

Annual report | 2023

A close-up, over-the-shoulder view of a healthcare professional in a white coat and glasses examining the back of an elderly patient. The patient is wearing a white hospital gown with a blue and brown pattern. The professional's hands are visible, gently touching the patient's back. The background is a bright, blurred indoor setting, likely a hospital room.

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At Mölnlycke, we revolutionise care for people and planet. That is why we go to work in the morning, and why our customers choose us over the competition.



For additional
information, visit:
www.molnlycke.com



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Mölnlycke's 2023 Integrated Annual Report covers the year ended 31 December 2023. The consolidated financial statements for Mölnlycke Holding AB are prepared in accordance with IFRS. The sustainability reporting is prepared in accordance with the Swedish Annual Accounts Act, chapter 6, section 10 and 11 (in line with the EU Directive on non-financial reporting). This report has been prepared in accordance with Global Reporting Initiative (GRI), in addition to the Taskforce on Climate-Related Financial Disclosures (TCFD) framework.

This is Mölnlycke®



Mölnlycke Health Care is a world-leading MedTech company that specialises in sustainable solutions for wound care and surgical procedures. Mölnlycke® products and solutions are used daily by hospitals, healthcare providers and patients in over 100 countries around the world. Founded in 1849, Mölnlycke is headquartered in Sweden and owned by Investor AB. Investor AB is listed on NASDAQ OMX Stockholm.

Key facts and figures 2023

8,427

employees

14

manufacturing sites in eight countries

76%

employee engagement index score

61%

fossil free electricity use*

39

commercial entities

100

countries where Mölnlycke is present

1,924

annual sales 2023, million EUR

11%

reduction of GHG emissions across the entire value chain compared to 2022

Business Areas



Wound Care

Innovative and intuitive solutions for wound prevention and management.



OR Solutions

Sustainable solutions for improved operating room performance.



Gloves

State-of-the-art solutions for hand health and surgical performance.



Antiseptics

Best-in-class infection prevention to eliminate healthcare-acquired infections.

* Editorial note 11 April 2024: Fossil free electricity share in 2023 was 65.3%

2023 in brief



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8

- 1 Continued strong growth**
Mölnlycke continued to deliver strong sales growth throughout 2023. The sales increase of 8% in constant currency rates resulted in net sales of EUR 1,924 million.
- 2 Long-term financing secured**
In 2023, Mölnlycke successfully issued a EUR 400 million Eurobond and a EUR 350 million Revolving Credit Facility, ensuring its long-term financing.
- 3 AI and machine learning for optimal glove fit**
To enhance surgical performance, Mölnlycke introduced hand scanning technology that uses artificial intelligence and machine learning. This technology helps healthcare professionals find the right glove and glove fit, improving comfort and performance during surgeries.

- 4 Freeing patients from the burden of wounds**
In 2023, Mölnlycke launched Mepilex® Up in the US and upgraded the Mepilex® Border Post-Op product family globally, continuing the company's ambitious journey to free patients, caregivers and healthcare systems from the burden of wounds.
- 5 Reducing waste in the operating room**
In 2023, Mölnlycke teamed up with Dutch artist, Maria Kojjck, to demonstrate how its ProcedurePak® trays can reduce up to 90% of packaging waste in the operating room. The campaign received 30+ millions views.
- 6 Science Based Targets validated**
Mölnlycke's near-term greenhouse gas emission reduction targets were assessed and validated by the Science Based Targets initiative.

- 7 MDR certification completed**
As one of the first MedTech companies, Mölnlycke completed the transition to Medical Device Regulation (MDR), the new European Union regulation designed to improve the safety and performance of medical devices.
- 8 Investment in production capacity**
Mölnlycke decided to invest EUR 60 million to increase capacity in its Mikkeli plant in Finland as well as expand manufacturing into China and the Kingdom of Saudi Arabia. The investment in Mikkeli, will include a new Ethylene Oxide (EtO) sterilisation unit, a new Mepilex Border Flex production line and additional staff facilities.
- 9 Fighting healthcare-acquired infections**
A new antiseptic product, Hibiwash®, was registered in 2023. The new colour- and fragrance-free Hibi formula will be launched in five markets during 2024.



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With strong growth and substantial improvements in profitability, I am confident that we are on the right track.

Zlatko Rihter
Chief Executive Officer

Words from our CEO

Things look very different at the outset of 2024 from the way they did a year ago. Whether it is the increase in armed conflicts, the clean-energy transition or the unimaginable speed with which artificial intelligence is transforming our lives, the world around us is changing rapidly.

Mölnlycke has been at the forefront of change since 1849. When we celebrate our 175th anniversary this year, it is customer-centricity, radical innovation, and resilience that we celebrate. Our strength is to interact with a world that is changing at a mind-boggling speed, and to do so with purpose and agility.

In 2023, following the successful reorganisation of our company into four strong Business Areas with end-to-end responsibility, we continued to execute on a strategy firmly

rooted in ethnographic customer research. Determined to support healthcare professionals, hospital management, and caregivers to cope with the immense pressure global healthcare systems are facing – and do so with a minimum negative impact on people and planet – we pivoted our strategy to lead in sustainable, digital, and customer-centric healthcare.

With strong organic growth and substantial improvements in profitability, I am confident that we are on the right track.

My sincere gratitude goes to everyone who supported us – our dedicated people, who worked tirelessly to enhance the lives of patients and caregivers, our valued customers who entrusted us with their business, and our committed owners and partners. We remain steadfast in our mission to free patients, caregivers and healthcare systems from the burden of wounds, to ensure frictionless flow in the operating room, to recognise the importance of hand performance for OR staff, and to minimise hospital-acquired infections.

Strong profitable growth

Mölnlycke delivered strong growth in 2023 with net sales reaching EUR 1.9 billion. This corresponds to a sales growth of 8% in constant currency rates, compared to 2022. Our strong performance came from underlying sales growth and market share gains across most markets. 2023 was also the year that proved that our decentralised business area model, coupled with strong strategy execution, resulted in improvement in our profitability with 14% growth of EBITDA to reach EUR 545 million.

- Wound Care continued to outperform the market ending the year with sales of EUR 1,133 million thanks to organic growth of 10%.
- Operating Room Solutions grew its revenue by 11% thanks to increased value in our tray assortment and volume growth combined with a strategic approach to customer prioritisation, reaching sales of EUR 497 million.
- Gloves reached net sales of EUR 240 million, a 4% decline compared to 2022 as a consequence of pricing and distribution issues.
- Antiseptics grew by 10%, after resolving supply chain issues in the USA and Europe, reaching net sales of EUR 54 million.

Positive impact on people and planet

Recognising the undeniable impact that delivering healthcare services has on the planet, Mölnlycke has emerged as a leader in the mission to decarbonise the healthcare industry. In 2023, guided by our ambitious sustainability roadmap, WeCare, we achieved significant progress in embedding environmental and social values across our product and service offerings.

Our firm commitment to achieve Net Zero emissions by 2050 at the latest supported by our recently SBTi-validated near-term targets, propelled us to achieve a noteworthy 20% reduction in overall absolute greenhouse gas emissions across our entire value chain, compared to the 2021 baseline. In 2023 we also invested in expanding our use of renewable electricity through long-term virtual Power Purchase Agreements covering our highest manufacturing footprint regions. Yet, we still have to make efforts to reduce our full value chain emissions – a task which requires partnerships with our suppliers and customers.

Beyond environmental accomplishments, Mölnlycke also radically stepped up its commitment to promote integrity, ethical business and human rights with the establishment of the Human Rights Committee and increased focus on sustainable supply chain, ensuring our commitment to ethics spans every aspect of our operations.

In recognition of our efforts, EcoVadis, the world's largest and most trusted provider of business sustainability ratings, improved our rating to Gold in 2023.

Well placed for strategy acceleration

Whilst the onset of 2024 presents several geopolitical, macroeconomic and supply chain challenges, I am optimistic about a continuous profitable growth across our businesses. With the strong profitability and steady cashflow we are well placed to invest in accelerating our strategy execution, continuing to digitalise and decarbonise our operations and our portfolio to better serve patients, healthcare professionals, hospital managements, and the communities around us. This is our priority for 2024.

Our purpose, to revolutionise care for people and planet, will continue to serve as a guiding star that directs how we conduct our business in the short, medium, and long-term. It will help future-proof our business by strengthening our brand and culture and as such help retain our people, partners and customers of today, but equally important, attract the talent, partners and customers of tomorrow.

Performance

Financial

In 2023, Mölnlycke showcased a strong performance, with organic sales increasing by 8% and achieving annual sales totaling EUR 1,924 million. The increase in sales was primarily driven by Wound Care and Operating Room Solutions.

Furthermore, Mölnlycke enhanced its profitability, achieving an EBITDA of EUR 545 million with a corresponding margin of 28%. This positive outcome was mainly influenced by substantial organic volume and mix growth. Cost reductions in sourcing and material handling further contributed to the favourable results.

1,924	545
annual sales 2023, million EUR	EBITDA, million EUR

7.9%	28.3%
organic sales growth	EBITDA margin

Non-financial



Minimising impacts across the value chain, measured as absolute greenhouse gas (GHG) reduction.

Net Zero across the full value chain by latest 2050

Target 2030: Scope 1 and 2	Outcome 2023: Scope 1 and 2
-50%	-28%
	(-7.5% vs 2022)

Target 2028: Scope 3	Scope 3
-20%	-18.5%
	(-12% vs 2022)

All absolute GHG emission reductions are calculated compared to baseline year of 2021. The complete list of GHG Categories included can be found in Sustainability note 2.



An engaged, diverse and inclusive company where all employees can perform at their best and support others in their success.

Employee Engagement Index Score by 2025

Target 2025:	Outcome 2023:
>4	3.8

Employee engagement is measured through Mölnlycke's annual employee engagement survey.

Gender parity for people leaders at all levels by 2025

Target 2025:	Outcome 2023:
50%	47%
	female leaders

Gender distribution is measured at all levels. The target for people leaders is reported at an aggregated outcome level.



Strong integrity mindset where employees are protected from retaliation, supported by ethical leadership.

Integrity mindset

Target 2025:	Outcome 2023:
100%	98.7%

Employees in scope¹ to receive a training or awareness session in ethics and compliance.

Target 2025:	Outcome 2023:
100%	67%
	Employees feel safe to report concerns without fear of retaliation.

1. Employees in scope are office and field employees with access to Mölnlycke learning platform.



Strategy

Mölnlycke’s strategy to become the industry leader in customer-centricity, sustainability and digitalisation, is deeply rooted in ethnographic customer studies and the company’s purpose to revolutionise care for people and planet.

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External environment and trends

At Mölnlycke, analysing the external environment is a crucial aspect of the strategy formulation process. This helps in identifying potential trends, opportunities, and threats that can impact the business. By continuously monitoring its external environment, Mölnlycke can better support its customers and proactively pursue growth opportunities that align with business objectives.

