revenue to related and unrelated parties. The revenue includes sales of products, service income, other operating income, and financial income.

The revenue to related parties is eliminated in the line item "Eliminations and other adjustments".

### Profit before income tax

Profit before tax is reported based on IFRS group accounting policies. Local statutory financial statements might be different as these comply with the local accounting standards.

The reported profit before income tax excludes the "profit after tax on investments in subsidiaries".

### Income tax paid

Income tax paid includes the income tax actually paid during the financial period on a cash basis. Withholding taxes and taxes related to branches are included in the country of the legal entity carrying the taxes.

## Current tax on profit for the year

The current tax on profit for the year is based on the expected profit before tax according to local accounting standards adjusted for permanent non-deductible/non-taxable items and temporary differences between local accounting policies and tax legislation. Current tax posted on the equity, mainly related to equity settled share options, is not included.

## Change in deferred tax on profit for the year

Change in deferred tax on profit for the year includes the income tax on temporary differences between profit before tax according to IFRS group accounting policies and taxable income in accordance with the tax legislation using the balance sheet liability method. An example is different tax amortization and depreciation periods compared to IFRS accounting policies.

Changes in deferred tax are impacted by not recognized deferred tax assets related to tax losses not meeting the criteria for recognition according to applied accounting principles.

Changes in deferred tax posted on the equity, mainly related to equity settled share options and defined benefit pension plans, is not included.

## Adjustment of tax relating to prior years

Adjustment of tax relating to prior years includes audit adjustments and the difference between the current income tax accrued in prior years and the income tax filed in the corporate income tax return.

## Total income tax of the year

Total income tax of the year includes the sum of current and deferred tax accrued, income tax related to prior years.

## Effective tax rate

The effective tax rate is the total income tax of the year divided with the profit before tax.

The effective tax rate per country is impacted by the statutory tax rate in the country, local tax legislation regarding permanent adjustments like non-deductible expenses and non-taxable income, taxes related to prior years, other local taxes, tax credits, and changes in tax rates.

COUNTRY BY COUNTRY REPORTING COLOPLAST GROUP 2023/24 - DKK 1000

Country	Primary activities	Employees	Accumulated Earnings	Total net turnover	Profit before income tax	Income tax paid	Current tax on profit for the year	Change in deferred tax on profit for the year	Adjustment of tax relating to prior years	Total income tax of the year	Effective tax rate
Denmark	Principal	1 438	15 390 519	17 230 301	3 294 477	-20 703	147 481	575 623	3 651	726 755	22%
Argentina	Distribution	72	98 714	284 282	97 462	9 810	22 940	-2 527	-490	19 922	20%
Australia	Distribution	122	97 810	474 947	31 180	10 376	11 998	-2 471	910	10 438	33%
Austria	Distribution	44	39 375	182 844	16 427	4 532	3 910	-37	6	3 880	24%
Belgium	Distribution	50	57 806	431 889	41 450	12 707	11 491	12	271	11 775	28%
Brazil	Distribution	189	24 339	460 097	34 771	12 629	9 958	2 139	0	12 096	35%
Canada	Distribution	81	64 690	435 905	23 237	2 462	5 167	1 241	78	6 486	28%
China	Distribution, Manufacturing	1 649	332 706	1 646 457	117 645	34 361	32 303	1 016	2 251	35 569	30%
Colombia	Distribution	20	617	13 994	1 163	421	695	26	0	721	62%
Costa Rica	Manufacturing	744	202 769	842 435	98 801	1 229	32	-6 217	34 874	28 689	29%
Czech Republic	Distribution	156	13 392	162 788	6 716	2 038	2 209	-208	-248	1 754	26%
Finland	Distribution	32	19 532	145 594	9 207	2 253	1 980	-36	-1	1 944	21%
France	Distribution, Manufacturing	828	454 302	3 527 176	180 237	43 141	61 043	-1 935	2 966	62 074	34%
Germany	Distribution, Service, Manufacturing	1 101	755 337	2 881 172	236 252	90 906	75 164	-2 258	-1 097	71 811	30%
Hong Kong	Distribution	12	6 751	31 461	1 855	179	155	3	-14	144	8%
Hungary	Manufacturing, Service	4 502	1 391 082	4 716 459	183 086	44 034	39 845	-17 568	104	22 381	12%
Iceland	Manufacturing	343	-196 643	195 368	55 002	0	0	17 824	0	17 824	32%
India	Distribution	197	19 694	127 883	-10 529	3 951	0	-2 560	0	-2 560	24%
Israel	Distribution	19	8 458	97 411	7 391	2 080	1 792	-41	0	1 751	24%
Italy	Distribution	290	227 603	1 458 091	114 909	15 151	35 847	-3 175	274	32 946	29%

