

Mölnlycke Health Care ApS

Gydevang 39, 3450 Allerød

Company reg. no. 20 45 61 91

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 27 June 2023.

Mikkel Dalgaard Heuer
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Mölnlycke Health Care ApS for the financial year 1 January - 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Allerød, 27 June 2023

Managing Director

Mikkel Dalgaard Heuer

Board of directors

Adrian Johannes Müller

Hanna Maria Johansson

Independent auditor's report

To the Shareholder of Mölnlycke Health Care ApS

Opinion

We have audited the financial statements of Mölnlycke Health Care ApS for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 27 June 2023

Deloitte

Statsautoriseret Revisionspartnerselskab
Company reg. no. 33 96 35 56

Jens Sejer Pedersen

State Authorised Public Accountant
mne14986

Company information

The company

Mölnlycke Health Care ApS
Gydevang 39
3450 Allerød

Company reg. no. 20 45 61 91
Established: 15 August 1997
Domicile: Allerød
Financial year: 1 January 2022 - 31 December 2022

Board of directors

Adrian Johannes Müller
Hanna Maria Johansson

Managing Director

Mikkel Dalgaard Heuer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Parent company

Mölnlycke Health Care AB, Gamlestadvägen 3 C, 415 02 Göteborg, Sweden

Financial highlights

DKK in thousands.	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Income statement:					
Gross profit	31.665	20.532	25.617	24.671	32.626
Profit from operating activities	9.575	5.807	10.455	8.326	11.266
Net financials	32	93	-26	-2	-8
Net profit or loss for the year	7.470	4.594	8.131	6.414	8.775
Statement of financial position:					
Balance sheet total	35.058	28.407	38.673	33.304	33.169
Investments in property, plant and equipment	150	117	136	220	249
Equity	8.019	5.149	8.855	7.724	10.085
Employees:					
Average number of full-time employees	19	19	18	19	20
Key figures in %:					
Solvency ratio	22,9	18,1	22,9	23,2	30,4
Return on equity	113,5	65,6	98,1	72,0	98,7

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Solvency ratio
$$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

Return on equity
$$\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$

Management's review

Description of key activities of the company

Mölnlycke Health Care ApS sells and distributes single-use products for surgical and wound care to the healthcare sector, including related services.

Development in activities and financial matters

The Income from ordinary activities after tax totals DKK 7.470 thousand against DKK 4.594 thousand last year.

Year 2022 followed two challenging years with pandemic and national nurse strike in Denmark. During 2022 the activity levels at public private hospitals increased and more patients were treated in the effort of reducing the waiting list and meet the national standards for being treated in the healthcare system. This said, our fantastic healthcare system in Denmark is under serious and concerning pressure from lack of nurse capacity and motivation, lack of anesthesia staff, lack of patient time, increasing number of patients and more complex patient treatments as we get more and more advanced in our healthcare system. At the same time we experience a shift of surgeries from the public healthcare to the private healthcare. Mölnlycke Denmark have contracts and agreement with most large private hospital businesses e.g. Aleris. Capio and Adeas.

In April 2023 the main focus in the Danish healthcare system is on the global supply situation and access to the needed medical equipment in the hospitals, on sustainability, on securing enough resources and clinical staff in the public hospitals, reduce the patient waiting lists and the increasing healthcare costs due to the global inflation levels.

Internally in Mölnlycke Denmark, our focus and attention has been on implementation of our newly launched corporate strategy and new organizational structure in Business Areas and Cross Business Area functions to prepare Mölnlycke for continued growth and to protect our strong market position. This includes a restructure of our governance model and onboarding of more new colleagues. As is in April, we only miss 2 new recruitments, then the Danish organization is complete and in full alignment with the corporate blueprint.

Mölnlycke Denmark's Gross Sales is developing positively in 2023 across all three business areas Operating Room Solutions, Gloves and Wound care, all performing above expectations and most product areas performing double digit versus 2022. Profit is developing positively in 2023 starting to recover from tough cost increases in 2021, 2022 and 2023. Profit improvements mainly driven by product mix strategies, pricing initiatives and cost optimizations.

Even if we only entered Q2 2023, outlook for 2023 full year is positive all equal, well aware that several risks, like war in Europe, insecure supply chains, instable financial markets, a continued high inflation and a seriously pressured healthcare system can impact our strong performance after Q1 with short notice.

Events occurring after the end of the financial year

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report

Income statement 1 January - 31 December

DKK thousand.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Gross profit	31.665	20.532
1 Staff costs	-21.942	-14.538
Depreciation and impairment of property, land, and equipment	<u>-148</u>	<u>-187</u>
Operating profit	9.575	5.807
2 Other financial income from group enterprises	71	109
Other financial income	6	6
3 Other financial expenses	<u>-45</u>	<u>-22</u>
Pre-tax net profit or loss	9.607	5.900
4 Tax on net profit or loss for the year	<u>-2.137</u>	<u>-1.306</u>
Net profit or loss for the year	<u>7.470</u>	<u>4.594</u>
Proposed distribution of net profit:		
Dividend for the financial year	0	4.600
Transferred to retained earnings	7.470	0
Allocated from retained earnings	<u>0</u>	<u>-6</u>
Total allocations and transfers	<u>7.470</u>	<u>4.594</u>

Balance sheet at 31 December

DKK thousand.