Trends	Mölnlycke's response
<p>The healthcare system</p> <p>There is a clear trend in global healthcare that limited resources are putting enormous pressure on healthcare professionals to manage an overburdened healthcare system. This pressure results from both cost-saving measures and a shortage of staff. As a result, we are witnessing a shift towards delegating various healthcare tasks to inexperienced and less qualified individuals, all while bringing care closer to the patient.</p> <p>Consequently, the healthcare sector demands more intuitive and efficient products and solutions to meet the changing requirements of the industry, for the purpose of advancing care and enhance efficiency.</p>	<p>Mölnlycke is dedicated to providing high-quality products and solutions that meet the changing needs of the healthcare sector. The company focuses on developing solutions that are intuitive and easy to use, with a focus on patient safety, comfort, effectiveness and improved clinical outcomes.</p> <p>Through ethnographic studies, Mölnlycke observes its customers and patients in their everyday work environment to truly understand their needs. Based on these insights, Mölnlycke directs its innovation to support its customers in their challenges, which creates growth opportunities for the company.</p>
<p>Digitalisation</p> <p>The world is experiencing a rapid pace of digital transformation, which is also affecting the healthcare sector. The digital health market is expected to grow considerably in the next few years, as healthcare providers continue to incorporate various software, hardware, and services.</p> <p>With an increase in chronic diseases and government initiatives to offer accessible and economical healthcare, it is expected that there will be a significant expansion in the use of digital health technology in the future.</p>	<p>Mölnlycke is committed to become an industry leader in the area of digitalisation, proactively investing in digitalising its product portfolio to provide sustainable, competitive, and customer-centric digital solutions that offer a unique value proposition.</p> <p>This involves prioritising initiatives such as digital ecosystems, introducing new business models, and implementing data-driven healthcare through artificial intelligence, big data, and other analytical tools. Additionally, Mölnlycke is committed to building a robust internal digital ecosystem to ensure efficient working processes that can withstand the challenges of the future.</p>



Trends

Sustainability

Like many other industries, sustainability is becoming a crucial factor that will shape the future of the healthcare sector. In tender-based markets, healthcare providers are increasing their focus on sustainability and simultaneously placing more stringent demands on their partners. This is evident in various areas, including heightened emphasis on Net Zero, reduction of waste and plastics, alternative to fossil fuels and virgin materials, respect for human rights, and inclusiveness.

Demographics

The healthcare industry is likely to be impacted by two significant factors – an increasing global population and the rise in average life expectancy. These demographic shifts will create new challenges and opportunities for the market. Additionally, the growth of a middle-class population and an increase in sedentary lifestyles will further influence Mölnlycke’s market.

Mölnlycke’s response

Mölnlycke adopts a comprehensive and forward-thinking approach to achieve its goal of becoming a leader in sustainable healthcare. The company’s innovative and sustainable solutions are backed by research-based advantages for its customers and patients. Recognising that collaboration is essential to achieving its sustainability objectives, Mölnlycke actively engages with all its stakeholders throughout the entire value chain to identify opportunities and establish mutual benefits.

The growing demand for healthcare products and solutions presents significant growth opportunities for Mölnlycke. To meet this demand, the company is constantly assessing its production capacity, geographical presence, the ecosystems it is part of, and its portfolio of products and services, to ensure that it can fulfil the evolving needs on the market.

Business model

Mölnlycke is organised around four Business Areas with end-to-end responsibility to create value for customers.

Market drivers

There are a number of underlying market drivers in health care that support Mölnlycke's opportunities for long-term growth. These shape the company's strategy to drive value and business opportunities.

- Wound Care patients are often treated by inexperienced generalists.
- Solutions are not always accessible, intuitive, fast or easy-to-use.
- Patients' quality of life is impacted by inadequate prevention, slow healing and reoccurring wounds.
- The immense pressure facing healthcare professionals lead to a high staff turnover and staff shortages.
- Surgeons and operating room staff are forced to conduct more procedures with fewer resources.
- Operating room staff spend substantial time on non-value adding tasks.
- Hand health is critical for the performance of nurses and surgeons.
- Protection, high tactility grip and comfort also impact the performance of caregivers' hands.
- Hand fatigue is a common problem among surgeons and nurses.
- Infection prevention has become the task of experts, who must comply using products that might be effective but are often not practical.
- The multi-faceted, cross-functional nature of infection prevention is taking up time and effort.
- Infection prevention behaviours rely on experienced staff and a strong culture, which is difficult to maintain with high staff turnover and shortage of time.



Wound Care

Free patients, caregivers and health-care systems from the burden of wounds

VISION



OR Solutions

An operating room in frictionless flow

Create an ecosystem of solutions and services to ensure a frictionless flow in the operating room

MISSION



Gloves

Hands deserve better

Deliver innovative and sustainable solutions to enable hands to perform at their best



Antiseptics

A world without healthcare-acquired infections

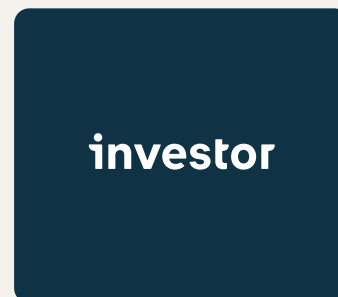
Prevent infections across the patient's journey

Stakeholders



Customers

Mölnlycke's annual sales of EUR 1,924 million represent the market value of the company's delivery to its customers. See Financial note 6.



Owners

Profitable growth and a strong cash conversion positively impacted the owner's valuation of Mölnlycke. The owner received a dividend distribution of EUR 300 million in 2023. See Financial note 16.



Employees

Mölnlycke invests in the development of its employees to enable them to develop, grow and bring value to the company and its customers. Agreements between Mölnlycke and its employees generate remuneration and social security charges of EUR 488 million. See Financial note 7.



Creditors

Mölnlycke has total outstanding bonds of EUR 2,048 million and a revolving credit facility of EUR 350 million, currently undrawn from a group of seven banks. See Financial note 23.



Partners

Mölnlycke builds strategic partnerships with its supply and service partners to support the business. Through the purchase of raw materials, components, services, transport, etc. the company created value of EUR 891 million that stretches beyond its own business. See Financial note 7.



Society

Mölnlycke's purpose is to revolutionise care for people and planet. Its positive contribution to society is measured in income taxes, and innovations aimed at improving the lives of patients and healthcare professionals while making a minimum impact on the environment. The Group's current tax expense for 2023 was EUR 98.5 million. See Financial note 9.

Mölnlycke's strategy

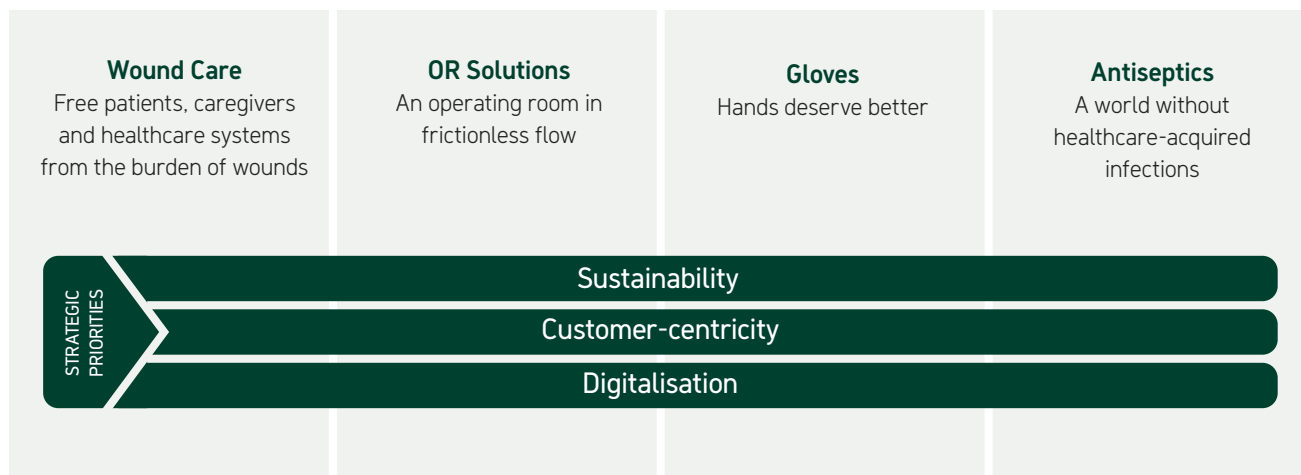
Mölnlycke's purpose to revolutionise care for people and planet is at the core of its strategy to become an industry leader in customer-centricity, sustainability and digitalisation.

Mölnlycke aims to become the market leader across all segments and geographies where the company operates. This ambition is firmly grounded in a strong portfolio of brands, as well as strong heritage of customer-insight driven innovations that improve the lives of people and planet.

The company's strategy is centred around three pillars: customer-centricity, sustainability, and digitalisation where Mölnlycke's aspiration is to become the unquestionable industry leader. By focusing on these three strategic pillars, across its Business Areas, Mölnlycke is committed to creating long-term value for its customers, its owners, and the communities the company serves.

Sustainable growth is delivered through innovative products and solutions that make a measurable positive impact for customers. This includes the continuous improvement and enhancement of existing offerings, radical innovation into new or adjacent areas, as well as new technologies that can help improve patient outcomes and the efficiency of healthcare providers.

Mölnlycke's strategy is deeply rooted in ethnographic studies conducted in the everyday environment of healthcare professionals. These studies have also helped inform the individual strategies of each Business Area. Throughout 2023, Mölnlycke directed full focus on effectively executing the strategy.



Strategy governance

Mölnlycke follows an annual strategy governance cycle to ensure sustained progress towards its long-term goals. This involves identifying key focus areas that determine the company's top priorities for the upcoming year. The strategy update is performed annually and approved by the Board of Directors.

To facilitate the execution and communication of its strategy, Mölnlycke employs a scorecard that translates the strategy into prioritised activities and relevant performance indicators for its Business Areas and Corporate Functions.

The scorecard serves several purposes, including:

Define priorities and clarify how these are connected to the overall strategy

Balance Mölnlycke's short- and long-term ambitions and support the execution

Improve communication of the priorities and activities throughout the organisation

In addition to the annual strategy update, Mölnlycke conducts Quarterly Business Reviews (QBRs). The QBRs focus on key strategic priorities and activities, and provide an ongoing opportunity for evaluation, and alignment of any corrective measures.

Customer-centricity

Customer-centricity for Mölnlycke is about placing the customer, including hospitals, distributors, retailers and independent healthcare providers, at the heart of decision-making, understanding their needs, and developing sustainable and innovative solutions that meet these needs. Customer-centricity has been the foundation of the Mölnlycke business for 175 years.

Customer-centricity is how Mölnlycke successfully differentiates itself from the competition, attracts and retains customers, as well as partners and talent, grows its market share, and drives long-term value in the healthcare industry for people and planet.

Through an ethnographic approach, Mölnlycke actively listens and engages with patients, healthcare providers and caregivers, to build strong relationships founded on trust and partnership. These partnerships, which are at the core of the Mölnlycke strategy, provides the company with unique insights into the needs, challenges, and opportunities facing patients, healthcare professionals and caregivers today and tomorrow.

As a result, Mölnlycke is uniquely positioned to develop insights-driven innovations which enhances the customer experience throughout the customer journey, from procurement and delivery, to product performance, and after-sales service.

Customer-centricity also means that Mölnlycke's four Business Areas incorporates customer insights, needs and preferences into its operations, strategy, and decision-making processes

Therefore, the Mölnlycke business can be agile, responsive, and adaptive, in meeting the ever-changing needs of the customer segments the company serves.



Sustainability

Mölnlycke is advancing its position to industry leadership in sustainable healthcare thanks to its ambitious WeCare roadmap.

Anchored in a materiality analysis, Mölnlycke's sustainability roadmap, WeCare, centers on climate change, circularity, health and safety, diversity, equity and inclusion, sustainable supply chains, community support, human rights and business ethics. In 2023, Mölnlycke stepped up the commitment to promote integrity, ethical business and human rights with the establishment of a Human Rights Committee. Mölnlycke also operationalised the commitment to act as a responsible employer and investor in the communities the company serves.

