

# **Mölnlycke Health Care ApS**

**Gydevang 39, 3450 Allerød**

**Company reg. no. 20 45 61 91**

## **Annual report**

**1 January - 31 December 2024**

The annual report was submitted and approved by the general meeting on the 28 May 2025.

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**Shahram Abellsson Khorsand**  
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**

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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 2024.

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 2024 and of the results of the Company's operations for the financial year 1 January – 31 December 2024.

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, 28 May 2025

### **Managing Director**

Shahram Abelsson Khorsand

### **Board of directors**

Shahram Abelsson Khorsand

Hanna Maria Johansson

Adrian Johannes Müller

## **Independent auditor's report**

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### **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 2024, comprising accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2024, and of the results of the Company's operations for the financial year 1 January - 31 December 2024 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 as to 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 may 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 financial statement users made 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 scepticism throughout the audit. We also:

## **Independent auditor's report**

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- 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 the management commentary**

Management is responsible for management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary 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 the management commentary provides the information required under the Danish Financial Statements Act.

## **Independent auditor's report**

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Based on the work we have performed, we conclude that the management commentary 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 the management commentary.

Copenhagen, 28 May 2025

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Company reg. no. 33 96 35 56

Jens Sejer Pedersen  
State Authorised Public Accountant  
mne14986

Sebastian Reinbach Kilde Hye  
State Authorised Public Accountant  
mne51486

## Company information

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<b>The company</b>	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 2024 - 31 December 2024
<b>Board of directors</b>	Shahram Abelsson Khorsand Hanna Maria Johansson Adrian Johannes Müller
<b>Managing Director</b>	Shahram Abelsson Khorsand
<b>Auditors</b>	Deloitte Statsautoriseret Revisionspartnerselskab
<b>Parent company</b>	Mölnlycke Health Care AB, Entreprenörsstråket 21, 431 53 Mölndal, Sweden

## Financial highlights

DKK in thousands.	2024	2023	2022	2021	2020
<b>Income statement:</b>					
Gross profit	57.974	42.087	31.665	20.532	25.617
Profit from operating activities	21.626	12.581	9.575	5.807	10.455
Net financials	987	410	32	93	-26
Net profit or loss for the year	17.606	10.114	7.470	4.594	8.131
<b>Statement of financial position:</b>					
Balance sheet total	40.283	35.578	35.058	28.407	38.673
Investments in property, plant and equipment	98	227	150	117	136
Equity	25.739	18.133	8.019	5.149	8.855
<b>Employees:</b>					
Average number of full-time employees	33	30	19	19	18
<b>Key figures in %:</b>					
Solvency ratio	63,9	51,0	22,9	18,1	22,9
Return on equity	80,3	77,3	113,5	65,6	98,1

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

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### 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.

### Description of material changes in activities and finances

There have been no significant changes in activities and financial matters.

Income or loss from ordinary activities after tax totals DKK 17.606 thousand against DKK 10.114 thousand last year.

Year 2024 followed a year with post pandemic optimism, increases sustainability focus and increase amount of war activity around the world and in Europe. During 2024 the activity levels at public hospitals continued to be high, staff continued to operate with high productivity and more patients were treated. At the same time indications of increasing number of patients in the Healthcare system continued. All this match prognoses for the Danish Healthcare system well. We live longer, the number of elderly people increase and we treat more patients with more advanced treatments.

All this is positive and we have one of the best and most productive healthcare systems. At the same time the healthcare system in Denmark continue to be under concerning pressure from lack of qualified nurse and doctor capacity and motivation, lack of economical resources, a continued need for upgrade of equipment (e.g., scanners), reduced patient time, increasing number of patients, more complex patient treatments, delays in building new acute hospitals and in general a more complex healthcare system – and during 2024 emphasis on digitalization and AI has increased both in Mölnlyckes external and internal environment.

Regarding activity levels in the Healthcare system during 2024, we have experienced a continued increase in public healthcare and a decline in surgeries and treatments performed in private healthcare, despite the available capacity in the private healthcare. Having invested in increased capacity and having re-negotiated terms with referrals from public health during 2022-23, the negative development in patients continue to financially challenge private healthcare like Aleris, Mølholm, Capio and Adeas.

During 2024 other continued focus areas in the Danish healthcare system has been to secure a steady supply chain for needed medical equipment, to improve and be concrete on sustainability (environment) initiatives, on securing enough resources and clinical staff in the public hospitals and on controlling the healthcare costs. During 2024 the inflation has been under control around +/- 1-1,5%.

Internally in Mölnlycke Denmark, our focus and attention during 2024 has been on continuously implementation of our corporate strategy and develop our Business Areas and Cross Business Area functions to prepare Mölnlycke for continued growth and to protect our strong market position. We have further developed our affiliate governance model and during 2024 the Mölnlycke Denmark organization has been more or less complete all year.