Assets			
<u>Note</u>		<u>2022</u>	<u>2021</u>
Non-current assets			
5	Goodwill	<u>0</u>	<u>0</u>
	Total intangible assets	<u>0</u>	<u>0</u>
6	Other fixtures, fittings, tools and equipment	<u>207</u>	<u>205</u>
	Total property, plant, and equipment	<u>207</u>	<u>205</u>
	Total non-current assets	<u>207</u>	<u>205</u>
Current assets			
	Trade receivables	31.196	27.767
	Receivables from group enterprises	1.079	285
7	Deferred tax assets	42	38
	Other receivables	33	33
8	Prepayments	<u>59</u>	<u>79</u>
	Total receivables	<u>32.409</u>	<u>28.202</u>
	Cash and cash equivalents	<u>2.442</u>	<u>0</u>
	Total current assets	<u>34.851</u>	<u>28.202</u>
	Total assets	<u>35.058</u>	<u>28.407</u>

Balance sheet at 31 December

DKK thousand.

Equity and liabilities		
<u>Note</u>	<u>2022</u>	<u>2021</u>
Equity		
9 Contributed capital	500	500
Retained earnings	7.519	49
Proposed dividend for the financial year	0	4.600
Total equity	8.019	5.149
 Liabilities other than provisions		
Bank loans	0	207
Trade payables	2.056	1.568
Payables to group enterprises	15.743	14.316
Income tax payable	301	194
Other payables	8.939	6.973
Total short term liabilities other than provisions	27.039	23.258
Total liabilities other than provisions	27.039	23.258
 Total equity and liabilities	 35.058	 28.407

10 Contingencies

11 Related parties

Statement of changes in equity

DKK thousand.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the financial year</u>	<u>Total</u>
Equity 1 January 2021	500	55	8.300	8.855
Distributed dividend	0	0	-8.300	-8.300
Profit or loss for the year brought forward	0	-6	4.600	4.594
Equity 1 January 2022	500	49	4.600	5.149
Distributed dividend	0	0	-4.600	-4.600
Profit or loss for the year brought forward	0	7.470	0	7.470
	500	7.519	0	8.019

Notes

DKK thousand.

	<u>2022</u>	<u>2021</u>
1. Staff costs		
Salaries and wages	20.189	13.306
Pension costs	1.580	1.098
Other costs for social security	173	134
	<u>21.942</u>	<u>14.538</u>
Average number of employees	<u>19</u>	<u>19</u>
2. Other financial income from group enterprises		
Interest from group enterprise	<u>71</u>	<u>109</u>
	<u>71</u>	<u>109</u>
3. Other financial expenses		
Financial costs, group enterprises	13	7
Other financial costs	<u>32</u>	<u>15</u>
	<u>45</u>	<u>22</u>
4. Tax on net profit or loss for the year		
Tax of the results for the year, parent company	2.141	1.319
Adjustment for the year of deferred tax	<u>-4</u>	<u>-13</u>
	<u>2.137</u>	<u>1.306</u>
5. Goodwill		
Cost 1 January 2022	<u>12.477</u>	<u>12.477</u>
Cost 31 December 2022	<u>12.477</u>	<u>12.477</u>
Amortisation and write-down 1 January 2022	<u>-12.477</u>	<u>-12.477</u>
Amortisation and write-down 31 December 2022	<u>-12.477</u>	<u>-12.477</u>
Carrying amount, 31 December 2022	<u>0</u>	<u>0</u>

Notes

DKK thousand.

	<u>31/12 2022</u>	<u>31/12 2021</u>
6. Other fixtures, fittings, tools and equipment		
Cost 1 January 2022	693	848
Additions during the year	150	117
Disposals during the year	<u>-220</u>	<u>-272</u>
Cost 31 December 2022	<u>623</u>	<u>693</u>
Amortisation and write-down 1 January 2022	-488	-573
Depreciation for the year	-148	-187
Reversal of depreciation, amortisation and writedown, assets disposed of	<u>220</u>	<u>272</u>
Amortisation and write-down 31 December 2022	<u>-416</u>	<u>-488</u>
Carrying amount, 31 December 2022	<u>207</u>	<u>205</u>
7. Deferred tax assets		
Deferred tax assets 1 January 2022	38	25
Deferred tax of the results for the year	<u>4</u>	<u>13</u>
	<u>42</u>	<u>38</u>
8. Prepayments		
Prepaid insurance	<u>59</u>	<u>79</u>
	<u>59</u>	<u>79</u>
9. Contributed capital		
The share capital consists of 100 shares, each with a nominal value of DKK 5.000,00. There have not been changes in share capital in the past 5 years.		

Notes

DKK thousand.

10. Contingencies

Contingent liabilities

	DKK in thousands
Lease liabilities	1.283
Rental liabilities	404
Total contingent liabilities	1.687

Joint taxation

With Invifed DK ApS, company reg. no 39 59 58 77 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

11. Related parties

Controlling interest

Parties exercising control are Mölnycke Health Care ApS' principal shareholder Mölnycke Health Care AB, Gothenburg, Sweden and its principal shareholder Investor AB, Stockholm, Sweden.

Consolidated financial statements

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Investor AB, Stockholm, Sweden

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Mölnycke Health Care AB, Gothenburg, Sweden.

Accounting policies

The annual report for Mölnlycke Health Care ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies applied remain unchanged from last year. However, a reclassification for 2021 of 339 T.DKK from staff costs to other income has been made. The annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Accounting policies

Income statement

Gross profit

Gross profit comprises the revenue, cost of goods sold, other operating income, and external costs.

The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs of sales for the financial year measured at cost.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Accounting policies

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Goodwill

Goodwill is amortized straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortization period is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortization period is considered to give a better reflection of the benefit from the relevant resources.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Accounting policies

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Accounting policies

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity. Proposed dividend is recognised as a liability at the time of approval by the annual general meeting (time of declaration).

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

According to the rules of joint taxation, Mölnlycke Health Care ApS is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.