Decarbonising healthcare

Sustainable healthcare solutions are crucial to ensure the long-term well-being of both society and the environment.

Committed to reach Net Zero by 2050 at the latest, Mölnlycke has developed a robust roadmap to decarbonise and decouple its business from resource constraints.

In 2023, Mölnlycke had its near-term science-based targets validated by the Science Based Targets initiative, reinforcing its commitment to a sustainable future. The company is also actively engaged in promoting a circular economy, incorporating circular practices throughout the value chain.

Mölnlycke recognises the transformative possibilities across every facet of its business with a collaborative focus on providing its customers with sustainable solutions to safeguard the health of people and the planet.

Key partnerships and commitments

Mölnlycke partners with organisations at the forefront of shaping the future of sustainable healthcare. The company enters strategic alliances designed to maximise the impact of the partners' expertise, capabilities and the potential to leverage at scale, delivering innovative sustainable solutions to global healthcare challenges while minimising the environmental impact and exerting a positive societal impact.

- SBTi
- Medtech Europe
- EDANA
- Nordic Centre for Sustainable Healthcare
- ZUKE Green
- Business For Nature
- UN Global Compact
- Sedex & SMETA
- Operation Smile
- Save the Children

More information about these partnerships is available on the Mölnlycke website.



WeCare long-term key action areas

- Climate change (pp. 94–97)
- Circularity (pp. 99, 101, 103)
- Safety and well-being (pp. 108, 111–112)
- Diversity equity and inclusion (pp. 108–109)
- Sustainable supply chain (p. 113)
- Protecting human rights (p. 119)
- Community support (pp. 114–115)
- Business ethics (pp. 117–118)



ESG ratings and benchmarks

To meet stakeholder expectations, mitigate risks, and ensure long-term success amidst a changing business landscape, Mölnlycke seeks out independent assessments to measure its approach to responsible and sustainable business practices.



- **EcoVadis.** Thanks to organisational improvements Mölnlycke improved its rating to Gold in 2023 from Silver in 2022, which places the company in the top 3% of companies assessed across all industries worldwide.
- **Carbon Disclosure Project (CDP).** Mölnlycke actively reports climate risks and low-carbon opportunities through the Carbon Disclosure Project. In 2023, Mölnlycke earned a B rating, higher than most medical supplies companies, and corporations worldwide.
- **Frost & Sullivan Institute.** Mölnlycke has been honored with the Enlightened Growth Leadership Award by the Frost & Sullivan Institute, recognising Mölnlycke's steadfast dedication and leadership in fostering a positive impact on society while actively pursuing a sustainable future.



Mutkalampi wind farm

The United Nations SDGs

Mölnlycke supports all UN Sustainable Development Goals (SDGs) and develops business opportunities that align with the SDGs to create a positive societal impact.

For additional information, visit:
www.molnlycke.com



Digitalisation

Mölnlycke aspires to become a leading provider of digital solutions to improve patient outcomes and the efficiency of healthcare providers. The company embraces external partnerships with suppliers, customers and academia and is actively engaged in the development of several solutions that incorporate digital components designed to enhance the quality of healthcare.

The global digital health market is anticipated to experience substantial growth in the forthcoming years, as chronic diseases continue to increase and governments and healthcare providers are increasingly motivated to explore more accessible and cost-effective methods for providing healthcare.

Mölnlycke is therefore committed to invest in digital solutions and ecosystems to improve patient outcomes, drive efficiencies and reduce costs.

Data is the heart of Mölnlycke's digitalisation strategy. With the improved and accelerated use of data, Mölnlycke can better explore, identify and understand its customer needs and preferences, allowing the company to improve the overall experience of its products and services for the customer. Data analysis can also help Mölnlycke identify market trends and opportunities to drive radical innovation.

Mölnlycke has identified opportunities in ecosystems, digital solutions and advanced technology capabilities that include:

- The use of artificial intelligence, data and analytics
- New business models
- Software developments

Fostering a robust digital culture and future-proofing internal digital capabilities will be critical for Mölnlycke when pursuing the digital opportunities identified.

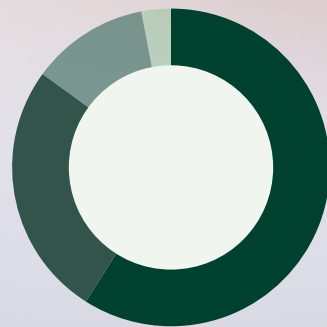
Mölnlycke's digital aspiration is built around four pillars

IT foundation	Digitalising internal operations	Digital customer engagement	New ventures
<p>Modernise its IT infrastructure via flexible platforms and tools to reduce costs and increase capabilities, while also promoting employee efficiency and satisfaction. This includes expanding digital workplaces to allow for both on-site and remote work, to improve work-life balance. Mölnlycke prioritises cybersecurity and a secure digital backbone to protect its business information and operations, ensuring the latest industry standards in data protection and confidentiality.</p>	<p>Streamline its business operations and processes to improve customer satisfaction while enhancing productivity and efficiency through adoption of technology platforms. Mölnlycke also prioritises ongoing improvements to supply chain planning processes to deliver quality services and products to customers in a timely and efficient manner. To do so, the company integrates state-of-the-art planning technologies and methodologies for a more agile and responsive supply chain.</p>	<p>Leverage digital tools for marketing communication, e-commerce, and full funnel customer interactions to enhance the overall customer experience. By equipping employees with the necessary skills and capabilities, Mölnlycke aims to effectively engage customers and strengthen their relationship with the Mölnlycke brand. This digital uplift is also expected to lead to higher return on marketing leads and increased market share.</p>	<p>Utilise its premium product and brand position to become an integrated part of digital health ecosystems. Mölnlycke will develop new digital solutions and business models driving radical innovation and positioning the company as a leader in the medtech industry for digital health. Each Mölnlycke Business Area has identified its specific needs based on customer insights and put a roadmap in place to achieve the identified goals.</p>

Business Areas

Mölnlycke's ambition is to be the market leader in all segments and geographies where the company operates.

Each Business Area has end-to-end responsibility to drive profitable growth and add value to its customers.



Share of total sales (%)

- Wound Care 59%
- OR Solutions 26%
- Gloves 12%
- Antiseptics 3%

Wound Care	20
OR Solutions	24
Gloves	28
Antiseptics	32

Wound Care

Every day, patients around the world suffer physically and emotionally from acute and chronic wounds. These wounds can be persistent, difficult to treat and costly to manage. Mölnlycke works with patients, caregivers and healthcare systems to reduce the burden of these wounds through innovative solutions for prevention, faster healing and better quality of life.



Offering

Mölnlycke is a leading global provider of wound care solutions for chronic and acute wounds in various healthcare settings, using therapy-based approaches to reduce patient pain and discomfort, prevent infection, and promote faster healing. The company specialises in pressure ulcers, diabetic foot ulcers, venous leg ulcers, surgical incisions, and burns. Moreover, Mölnlycke offers digital tools for wound assessment and to simplify selecting the most appropriate solution.

Strategy

Mölnlycke's Wound Care vision is to free patients, caregivers, and healthcare systems from the burden of wounds. Based on our extensive research we know the critical role clinicians play in this vision and they need more help with easy-to-use and effective diagnosis and treatment solutions.

To create meaningful change, the Wound Care business focuses on the following:

- enhancing patients' quality of life by providing intuitive solutions for quicker healing and prevention
- diversifying its portfolio across the patient journey and its focus indications
- extending its reach into under-served markets worldwide, while strengthening its global go-to-market strategy
- delivering best-in-class supply and service to customers.

Mölnlycke continues to work towards reducing the environmental impact of its products and factories. As part of ending its dependency on virgin fossil materials and fuels, the Wound Care business will continue to implement energy efficiency and conservation programs at all its locations across the globe. It is also looking at opportunities to increase use of solar energy, further replace steam in its manufacturing processes with less energy-intensive alternatives. Throughout 2023 Wound Care further strengthened partnerships with its raw materials and transportation suppliers to jointly reduce its GHG Scope 3 emissions.

Products and solutions



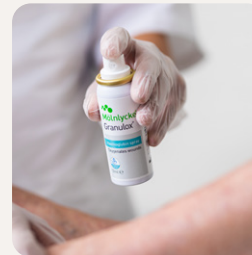
Mepilex® Border Flex



Exufiber® and Exufiber® Ag+



Mepilex® and Mepilex® Ag



Oxygen therapy



Avance® Solo



Pressure ulcer prevention solutions

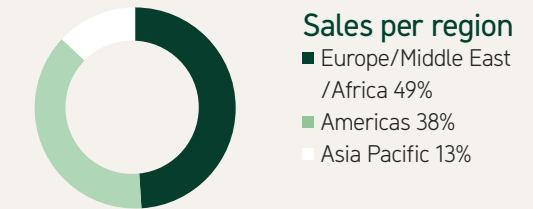
Vision

Free patients, caregivers and healthcare systems from the burden of wounds

Mission

Deliver innovative and intuitive solutions for prevention, faster healing and better quality of life

2,314	1,133	10%
employees	annual global sales, million EUR	organic sales growth



Major product brands

Mepilex®, Mepitel®, Exufiber®, Avance® Solo, Epaderm®, Granulox®, Mepore® and Mepiform®.

Production

The vast majority of products are manufactured in the company's own factories in the US, UK, Finland and Denmark.

Core markets

Mölnlycke's Wound Care business has a global footprint with major markets in the US, France, Germany, the UK and the Nordic countries.

Business environment

The global wound care market has recovered in many respects from the impact of the pandemic and is still growing slightly faster than pre-pandemic rates. However, COVID-19 resulted in delays to the care of wounds and led to many wounds worsening. The pandemic also led to greater focus on reliable supply and quality.

Mölnlycke recognises the trend among customers placing higher importance on wound care products of superior quality, which presents an opportunity to continue focusing on premium product offerings. In the past two years, Mölnlycke's Wound Care business has excelled beyond its competitors, resulting in a growth in market share across advanced wound care segments. Customer sustainability expectations in product development continues to grow and is a general requirement in tenders and contracts.

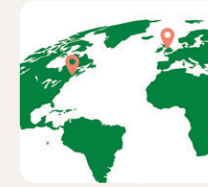
2023 Highlights

In 2023, Wound Care continued to deliver on its customer-centric strategy with organic sales growth of 10%. The Wound Care business has outperformed its main competitors and its growth has led to increased market share in the advanced wound care segments, demonstrating the business strategy is gaining momentum.

Business area news includes:



Investments in new go-to-market models, evidence generation and commercial execution while driving geographical expansion in EMEA and Americas for the new negative pressure wound therapy solution Avance® Solo.



27% reduction in absolute Scope 1 and 2 GHG emissions compared to 2021, gained primarily through sites in Oldham, UK, and Brunswick, US, now fully powered by renewable electricity.



Decrease of Wound Care energy intensity by 14% compared to 2021 due to the energy efficiency improvements in the Mikkeli and Brunswick plants, where a heat recovery system has been implemented to build a closed energy loop.



Defining a roadmap and investing in resources to drive digitalisation.



Launch of Mepilex® Up in the US market and global roll out of upgraded Mepilex® Border Post-Op product family, with an enhanced ease of use feature.



Decision made to invest EUR 33 million to increase capacity in the Mikkeli plant, including a new EtO sterilisation unit and a new Mepilex Border Flex production line.