## **Management's review**

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Mölnlyckes Danmarks Gross Sales continue to develop positively in 2024 across all three business areas Operating Room Solutions, Gloves and Wound care, all performing above expectations and previous year. More product areas performing double digit versus 2023, and some areas deliver all time high performance. Also, profit levels in DKK develop positively in 2024 mainly due to volume increase, product mix strategies, pricing initiatives, productivity in tenders and cost optimizations.

### **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.

Note	2024	2023
<b>Gross profit</b>	<b>57.974</b>	<b>42.087</b>
2 Staff costs	-36.192	-29.380
Depreciation and impairment of property, plant, and equipment	-156	-126
<b>Operating profit</b>	<b>21.626</b>	<b>12.581</b>
3 Other financial income from group enterprises	976	447
Other financial income	28	9
4 Other financial expenses	-17	-46
<b>Pre-tax net profit or loss</b>	<b>22.613</b>	<b>12.991</b>
5 Tax on net profit or loss for the year	-5.007	-2.877
<b>Net profit or loss for the year</b>	<b>17.606</b>	<b>10.114</b>
<b>Proposed distribution of net profit:</b>		
Dividend for the financial year	17.000	10.000
Transferred to retained earnings	606	114
<b>Total allocations and transfers</b>	<b>17.606</b>	<b>10.114</b>

## Balance sheet at 31 December

DKK thousand.

<u>Note</u>	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
<b>Non-current assets</b>		
6 Goodwill	0	0
Total intangible assets	0	0
7 Other fixtures, fittings, tools and equipment	250	308
Total property, plant, and equipment	250	308
<b>Total non-current assets</b>	<b>250</b>	<b>308</b>
<b>Current assets</b>		
Trade receivables	28.243	29.304
Receivables from group enterprises	750	0
8 Deferred tax assets	11	20
Income tax receivables	3.423	205
Other receivables	42	42
9 Prepayments	475	154
Total receivables	32.944	29.725
10 Cash and cash equivalents	7.089	5.545
<b>Total current assets</b>	<b>40.033</b>	<b>35.270</b>
<b>Total assets</b>	<b>40.283</b>	<b>35.578</b>

## Balance sheet at 31 December

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DKK thousand.

<b>Equity and liabilities</b>			
<u>Note</u>		<u>2024</u>	<u>2023</u>
<b>Equity</b>			
11	Contributed capital	500	500
	Retained earnings	8.239	7.633
	Proposed dividend for the financial year	17.000	10.000
	<b>Total equity</b>	<b>25.739</b>	<b>18.133</b>
<b>Liabilities other than provisions</b>			
	Bank loans	0	15
	Trade payables	2.474	1.897
	Payables to group enterprises	2.765	6.317
	Other payables	9.305	9.216
	Total short term liabilities other than provisions	14.544	17.445
	<b>Total liabilities other than provisions</b>	<b>14.544</b>	<b>17.445</b>
	<b>Total equity and liabilities</b>	<b>40.283</b>	<b>35.578</b>
<b>1</b>	<b>Special items</b>		
<b>12</b>	<b>Contingencies</b>		
<b>13</b>	<b>Related parties</b>		

## Statement of changes in equity

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DKK thousand.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the financial year</u>	<u>Total</u>
Equity 1 January 2023	500	7.519	0	8.019
Profit or loss for the year brought forward	<u>0</u>	<u>114</u>	<u>10.000</u>	<u>10.114</u>
Equity 1 January 2024	500	7.633	10.000	18.133
Distributed dividend	0	0	-10.000	-10.000
Profit or loss for the year brought forward	<u>0</u>	<u>606</u>	<u>17.000</u>	<u>17.606</u>
	<b><u>500</u></b>	<b><u>8.239</u></b>	<b><u>17.000</u></b>	<b><u>25.739</u></b>

## Notes

DKK thousand.

	<u>2024</u>	<u>2023</u>
<b>1. Special items</b>		
Income:		
Income received from the group related to recharged staff costs	<u>18.117</u>	<u>12.857</u>
	<u>18.117</u>	<u>12.857</u>
Special items are recognised in the following items in the financial statements:		
Gross profit / Other operating income	<u>18.117</u>	<u>12.857</u>
<b>Profit of special items, net</b>	<u><b>18.117</b></u>	<u><b>12.857</b></u>
<b>2. Staff costs</b>		
Salaries and wages	33.489	26.976
Pension costs	2.582	2.186
Other costs for social security	<u>121</u>	<u>218</u>
	<u><b>36.192</b></u>	<u><b>29.380</b></u>
Average number of employees	<u>33</u>	<u>30</u>
<b>3. Other financial income from group enterprises</b>		
Interest from group enterprise	<u>976</u>	<u>447</u>
	<u><b>976</b></u>	<u><b>447</b></u>
<b>4. Other financial expenses</b>		
Financial costs, group enterprises	1	9
Other financial costs	<u>16</u>	<u>37</u>
	<u><b>17</b></u>	<u><b>46</b></u>
<b>5. Tax on net profit or loss for the year</b>		
Tax of the results for the year, parent company	4.998	2.855
Adjustment for the year of deferred tax	<u>9</u>	<u>22</u>
	<u><b>5.007</b></u>	<u><b>2.877</b></u>

## Notes

DKK thousand.