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Japan	Distribution	189	59 763	440 543	22 407	7 137	8 246	-436	-90	7 720	34%
Korea (South)	Distribution	65	24 033	156 451	11 435	3 034	1 966	781	-3	2 743	24%
Netherlands	Distribution	101	86 702	679 802	56 474	11 645	14 056	-5	121	14 173	25%
New Zealand	Distribution	1	8 011	51 901	3 445	250	1 363	-393	1	971	28%
Norway	Distribution	36	26 187	297 702	23 358	5 692	5 288	-120	2	5 170	22%
Poland	Distribution, Service	729	112 774	548 457	50 845	12 442	12 209	-1 079	-89	11 042	22%
Portugal	Distribution	32	30 629	111 726	8 762	1 715	2 640	-468	0	2 172	25%
Russia	Distribution	37	116 714	204 307	29 413	7 615	6 049	217	0	6 266	21%
Slovakia	Distribution	17	13 858	91 172	7 341	520	2 366	-390	-231	1 745	24%
Spain	Distribution	202	107 125	986 873	72 042	18 622	18 908	-881	2 027	20 055	28%
South Africa	Distribution	76	0	103 554	12 978	-605	2 777	727	-14	3 490	27%
Sweden	Distribution, Manufacturing	280	1 303 690	166 114	173 423	3 412 729	26 728	-560	38	26 206	15%
Switzerland	Distribution	21	26 794	288 471	22 754	2 726	3 003	-53	-10	2 939	13%
Taiwan	Distribution	19	9 146	22 696	918	230	179	38	6	224	24%
Turkey	Distribution	24	11 829	73 161	8 548	2 486	1 776	673	-26	2 424	28%
United Kingdom	Distribution	763	389 827	3 736 755	319 247	106 693	82 351	645	2 546	85 542	27%
United States of America	Distribution	1 727	760 491	7 606 929	204 269	93 082	53 371	-12 728	805	41 448	20%
<b>Eliminations and other adjustments</b>		<b>0</b>	<b>-6 705 907</b>	<b>-23 633 168</b>	<b>826 288</b>	<b>0</b>	<b>-32 372</b>	<b>131 122</b>	<b>-56 473</b>	<b>42 276</b>	
<b>Coloplast group</b>		<b>16 202</b>	<b>15 390 519</b>	<b>27 280 000</b>	<b>6 394 686</b>	<b>3 957 570</b>	<b>674 914</b>	<b>675 941</b>	<b>-7 855</b>	<b>1 343 006</b>	<b>21%</b>

## Comments to 2023/24

### Denmark/Sweden

As part of the integrating the Atos Group into the Coloplast structure, all intellectual property rights from Atos entities (mainly Sweden) were transferred to Coloplast A/S during 2022/23. The transfer triggered a significant exit cash taxation in Sweden paid during 2023/24. Additionally, Coloplast A/S gained amortization rights of the acquired IP rights reducing the income tax to be paid during the 7 years tax amortization period applicable for most intellectual property rights in Denmark.

### Costa Rica

To gain operational efficiency and meet the increasing demand, Coloplast has invested in a volume factory in Costa Rica. The volume factory in Costa Rica is expected to cover up to 20% of our future global volumes, ensuring that we have a diversified global production network. Costa Rica, being close to US, which is one of our largest growth markets, has qualified and highly trained labor, green electricity supply, supporting our sustainability ambitions. In addition to this, the Costa Rican authorities are very corporative and supportive.

Costa Rica was on 2023 February 14<sup>th</sup> listed on the EU blacklist, however removed on 2023 October 17<sup>th</sup>. Costa Rica is still represented on the EU greylist. The high reported tax rate in Costa Rica relates to prior year adjustments.

### Low tax jurisdictions and non-EU collaborative countries

Coloplast has legal entities providing distribution activities to support the medical needs of users in the territory of Hong-Kong, Israel, Turkey, and Russia. The remuneration of these entities is based on regional benchmarks in line with the principles applied to all distribution entities in the group.

The corporations tax rate in Hong Kong is 8.25% for profit below HKD 2 million. The profit realized in Hong Kong amounts to HKD 2.1 million.