Our mission is to free patients from the physical and emotional burden of their wounds to restore their quality of life. This ambition influences everything we do – from creating innovative solutions, to making products with the highest quality, to expanding our presence around the globe. We believe that our work is never done, and we are excited to continue making a positive impact on the lives of our patients.

Anders Andersson, EVP Wound Care

Case study

Mepilex® Up enhances the quality of life for patients with exuding wounds



Mölnlycke's new product, Mepilex® Up, combats gravity to elevate the standard of care for exuding wounds and enhance the quality of life for patients.

Patients suffering from venous leg ulcers (VLUs) and other exuding wounds can experience a significant reduction in their quality of life. When dressings fail to manage exudate effectively, the fluid can leak onto patient garments and even healthy skin. This can be unappealing, emit odours and harm healthy skin.

'For many patients, the embarrassment of this situation is enough for them to socially isolate themselves. We find these patients spend most of their time alone due to the leakage and smell,' Anna Sylvan, Global Marketing Director Chronic Wound Management & Healing, said. 'Leakage from dressings has another adverse impact, as it requires more frequent dressing changes that can, in turn, hinder the wound healing process.'

Mepilex Up is a new kind of non-bordered foam dressing, intentionally designed to help reduce leakage and prevent its spread to healthy skin.

What makes Mepilex Up unique is its innovative solution that utilises capillary force to absorb fluids. The soft silicone Safetac® layer seals the wound margins, channeling exudate vertically into the foam and preventing maceration, a condition where the skin becomes softened and damaged due to prolonged exposure to moisture. The patented foam structure creates a proprietary dimpled surface pattern that enables even spreading of fluids in all directions, even against gravity.

'Apart from the fact that the Mepilex Up dressing is thin and therefore comfortable to wear for the patient, it has a higher fluid handling capacity than other foam dressings, which minimises the risk of leakage and potentially boosts the social confidence of the patient', Daniel Berger, Global Product Manager Non-Bordered Foams, said.

Another benefit of Mepilex Up is its ability to support long wear time and reduce the frequency of dressing changes. This not only aids the wound healing process but also lessens the burden on healthcare providers and can contribute to lower cost of care.

Launched in the US in 2023 and followed by the rest of the world in 2024/2025, Mepilex Up represents an innovation that aims to free patients from the burden of wounds.

“

For many patients, the embarrassment of this situation is enough for them to socially isolate themselves.

OR Solutions

In the operating room, healthcare professionals need innovative solutions that are tailored for efficiency, personalised to their needs, and designed for safety. Mölnlycke is their trusted partner in optimising efficiency before, during and after surgical care, helping them achieve better health economics and better healthcare outcomes.



Offering

Mölnlycke provides a range of drapes, staff clothing and surgical instruments for the operating room. The products can be included in ProcedurePak® trays to increase efficiency or supplied single-packed. The Mölnlycke Portal assists customers in assembling efficient ProcedurePak® trays with the right components, maximising value creation for customers.

The ORS business prioritises sustainability by offering a variety of products and services that aim to minimise the environmental impact. This includes ISCC certified products partly made up of renewable materials, sustainable packaging solutions and waste reduction initiatives. By utilising the Mölnlycke CO₂ calculator tool, ORS provides customers with valuable information on the environmental impact of its products.

Strategy

Efficiency is a key driver in the operating room. The trend to deliver more with less has been established over several years.

The healthcare system is at a breaking point as it confronts staff shortages, while professionals are working under pressure, forced to conduct more procedures with less resources and spend substantial time on tasks that don't add value.

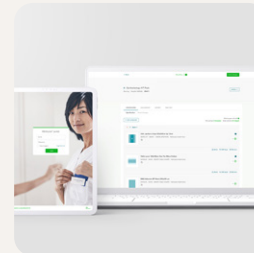
ORS collaborates with customers to improve the standard of care and the efficiency and capacity of the operating room, by eliminating tasks not directly related to healthcare professionals' roles.

Going forward, ORS will continue to deepen its impact in the operating room by establishing an ecosystem that adds value to the pre-, intra-, and post-operation procedure. The goal is to create a frictionless flow in the operating room, where patient outcomes are prioritised, more operations can take place and healthcare professionals can thrive in their roles.

Products and solutions



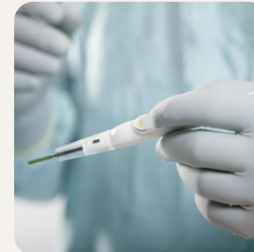
ProcedurePak®
customised trays



Digital
services



BARRIER® Drapes
and Staff clothing



Surgical
instruments



Patient
Warming

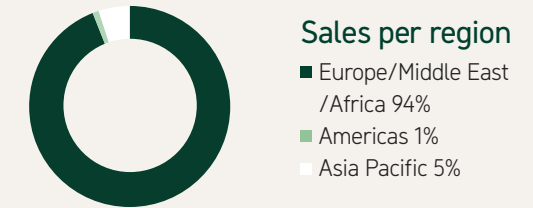
Vision

An operating room in frictionless flow

Mission

Create an ecosystem of solutions and services that assures a frictionless flow of items in the operating room

2,288	497	11%
employees	annual global sales, million EUR	organic sales growth



Major product brands

BARRIER®, ProcedurePak® and EasyWarm®

Production

Most of ORS' drapes and staff clothing are manufactured in Mölnlycke's factories while other devices largely come from third party manufacturing. ORS provides its customers with 20 medical devices per second.

Core markets

The EMEA region (Europe, Middle East and Africa) is the main market for the ORS business. Asia-Pacific is also a strategically important market, having experienced extensive growth in recent years.

Business environment

Surgical procedures have largely returned to pre-pandemic levels in most countries, with minor fluctuations in different regions. However, tackling surgical backlogs has been a slow process, mainly due to limited access to operating room staff and nurses in specific areas. Efforts to address these backlogs have been implemented with varying degrees of success, depending on available resources.

Customers are increasingly moving away from the previous paradigm and are becoming more engaged in value discussion. Customised tray consolidation has occurred to cope with supply chain disruptions and meet MDR regulatory requirements. Nevertheless, there is a growing demand for the efficiency that customised trays offer, resulting in a 5-6% growth in both customised and standardised tray market segments.

In recent years, customers have shown a growing interest in sustainability, reflected in market trends and government policies aimed at reducing the environmental impact. Additionally, digitalisation is playing a more prominent role in enhancing patient outcomes, efficiency, and overall value. ORS is fully committed to continue to respond to these trends.

Outside the operating room, a turbulent environment has been characterised by increased cost for raw materials, components, transport and energy, as well as rising inflation. ORS has proactively worked to mitigate these challenges.

2023 Highlights

Organic sales grew by 11% in constant currency, and profitability levels improved thanks to volume and higher added value in the tray assortment, together with improved material handling and sourcing costs.

Business area news includes:



Market expansion in the Asia-Pacific and the Middle Eastern regions.



The continued expansion of the sustainable product portfolio led to more tender wins during the year, with a tender in Norway in particular standing out.



Growth of products and components, including value-added offerings in ProcedurePak® trays, Minimally Invasive Surgical (MIS) instruments, the Plume Pencil and relaunch of EasyWarm®.



Strong safety-first culture resulting in zero Lost Time Injuries (LTIs) in 2023 at the three factories in Thailand and Belgium for the first time ever.



Improved sustainability performance by reducing its carbon footprint, investing in ORS factories for sustainable practices like solar panels, updating packaging design, and enhancing waste management processes.



The successful marketing campaign “Is there another way”, where Mölnlycke demonstrated how its ProcedurePak® trays can significantly reduce the amount of waste in the operating room.



It is not only about delivering high-quality products and solutions, but also about creating an environment that fosters trust, loyalty and reliability among customers and patients.

Fredrik Wallefors, EVP OR Solutions

Case study

How the Value Report can improve efficiency and reduce waste in the operating room



Mölnlycke has developed a digital tool to support customers in their search for improved efficiency and reduced waste in the operating room. The new Value Report tool showcases the benefits that Mölnlycke's customised ProcedurePak® tray could bring to their operations.

Traditionally, European hospitals receive either single-packed sterile products or standard trays for surgeries. Nurses must then collect each necessary material from a storeroom and set them up individually for each procedure.

Mölnlycke has always focused on providing innovative and efficient solutions that bring value to the customer. To increase efficiency in the operating room, the company offers ProcedurePak trays containing all necessary components required for a particular surgical procedure.

To help the customer assess the impact of using ProcedurePak trays and make informed decisions based on their specific needs, Mölnlycke has now developed the ProcedurePak Value Report.

'The Value Report is about helping the customer make an informed decision,' said Ivan Pretto, Business Director, Gloves & ORS, Italy. 'The report provides three types of outcomes – a calculation of time savings, a monetary evaluation of the time savings, and a calculation of waste reduction in terms of weight and number of packages.'

The Value Report is available in both a standard and comparative version, one for single-pack and tray comparison, and the other moving from a standard tray to ProcedurePak tray.

'The aim is to visualise the clear value of moving to ProcedurePak trays. But the driving force may differ. Efficiency or waste reduction

may be critical for some whereas well-being is compelling to others. The Value Report helps customers see these aspects clearly.' Ivan continued.

The data in the ProcedurePak Value Report is based on a study conducted by an independent party, the German Institute for Workflow Management in Health Care (IWIG), in collaboration with Mölnlycke.

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The Value Report is about helping the customer make an informed decision.

Gloves

Surgical gloves play an important role in enabling healthcare professionals to perform at their best. Mölnlycke works with clinical and R&D teams to create surgical gloves that offer optimised fit and comfort, while thanks to its patented indicator technology, ensure protection and safety for both surgical staff and patients.



Offering

Mölnlycke is a world leading provider of surgical gloves. Biogel® gloves are a surgical glove solution that combines superior fit and comfort with exceptional tactile sensitivity. Biogel has been supporting healthcare professionals for the past 40 years driving innovations such as the first in the world powder-free glove and indicator gloves. Biogel gloves exceed industry standards for tensile strength and elongation, minimising the risk of glove failure and instilling greater confidence in clinical staff.

Biogel gloves are available in both natural rubber latex and synthetic materials, designed to provide enhanced protection against blood-borne infections. This is achieved through the implementation of a double glove indication technology. The innovative Biogel Indication® System, a patented feature, immediately reveals any glove breach by displaying them in a bright colour. This is important from a safety perspective.

Thanks to the unique hand scanner technology, healthcare professionals are being helped to find the perfect size and style of gloves, enhancing performance by ensuring an optimal fit and comfort. This includes determining the most suitable combination of over glove and under glove. The product range offers variations that cater to specific surgical requirements, providing either additional strength, support or heightened sensitivity as needed.

Strategy

Hands are critical to a clinician's ability to excel in their work and to keep the hospital running efficiently. Healthcare professionals emphasise that the right gloves play an important part in a successful procedure. Therefore, surgical teams demand gloves that not only meet the highest standards of protection and safety, but also offer optimised fit and comfort produced in the most sustainable way.

Business Area Gloves aims to help hands perform at their best so clinicians can perform at their best. To help the healthcare professionals, Mölnlycke focuses on three strategic improvement areas:

Products and solutions



Biogel® gloves

- Fit is foundational, because it affects everything, including comfort and tactility.
- Hand health is exceptionally important and addressing hand health issues during surgery will improve outcomes.
- Different situations during the surgery will require different solutions for optimal outcome.