	31/12 2024	31/12 2023
<b>6. Goodwill</b>		
Cost 1 January 2024	12.477	12.477
<b>Cost 31 December 2024</b>	<b>12.477</b>	<b>12.477</b>
Amortisation and write-down 1 January 2024	-12.477	-12.477
<b>Amortisation and write-down 31 December 2024</b>	<b>-12.477</b>	<b>-12.477</b>
<b>Carrying amount, 31 December 2024</b>	<b>0</b>	<b>0</b>
<b>7. Other fixtures, fittings, tools and equipment</b>		
Cost 1 January 2024	753	623
Additions during the year	98	227
Disposals during the year	0	-97
<b>Cost 31 December 2024</b>	<b>851</b>	<b>753</b>
Amortisation and write-down 1 January 2024	-445	-416
Depreciation for the year	-156	-126
Reversal of depreciation, amortisation and writedown, assets disposed of	0	97
<b>Amortisation and write-down 31 December 2024</b>	<b>-601</b>	<b>-445</b>
<b>Carrying amount, 31 December 2024</b>	<b>250</b>	<b>308</b>
<b>8. Deferred tax assets</b>		
Deferred tax assets 1 January 2024	20	42
Deferred tax of the results for the year	-9	-22
	<b>11</b>	<b>20</b>

## Notes

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DKK thousand.

	<u>31/12 2024</u>	<u>31/12 2023</u>
<b>9. Prepayments</b>		
Prepaid insurance, deposits, leasing and license fees and other	<u>475</u>	<u>154</u>
	<u><b>475</b></u>	<u><b>154</b></u>

### 10. Cash and cash equivalents

The company is part of a group that uses a cash pool scheme as part of its overall liquidity contingency. The accounting item "Cash and cash equivalents" includes balances from the cash pool arrangement with Mölnlycke Health Care AB amounting to t.kr 7.089. The participants in the cash pool scheme are jointly and severally liable for the total debt in the cash pool scheme.

### 11. 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.

### 12. Contingencies

#### Contingent liabilities

	<u>DKK in thousands</u>
Lease liabilities	376
Rental liabilities	365
Car lease liabilities	<u>1.638</u>
<b>Total contingent liabilities</b>	<u><b>2.379</b></u>

#### 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.

## Notes

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DKK thousand.

### 12. Contingencies (continued)

#### Joint taxation (continued)

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.

### 13. Related parties

#### Controlling interest

Parties exercising control are Mölnlycke Health Care ApS' principal shareholder Mölnlycke Health Care AB, Mölndal, 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:  
Mölnlycke Health Care AB, Mölndal, Sweden

## **Accounting policies**

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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.

Changes have been made regarding the classification of account items for the current year and the comparative figures. The change in classification has no effect on the net profit or loss for the year, nor on the statement of financial position, neither for the current financial year, nor the previous financial year. The comparative figures have been adjusted in accordance with the reclassification.

The accounting policies are unchanged from last year, and 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.

## **Accounting policies**

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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.

### **Income statement**

#### **Gross profit**

Gross profit comprises the revenue, cost of sales, 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.

## **Accounting policies**

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### **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.

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.

## Accounting policies

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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.

### 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.

## **Accounting policies**

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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.

### **Equity**

#### **Dividend**

Dividend expected to be distributed for the year is recognised as a separate item under equity.

### **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.

## **Accounting policies**

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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.

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Bestyrelsesmedlem

Serial number: adrian.mullar@molnlycke.com

IP: 217.82.xxx.xxx

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## Shahram Abelsson Khorsand

Adm. direktør

Serial number: b530af0ea7a9d9[...]fb61246e65314

IP: 80.253.xxx.xxx

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## Shahram Abelsson Khorsand

Bestyrelsesformand

Serial number: b530af0ea7a9d9[...]fb61246e65314

IP: 80.253.xxx.xxx

2025-05-28 13:47:09 UTC



## Hanna Maria Johansson

Bestyrelsesmedlem

Serial number: f5e8f01dc01484[...]934773d5a387b

IP: 80.253.xxx.xxx

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## Sebastian Reinbach Kilde Hye

Statsautoriseret revisor

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IP: 84.238.xxx.xxx

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## Jens Sejer Pedersen

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CVR: 33963556

Statsautoriseret revisor

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