Gloves R&D programs work on innovation based on customers' needs. A great example of this is Biogel® Pro-Fit, an ergonomic glove allowing natural hand movement during surgery minimising hand fatigue.

High quality solutions are important in the Pharma Cleanroom, where it's essential to use high quality equipment to protect the process, the product and the operator. Biogel provides a wide range of high quality glove protection with the indication breach technology.

The Business Area are also on a mission to decarbonise its factories by improving production efficiencies and implementing equipment that minimise the environmental footprint.

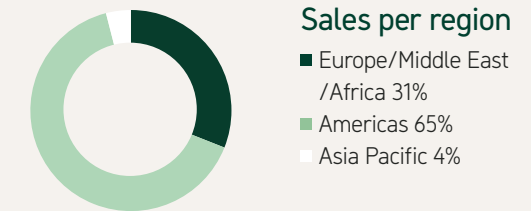
Vision

Hands deserve better

Mission

To deliver innovative and sustainable solutions to enable hands to perform at their best

2,452	240	-4%
employees	annual global sales, million EUR	organic sales growth



Major product brands

Biogel® - top-three global surgical gloves business.

Production

All manufacturing takes place in Mölnlycke's own factories, located in Malaysia and employing only Malaysian workers.

Core markets

The USA is the main market, followed by the UK and the Nordic countries.

Business environment

Surgical gloves market globally has recovered during 2023 following the impact of the pandemic and surgeries are now at pre-pandemic levels. However, it has taken longer than expected for the surgical gloves market to normalise from high distributor inventory levels, and destocking influenced the first part of the year.

Hospital staffing has become a growing concern in 2023, affecting both healthcare professionals and administrative staff. Consequently, there has been a noticeable decrease in the turnover of operating rooms and a reduction in the number of surgeries during the first part of the year.

Logistics costs have approached normal levels, with only slight effects from increases in raw material costs. A more significant and escalating impact stems from rising utility costs. Many hospitals worldwide have faced challenging financial situations in 2023, but a stabilisation is observed. Despite the challenges of 2023, there is stable end-user growth in the United States.

2023 Highlights

Organic sales dropped by 4.3% in constant currency, reaching annual sales of EUR 240 million. The drop was due to pricing and distributor destocking in the first half of 2023. Sales to end user showed positive growth in 2023.

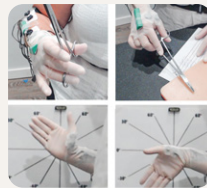
Business area news includes:



Hand Scan solution to help healthcare professionals to find the right glove and glove fit.



Substantial increase in the share of renewable electricity at the factories to 83% and the installation of solar panels on the Kulim High Tech Park plant.



A sustainability advisory board focusing on improving surgical glove practice was formed. The board conducted a large meta analysis of studies on surgical gloving.



New packaging projects initiated. All packaging expected to be FSC-certified early in 2024.



Launch of Biogel® Tech range providing a state-of-the-art indicator glove system for different critical environments such as pharmaceutical or biotech manufacturing facilities.



Third-party verified LCA assessment conducted on Biogel® natural rubber latex gloves showing that natural rubber latex gloves have 26% lower Global Warming Potential than Biogel® polyisoprene gloves.

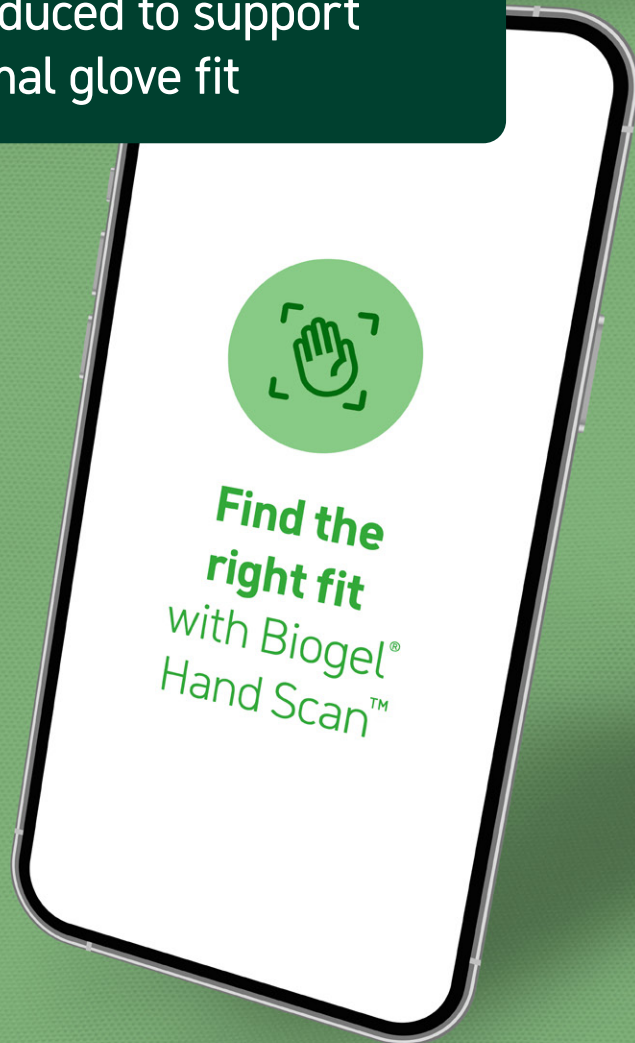


Despite the challenges of distributor overstocking in the US we have managed to keep our market share, a testament to our resilience and strategic approach.

Katriina Öberg, EVP Gloves

Case study

New hand scanner introduced to support optimal glove fit



For healthcare professionals to maximise their hand performance, they need gloves with optimised fit and comfort. Mölnlycke's new hand scanner technology assists customers in obtaining gloves that are the right size and style to achieve this goal.

The hand scanner technology is essentially a smartphone app that utilises artificial intelligence and machine learning algorithms to measure the hand size of healthcare professionals. With this data, the app provides a recommended glove size. It also prompts the user to answer a few questions regarding gender, age and other factors to provide further recommendations on the appropriate glove style for the user.

'It became clear to us when we did the customer insights study how strongly fit matters to the customers. Now we have developed a digital tool to help them get the right size and style of the glove, so this is truly built on the customers' need to ensure they have the right glove for what they are doing', Casey Dusenbery, Global VP R&D Gloves said.

Proper glove fit is crucial for optimal hand performance, while ill-fitting gloves can reduce dexterity, compromise overall performance, and increase hand fatigue and discomfort. Incorrectly fitted gloves also heighten the risk of injuries when handling sharp objects.

Although healthcare professionals' hands change with age and occupation, they typically receive sizing only during their initial training and do not revisit this practice. Mölnlycke's hand scanner prompts users to consider their hand size and provides a simple solution for ensuring that they always wear correctly sized gloves.

The hand scanner has now been launched in several markets and the tool is deployed in the customer meeting by the sales force. Mölnlycke intends to make the tool available for download from the App Store, but the timing for this has not been decided yet.

'Our hand scanner technology will benefit both our company and customers in the long-term. While we do not gather any private data, we collect hand size measurements which aid in designing optimal gloves. This tool initiates discussions with customers about our strategy for providing gloves that fit hands for optimal health', Casey Dusenbery said.

“

It became clear to us when we did the customer insights study how strongly fit matters to the customers.

Antiseptics

Preventing healthcare-acquired infections is a growing concern in pre- and post-operative care. Mölnlycke is committed to patient safety and has made it its priority to reduce the risk of infections through effective hygiene measures and skin decolonisation. The company has leveraged its expertise to develop innovative solutions that help to make this process manageable and motivational, while also eliminating bacteria that can cause infections from the skin. Mölnlycke's commitment to improve patient outcomes is evident in all its actions.

Offering

Mölnlycke's Antiseptics Business Area offers innovative antiseptic products that provide long-lasting antibacterial protection for the skin, particularly when used prior to and after surgical procedures. Antiseptics are committed to supporting customers enhance their natural protective barriers, by integrating antiseptic washing into infection control protocols.

The range of solutions includes products such as daily bathing antiseptics for inpatients, whole-body washing solutions for patients, and hand disinfectants for healthcare professionals, ensuring comprehensive protection against harmful pathogens. All Mölnlycke Antiseptics' product containers are made of recyclable plastic mono-materials, and all new product or process changes include sustainability considerations.

Strategy

Infection prevention is a complex but essential aspect of healthcare. The challenge lies in balancing compliance with usability, as too rigid systems can increase the risk of infection. High staff turnover and time constraints further complicate infection control. Additionally, the cross-functional nature of healthcare environments exacerbates the challenge of achieving understanding and consensus around infection prevention.

Antiseptics focus on decolonisation of the patient both at home (before and after surgery) and through their hospitalisation. Antiseptics considers hospitals as the primary channel and infection preventionists as the way in, but it also offers an opportunity to engage patients as consumers by shifting some responsibilities.

A more harmonised global portfolio will be put in place and is expected to expand in new segments and markets. Antiseptics also aims to reduce carbon emissions and increase its supply chain's Science Based Target initiative commitment.

Products and solutions



Hibiclens® and Hibi® Universal Bathing System (HUBS)



Hibiscrub®



Antiseptic wound cleansers



Hibi® Liquid Hand Rub+

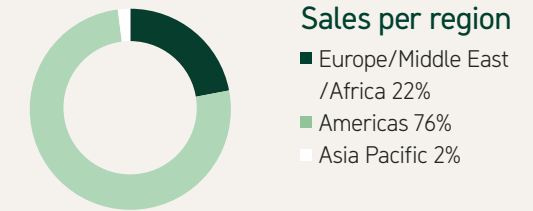
Vision

A world without healthcare-acquired infections

Mission

Preventing infections across the patient's journey

31	54	10%
employees	annual global sales, million EUR	organic sales growth



Major product brands

Hibiscrub®, Hibi® Liquid Hand Rub, Hibiclens® and Hibi® Universal Bathing System.

Production

The products are contract manufactured to Mölnlycke's formulations in the US, UK and Germany, i.e. close to the markets where they are sold.

Core markets

Main market is the US, followed by the UK and Benelux.

Business environment

In the US, customers are becoming more cost-conscious, and the pandemic has led to significant workforce changes with staff shortages. Hospitals face financial strain leading to short-term savings and a deprioritisation of infection prevention as penalties resulting from healthcare-acquired infections are a long-term cost.

In the EMEA region, similarly to the US, customers are becoming increasingly cost-conscious and are facing staff shortages, which are impacting the prioritisation of care including infection prevention. However, the primary factor affecting the Antiseptics EMEA business in 2023 has been the scarcity of products released from the current contract manufacturer.

Availability of raw materials and components has improved throughout 2023 and prices have begun to stabilise but still remain above pre-pandemic levels.

2023 Highlights

In 2023, Antiseptics saw an organic sales growth of 10% reaching net sales of EUR 54 million. The increased sales was primarily a result of a stabilised supply chain.

Business area news also includes:



Optimisation of Sales, Marketing and R&D organisations.



Defined tangible plans for stabilising supply chain in Europe.



More effective ways of working and a stabilised supply chain in the US leading to improved profitability. With the baseline recovered in the US, there is an opportunity for accelerated growth, especially with a new dedicated sales team in place.



Increased understanding of the power of HibiClens® versus main US competitor in effectively removing bacteria and microorganisms.



Registration of Hibiwash®, our colour- and fragrance-free Hibi formula to be launched in five focus markets during 2024.



Reduction in greenhouse gas emissions from our HUBS product due to improved logistics and more efficient delivery to customers.



Having successfully turned around our business, we are now poised for significant growth. Our resilience in overcoming supply challenges, winning key contracts, and maintaining project schedules, coupled with the upcoming launch of Hibiwash and expansion in the US, underscores our readiness to scale new heights in our business journey.

Lina Karlsson, EVP Antiseptics

Case study

Harmonised assortment for the benefit of patients and planet



Antiseptics has registered Hibiwash®, a colour- and fragrance-free Hibi formula that will be launched in five focus markets during 2024.

Represented by 26 stock keeping units with separate legacy registrations in different European markets, Mölnlycke's HibiScrub® formulations are well known as the 'pink' antiseptic skin cleanser that pioneered chlorhexidine gluconate's role in infection prevention. The company also offers a fragrance- and colour-free formulation of HibiScrub that is marketed in Sweden and Norway and proven to be a valuable asset in this situation. With different formulations and different approved indications by market, Mölnlycke has a complex environment for essentially all of its business functions.

Now HibiScrub becomes Hibiwash when the company's European assortments are harmonised. Mölnlycke recognises that while efficacy is the primary driver of product use, the ingredients used are a growing concern for European customers. This learning has driven the Antiseptics team to remove the dyes and fragrances from the assortment, and to harmonise to the formulation marketed in our Nordic countries.

By doing so, Mölnlycke will delight its customers by simplifying the product formulation reducing the number of chemicals and delivering the same high quality antiseptic skin cleanser that has been trusted for over 40 years.

This change also creates a more sustainable situation for the Business Area. By harmonising the formulation, Business Area Antiseptics has

simplified its supply chain and manufacturing strategy, opening exciting opportunities to pursue its vision of a world without healthcare-acquired infections.

This change is already underway. The changes will be implemented across the European portfolio from early 2024 with launches of Hibiwash across markets. The process puts Mölnlycke in a great position to deliver on customers' needs and grow in a sustainable way.

Hibiwash®

Hibiwash antimicrobial skin cleanser is used for pre-operative surgical hand disinfection, antiseptic hand washing on the ward, and pre- and post-operative skin antiseptics for patients undergoing elective surgery.

Corporate governance

Corporate governance refers to the system of rules, practices, and processes by which Mölnlycke is directed and controlled. Mölnlycke's risk management involves identifying, assessing, and mitigating potential threats to its objectives and assets, ensuring proactive measures are in place to navigate uncertainties and enhance overall resilience.

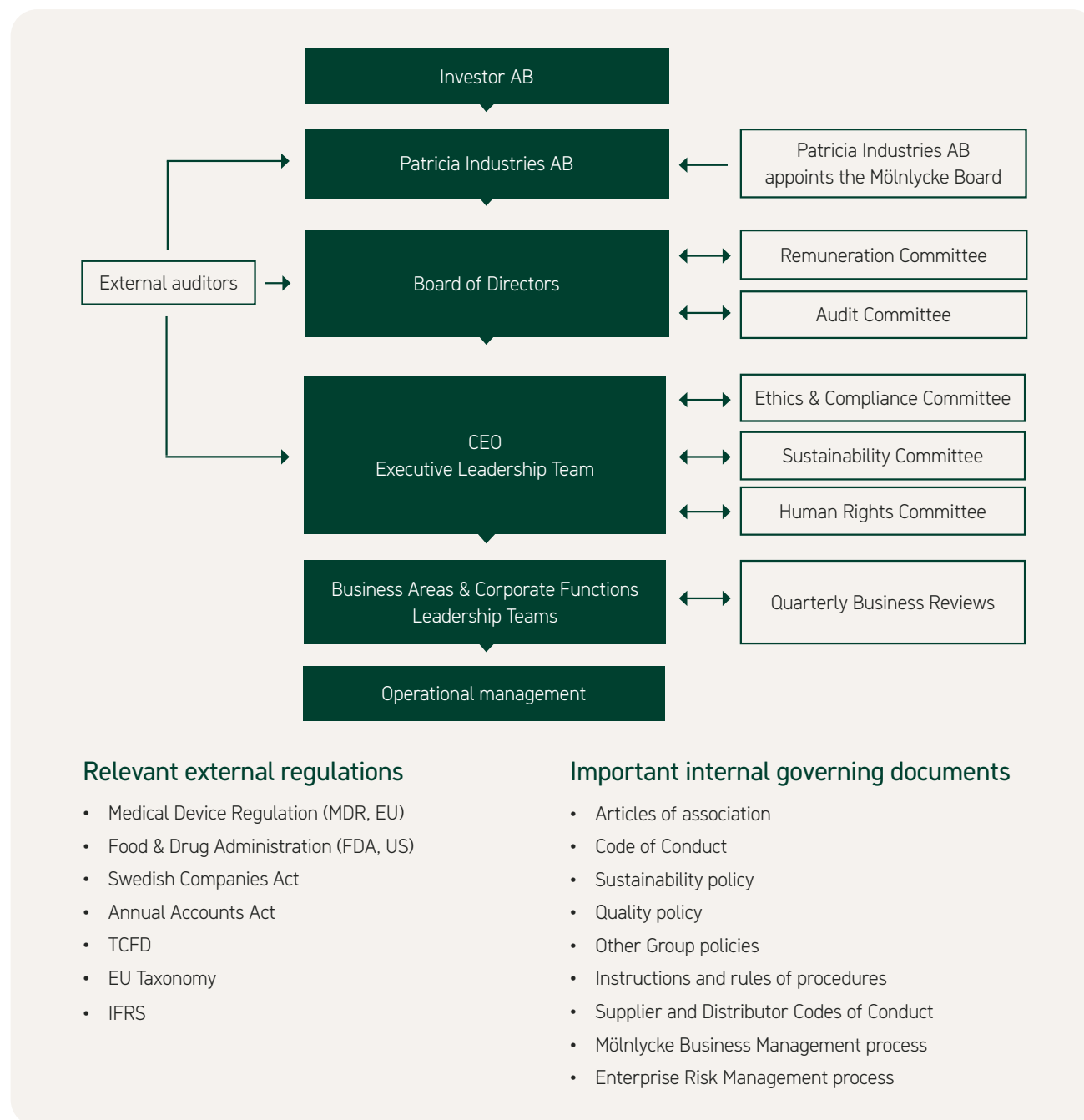
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Corporate governance

Mölnlycke has put in place a comprehensive strategy governance framework that covers adherence to laws and regulations, high ethical standards, efficient strategy implementation, and optimal performance. The company has a robust system of policies, procedures, codes and processes that foster proper decision-making, accountability, compliance, controls, and appropriate behavior across all aspects of its operations.

Governance and division of responsibilities

Mölnlycke places great emphasis on corporate governance by implementing a robust system of segregation of duties, effective control measures, and risk management processes. This to ensure that the company can meet its commitments to employees, customers, patients, suppliers, its owner and other stakeholders while adhering to applicable legislation, internal policies and guidelines. In 2023, the corporate structure (see diagram) was primarily responsible for the management, control, and segregation of duties at Mölnlycke, ensuring adherence to strict corporate governance practices.



Ownership structure

Mölnlycke is 99% owned by Patricia Industries AB – a part of Investor AB, which is listed on the Nasdaq OMX stock exchange in Stockholm. The remaining 1% is owned by Mölnlycke employees and Board members. Mölnlycke is the largest subsidiary within Patricia Industries' group of companies.

The Board of Directors

Mölnlycke's Board of Directors holds ultimate responsibility for the company and its operations. They work in accordance with a written procedure and are assisted by the Audit Committee and the Remuneration Committee, which have administrative and preparatory roles. The Board oversees Mölnlycke's strategies, objectives, policies, and plans and monitors the implementation of these plans, as defined by the Executive Leadership Team (ELT) and driven by stakeholders' needs. The owner, Investor AB through Patricia Industries, determine the overall direction of the holdings of their portfolio investments, including Mölnlycke.

The Board is responsible for monitoring how the company identifies and manages risks as part of its enterprise risk management process. They also monitor the actions implemented to ensure Mölnlycke meets its operational and financial objectives in compliance with applicable laws and regulations. Sustainability is embedded throughout Mölnlycke based on the company's materiality analysis, as recommended by the ELT, and the Board holds final responsibility for this aspect.

As of 31 December 2023, Mölnlycke's Board of Directors consists of nine members and one deputy, with seven members considered independent from the owners. The board has convened for seven regular meetings and two extraordinary meetings in 2023 to discuss key issues, including:

- the development and implementation of the strategy
- the progress of the sustainability roadmap and the digital transformation
- macroeconomic conditions including the impact of increased supply costs, lead time constraints, and inflation
- financial performance vis-à-vis the long-term strategic plans, and mitigating actions when deviations are identified.

Chair of the Board

The Chair's primary responsibility is to oversee and guide the activities of the Board, ensuring they are carried out in an orderly and effective manner. This includes making certain that the Board carries out its duties, keeps a vigilant eye on the company's progress, and consistently obtains the necessary information needed to perform its functions at a high standard while complying with relevant regulations.

Since September 2022, Karl-Henrik Sundström is the Chair of the Board at Mölnlycke.

The other Board members include Jenny Ashman Haquinius (deputy), Christian Cederholm, Aashima Gupta, Sharon James, Johan Malmquist, Leslie McDonnell, David Perez, Zlatko Rihter and Kristina Willgård.

Evaluation of the Board's work

Every year, the members of Mölnlycke's Board evaluate their work through a survey, which serves as the basis for continuous improvements in the Board's functioning. The Chair oversees this survey, which assesses various aspects, such as meetings, materials, and the performance of the Chair and Board members in their respective roles as per the rules of procedure. The results of this survey are presented to and discussed by the Board, and the evaluation acts as the foundation for the owners to suggest any proposals concerning the Board.

Board committees

During 2023, the Board had two committees: the Audit Committee and the Remuneration Committee.

Audit Committee

The Audit Committee is responsible for preparing and reviewing financial and compliance matters. It also ensures a smooth communication channel between the Board and the auditors. This committee follows written rules of procedure, stating that it should safeguard the following on Mölnlycke's Board of Directors' behalf:

- accounting, reporting and financial statements
- audit, audit-related services, audit plan and audit independence are properly managed by the Mölnlycke Group

- financial risks and valuation considerations
- financial internal control and priorities
- corporate business ethics compliance and priorities
- safeguarding funds appropriate for the strategic development of the company.

Following the 2023 statutory board meeting held on 29 June 2023, the Audit Committee consisting of: Kristina Willgård (Chair), Christian Cederholm and Jenny Ashman Haquinius (deputy) representing the Board of Directors. Representatives from management attend the Audit Committee meetings to present information.

During 2023, the Committee had five meetings, where the company's auditors participated in all meetings. The company's auditor also attended one board meeting to present an overview of the audit.

Remuneration Committee

Mölnlycke's Remuneration Committee aims to conduct a comprehensive review of all aspects of the company's remuneration policies and packages for executives. This is to ensure that Mölnlycke can attract and retain key individuals while incentivising the right behaviors in a cost-effective manner. The Remuneration Committee follows written rules of procedure, which outline the following tasks performed on behalf of the Board:

- submitting proposals on reward philosophy for the company, supporting the achievement of long-term business strategy
- submitting proposals on a remuneration framework for the CEO and Executive Leadership Team
- proposing remuneration packages to the Executive Leadership Team members
- submitting proposals on structure of all long-term incentive programs in the company recommending structure of the short-term incentive program for the Executive Leadership Team and respective Business Area and Corporate Function Leadership Team.

Following the 2023 statutory board meeting held on 29 June 2023, the Remuneration Committee consisted of Chair Karl-Henrik Sundström, Johan Malmqvist, Christian Cederholm and David Perez representing the Board. Zlatko Rihter (CEO) and Maria Morin (Chief People Officer) attend the meetings representing management.

During the year, the Committee held three meetings, where among other topics it discussed compensation to executive leaders, salary increases and global short-term incentives for all employees.

Auditors

Each year, Mölnlycke elects auditors during its Annual General Meeting. On 29 June 2023, Deloitte was re-elected, with Hans Warén serving as the auditor in charge. The auditors present their audit plans and outcomes to the Audit Committee and Board. In addition to the usual assignments, Deloitte also provides advisory and investigative assignments. The assignments performed are not deemed to give rise to a disqualification situation.

CEO

The Board of Mölnlycke appoints the CEO, who is responsible for executing the strategies, business plans, and operational execution approved by the Board. Along with keeping the Board informed about the company's financial status and performance, the CEO is also responsible for providing them with necessary information and presenting reports at Board meetings. All work must align with the directives given by the Board. Zlatko Rihter has been serving as CEO of Mölnlycke since November 2020.

Executive Leadership Team

The CEO is supported by the Executive Leadership Team (ELT), which comprises the CEO and ten Executive Vice Presidents leading Mölnlycke's Business areas and Corporate functions. Together, the ELT defines and implements the company's corporate strategy while managing daily operations of their

relevant areas. In 2023, the ELT organised 12 meetings that mainly centered on the execution of customer-centric strategies, tackling macro-economic challenges, and mitigating their effect on the business while addressing day-to-day operational issues.

Business areas and leadership teams

Mölnlycke's four Business Areas have end-to-end responsibility of all operational and business-related aspects, including strategy, research and development, sustainability, manufacturing, procurement, marketing and sales. The leader of each Business Area is a member of the Executive Leadership Team (ELT).

Additionally, a leadership team manages each Business Area, responsible for implementing strategies, operational management, and decision-making oversight. Comprising the unit's head and the critical staff function heads, the leadership teams oversee daily operations in each Business Area.

During 2023, focus for all Business Area Leadership Teams have been to continue implementing their respective customer-centric strategies. In order to secure alignment of priorities inside each Business Area, but also between Business Areas and Corporate Functions, the Business Areas have each developed a Mölnlycke scorecard against which business is now being actioned and monitored. When implementing the new operating model based around the four Business Areas with full end-to-end responsibility, the company identified certain areas where it would be beneficial to maintain an overview of the company's activities and work alongside the Business Areas, named Corporate Functions.

These are:

- Brand & Communications
- CFO, Finance, IT, Digital Enablement, Global Business Services and Indirect Procurement
- CMO (Quality, Regulatory, and Medical Affairs)
- COO (Logistics, Supply Chain and Operational Excellence, Customer Experience and Corporate Sustainability)
- Corporate Strategy, Business Development and M&A
- Legal Affairs (including IP) and Business Ethics Compliance
- People/HR

The functions at Mölnlycke are accountable for developing and executing relevant company-wide strategies, plans, processes, and policies in their functional areas. They drive and support the company's growth based on their individual areas of expertise, while maintaining control over processes. In 2023, Corporate Functions have concentrated on both effectively managing their functions and aligning their strategic priorities to support the Business Areas concurrently.

Business Ethics Compliance Governance

The Chief Compliance Officer of Mölnlycke has a dotted line reporting structure to the Audit Committee and attends Audit Committee meetings. The Chief Compliance Officer reports directly to the Executive Vice President Legal and is also supported by the Business Ethics Compliance function. It is the responsibility of the Executive Leadership Team to ensure conformity with applicable laws, regulations, and industry standards, in all markets where Mölnlycke operate.

Sustainability management

Management accountability

Sustainability is integral to Mölnlycke's business. The Executive Leadership Team (ELT) is responsible for integrating the sustainability roadmap into company strategy and monitoring the performance of each business and function. The ELT reviews sustainability issues and associated impacts, risks and opportunities twice a year, whereas critical concerns can be escalated to the team at any time. The ELT also reviews and approves the sustainability information contained in this annual report and ensures that all material topics are covered. Day-to-day responsibility for managing sustainability in Mölnlycke's business and operational activities lies with the company's Corporate Functions and Business Areas, supported by the COO and EVP Sustainability, who reports directly to the CEO. The Sustainability function supports the Business Areas and Corporate Functions in defining and implementing their sustainability roadmaps. It also raises awareness of sustainability within the entire organisation, with the support of the Sustainability Committee. The Sustainability function

includes professionals from group functions and local markets, who provide local insights and help to identify exposure to specific risks and highlight specific opportunities.

The governance of the Ethical business focus area lies with The Business Ethics Compliance team, lead by the Chief Compliance Officer, who reports with a dotted line to the Audit Committee and reports at least quarterly in meetings directly with the Audit Committee. The Chief Compliance Officer reports directly into the ELT, and with the support of the Business Ethics Compliance function the Executive Leadership Team is responsible for ensuring compliance with all applicable laws and regulations and industry standards in markets where Mölnlycke does business. Further, the Business Ethics Compliance team reports to the ELT and Ethics Committee to ensure the elements of Business Ethics under the WeCare roadmap are also integrated and managed accordingly.

In 2023 a dedicated Human Rights Committee was created to strengthen the internal focus and expertise on the topics and to address human rights and labour rights issues. Several members from the ELT are members of the Human Rights committee to ensure a substantial accountability on these issues.

Most of the issues relating to the Responsible Relationships focus area are covered by the Sustainability Committee but a Diversity, Equity & Inclusion Council was created to advance the development of Mölnlycke's DE&I vision.

The Sustainability Committee

The Sustainability Committee includes representatives from all Mölnlycke's Business Areas and relevant Corporate Functions. It meets monthly and is responsible for overseeing the company's sustainability targets and sustainability performance, as well as integrating sustainability into management processes. Progress on sustainability objectives, development, target setting, and implementation is reviewed twice a year by the Executive Leadership Team and twice a year by the Board of Directors. To facilitate discussions and actions related to achieving and maintaining the science-based GHG emissions reduction targets, a cross-BA and cross-functional Net Zero forum was created in 2023. The forum provides a collaborative space for

knowledge exchange, and collective efforts toward addressing climate change by aligning business strategies with scientifically grounded emission reduction targets.

Monitoring progress

Mölnlycke uses key indicators to track progress in delivering on the company's sustainable business objectives and drive continual improvement processes in every function, supported by external benchmarks. Reporting is based on the Global Reporting Initiative (GRI) principles and relevant standards, and the Greenhouse Gas (GHG) Protocol, supported by internally developed guidelines. Mölnlycke is committed to transparent reporting with the aim of providing all stakeholders with regular and relevant information about its efforts. The company listens attentively to internal and external stakeholders. Anyone with concerns about Mölnlycke's sustainability strategy, policy, or actions can raise them through the company's Ethics Hotline.

The complete reporting principles can be found in Sustainability note 1 and 2.

EU Taxonomy disclosure

The Taxonomy Regulation establishes the framework for the EU taxonomy by setting out four conditions that an economic activity must meet in order to qualify as environmentally sustainable.

A qualifying activity must:

1. Contribute substantially to one or more of six environmental objectives, being:
 - climate change mitigation
 - climate change adaptation
 - sustainable use and protection of water and marine resources
 - transition to a circular economy
 - pollution prevention and control
 - protection and restoration of biodiversity and ecosystems
2. Do no significant harm to any of the other environmental objectives
3. Be carried out in compliance with minimum (social) safeguards

4. Comply with technical screening criteria. The technical screening criteria specify the performance requirements for any economic activity that determine under what conditions that activity makes a substantial contribution to a given environmental objective and does not significantly harm the other objectives.

Companies are required to report on the proportion of turnover, capital expenditures and operating expenditures that are associated with environmentally sustainable economic activities (eligible activities), and to what extent these activities are aligned (i.e. contributing to one or more environmental objectives). For the purpose of reporting according to Article 8 of the Taxonomy, turnover, capital expenditure ("CapEx") and operational expenditure ("OpEx") are identified as follows in accordance with the Taxonomy:

- The Group's total turnover corresponds to Revenue in the Consolidated Income Statement.
- Total CapEx equals the additions as specified in Note 10 Property, plant and equipment, Note 12 Other intangible assets and Note 18 Leases. Goodwill is not included in the CapEx definition for intangible assets.
- Total OpEx in the Taxonomy corresponds to non-capitalized research and development costs, building renovation costs, short-term leases, maintenance, and repair costs and other indirect costs for the day-to-day servicing of assets of property, plant, and equipment and are not separately disclosed in the consolidated financial statements.

This year the EU taxonomy is updated with four new environmental objectives: Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control and Protection and Restoration of Biodiversity and Ecosystems. In accordance with the updated criteria outlined in the EU taxonomy, our review has addressed eligibility for the four new targets. The voluntary reporting for alignment will be included in next year's reporting.

Eligibility is calculated for all six environmental objectives while alignment is considered and calculated for the first two environmental objectives, Climate Change Mitigation and Climate Change Adaptation.

Mölnlycke has performed the following activities in 2023 in relation to EU Taxonomy regulation:

- Attended trainings by personnel involved in data-gathering, explaining key characteristics of the EU taxonomy guidelines and potential eligible activities
- Performed a detailed analysis of the individual taxonomy-eligible economic activities led by Group Finance and including members from Treasury and Sustainability function. Medical products and solutions do not fall within the EU Taxonomy screening criteria for climate change mitigation or adaptation, only one economic activity related to Sustainable Use and Protection of Water and Marine Resources is identified. As a consequence, eligible activities are limited in 2023 and mainly related to supporting CapEx on sustainable solutions.
- Assessed the company’s activities and found that the only aligned CapEx or OpEx was the installation of solar panels at one production facility.
- Consulted with external experts and peers to ensure a correct and consistent interpretation of the legal requirements
- Conducted a self-assessment using questions which were developed by our owners to determine whether the company complies with the Minimum Safeguards. The Group’s ultimate parent company, Investor AB, has reviewed the results from the portfolio companies’ self-assessments against the result from their own governance, risk and compliance maturity assessment that is made as a part of the Governance Risk and Compliance program and found no material deviations in the results from the self-assessment and maturity assessment, therefore assessing that the requirements for minimum safeguards are being met.

The outcomes of the EU taxonomy reporting for 2023 are disclosed in the table below:

	Turnover %	CapEx %	OpEx %
Eligibility	2.6	1.4	1.9
Alignment	-	0.7	-

Risk management

Mölnlycke proactively manages a range of strategic, operational, regulatory, financial, and sustainability risks by developing mitigations to reduce their impact.

Risk management

At Mölnlycke, risk management is an integral part of the company's operations, at both enterprise and individual business area levels. The Board assumes responsibility for efficient risk management by adopting policies that set risk levels and limits for the company. Periodic Enterprise Risk Management (ERM) reporting is submitted by each business area and corporate function to the Board. A comprehensive yearly risk and mitigation assessment is produced, which identifies and evaluates current and newly emerging risks across five categories: strategic, operational, legal and compliance, sustainability, and financial.

Mölnlycke incorporates all material risks into a company-wide risk map, with action plans developed and implemented to minimise their probability and impact. Risk assessments and action plans are reviewed and confirmed with both the Executive Leadership Team and the Board, recognising the potential for these risks to have a significant negative impact on the business if not acted upon. Actions to mitigate these risks are indispensable to the company's success and are integrated into daily operations.

Geopolitical and macroeconomic uncertainty

In 2023, geopolitical tensions and macroeconomic challenges have continued to create an uncertain global environment for Mölnlycke to monitor. Factors with the potential to impact Mölnlycke, like other global companies, include:

- increased geopolitical tension – the conflicts in Israel, Ukraine, and the Red Sea
- uncertainty of macroeconomic trends, entering into a recession
- high inflation
- higher interest rates
- higher energy prices
- higher transportation costs and leadtimes.

Mölnlycke works continuously to monitor the macroeconomic situation, to mitigate and adapt to a challenging environment to secure the company's business.

Task-force on Climate related Financial Disclosures (TCFD) framework

As recommended by the Task Force on Climate-related Financial Disclosures (TCFD), we continue to monitor our risks and opportunities related to climate change. As a company, we're exposed to physical risks – such as those associated with water scarcity, flooding and weather events – and transitional risks, such as changes in technology, market dynamics and regulation.

Physical risks

As climate change will most likely increase the frequency of natural hazards, during 2023 the company has further analyzed the natural hazards their operations are exposed to. As part of Mölnlycke's risk and insurance process, information about hazard risks and natural hazards is collected. Natural hazards taken into account during this process are earthquakes, floods, drought, hailstorms, lightning, wind, tornados, subsidence, landslides and active volcanos. Based on the individual risk assessments, measures to mitigate the risks to an acceptable level are being implemented.

For example, some of the manufacturing countries Mölnlycke operates in are in areas subject to extreme weather patterns. Facilities with moderate or high risk of flooding, such as Thailand, have building protection in place. However, it is recognised that flooding would impact the infrastructure and possibility to operate effectively with transports to and from the site being inevitably affected. Further controls planned are to extend risk evaluation further down our supply chain, and a close partnership with suppliers who have committed to SBTi, as part of the company's net zero commitment (see the 'Suppliers' section).

An energy consumption optimisation assessment has been conducted at all our sites in Malaysia and in the Czech Republic during 2023, covering more than 60% of Mölnlycke's total energy consumption. Opportunities in this area include continuing to implement energy reduction projects, fossil-free electricity solutions to replace fossil fuels. The overall energy consumption decreased by 1.5% during 2023 compared to last year, as a result of the implemented measures.

Sustainability assessments have been put in place for all material investment projects since 2022 and as of this year, an internal carbon price has been implemented for these investment decisions, anticipating the impact of any future carbon pricing.

With regards to the risks related to water, we refer to the World Resources Institute to assess the level of risk at our production locations on a yearly basis. The risk of drought in Malaysia has been recognised as a risk which could impact the Gloves business, because gloves production is a water intensive process. Initiatives to conserve water and optimise production processes for water efficiency, such as an optimized water consumption and recovery system (closed loop), are continually ongoing. In 2023, an overall decrease in water consumption of 8% compared with 2022 was observed.

Transitional risks

Mölnlycke is also exposed to transitional risks, such as market and technology shifts, reputation risks and policy and legal changes. Identifying and addressing risks, including transitional risks related to climate change, is part of the company's regular risk management process (see 'The current risk landscape'). As well as mitigating Mölnlycke's climate-related risks, these opportunities will also strengthen the company's resilience by increasing market value.

Risk description	Mitigation	Probability	Impact
Strategic risks			
1. Risk related to industry shift and market trends			
<p>The global healthcare sector is under pressure to control costs and improve efficiency amid operative challenges. Furthermore, staff shortages have resulted in a reduction of healthcare professionals, affecting the sector’s changing needs, expectations, and requirements. Such developments can lead to changes in market trends and the medical device industry, which could have an impact on Mölnlycke.</p>	<p>Mölnlycke remains competitive by monitoring industry shifts and market trends. The company’s foundation is based on extensive ethnographic studies that provide insights into customers’ challenges and daily life. Such insights guide the company’s priorities. Additionally, Mölnlycke collaborates with key opinion leaders, healthcare organisations and professionals to develop effective solutions for healthcare challenges. Although the market is under pressure, healthcare is relatively stable due to its non-sensitive demand to economic fluctuations and increased global average life expectancy.</p>	3	5
2. Strategy and innovation risk			
<p>In a competitive landscape, Mölnlycke’s position as a market-leading company is constantly challenged. Primary risks involve the potential failure to evolve and future-proof its business through innovative products and solutions, sustainable and digital strategies, and robust logistics capabilities. Additionally, heightened price competition poses a notable risk to the company.</p>	<p>Mölnlycke has developed new strategies to transform and future-proof its business, as described in “Risk related to industry shift and market trends”. The company has intensified product development efforts to strengthen its range of products and solutions. This includes shifting towards radical innovation and increased investments in new technologies. As a market-leading company, Mölnlycke continues to differentiate itself through clinical evidence, professional education, and high-quality products.</p>	3	5
3. Reputational risk			
<p>Reputation, encompassing brands, trust, and customer satisfaction, influences both current and future demand for a company’s offerings and its commercial flexibility. Product quality, service excellence, and customer relations are key determinants of reputation. Moreover, adherence to regulatory standards adds another layer of significance. In today’s multi-channel landscape, managing the market perception of a brand is increasingly complex.</p>	<p>Mölnlycke constantly undertakes initiatives to maintain and strengthen its corporate reputation. The activities include upholding high ethical standards in all business activities as per the company’s Code of Conduct, adhere to all relevant laws and regulations, delivering constant quality in products, solutions and customer services. To mitigate unexpected challenges, Mölnlycke has a comprehensive crisis management plan in place. Monitoring the online presence and strategically responding to media coverage and online discussions is a priority.</p>	1	4

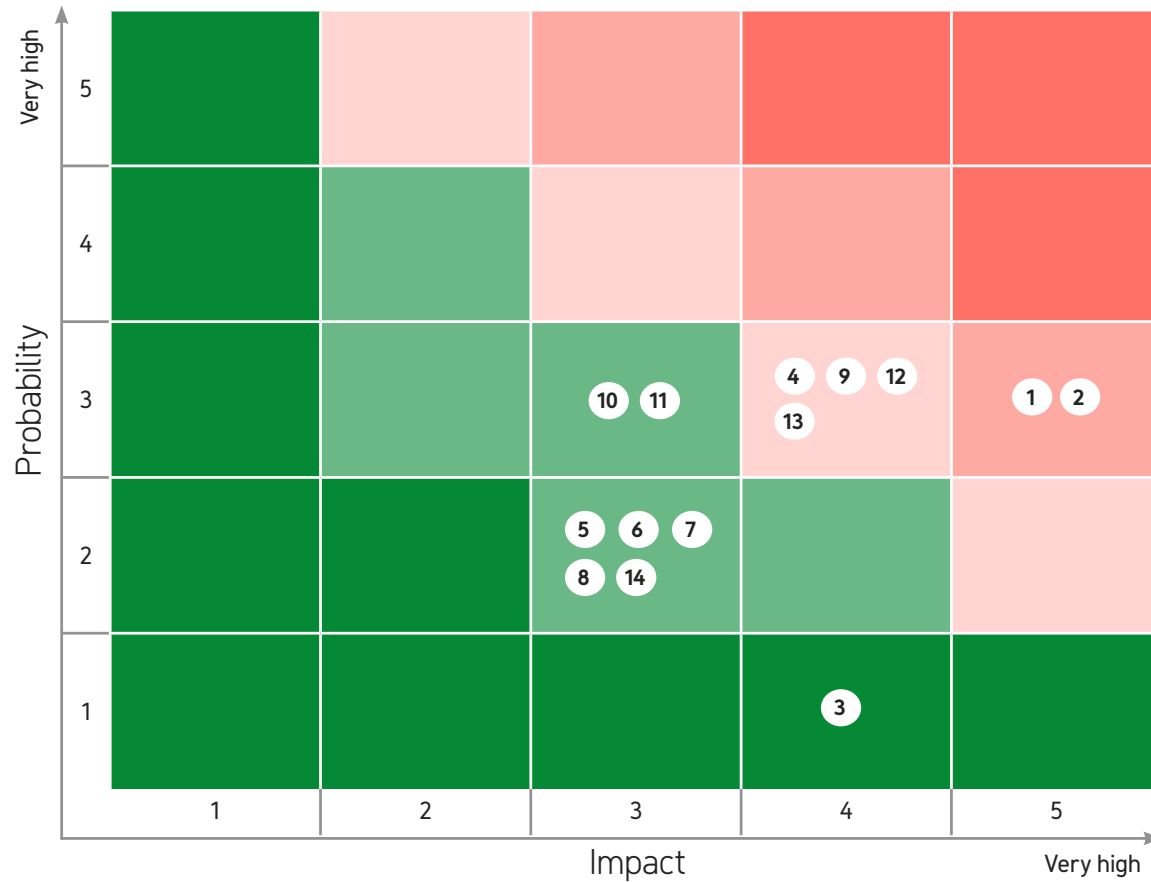
Risk description	Mitigation	Probability	Impact
<p>Legal and Compliance risks</p> <p>4. Regulatory risk</p>			
<p>Mölnlycke and its product range is subject to rigorous regulatory control activities in most of the markets where the company operates. Breach of regulatory legislation may lead to enforcement activities such as import stop or reputational damage. Increased regulatory control, new or changed requirements, if not identified and properly implemented, could negatively impact the company's business, financial position, and earnings in the future.</p>	<p>Mölnlycke maintains compliance to current regulatory legislation and proactively monitors changes in legislation that may affect the company and its products. Regulatory affairs are represented in all Business Areas and the company is compliant with laws and regulation in the country where it operates. Mölnlycke has successfully transitioned to the new Medical Device Regulations (MDR) in EU, which has been a focus area in recent years. The quality management system is certified to the applicable standards for the company and the product range.</p>	3	4
<p>5. Business ethics risk</p>			
<p>Unethical behavior, such as bribery, corruption, anti-trust, human rights violation and unfair competition within Mölnlycke's organisation or supply chain may result in fines and other legal sanctions. This would also damage the company's brand and credibility. Mölnlycke's expansion into new markets and partnerships may increase the risk.</p>	<p>Mölnlycke's white-collar employees are trained in the company's Code of Conduct and in anti-bribery and anti-corruption, which ensures that the company and its employees uphold core values and avoid unethical business practices. This includes general guidelines on conducting business and how employees should act. The company regularly improves its business ethics program by implementing preventive measures such as risk assessments, procedure development, and offering mechanisms for grievance, including an external Ethics Hotline. See also "Risk related to distributors, suppliers and other third parties" below.</p>	2	3
<p>6. Risk related to distributors, suppliers and other third parties</p>			
<p>As a general rule, monitoring a partner is more challenging than overseeing one's own business operations. If any of Mölnlycke's contract manufacturers, suppliers or distributors fail to adhere to the company's standards for business ethics and human rights, it could have negative impacts on the company. This may include damage to the company's reputation and impeding its ability to participate in tenders. Some of these partners may operate in countries with a higher risk of not meeting ethical standards.</p>	<p>Mölnlycke requires all contract manufacturers and major suppliers to sign its Supplier Code of Conduct or at least have internal code of conduct with corresponding terms and conditions. Mölnlycke performs a yearly sustainability risk screening on all suppliers to identify suppliers exposed to the highest level of inherent sustainability risks. The company joined Sedex in 2023 and apply the Sedex risk assessment tool. To further understand and improve site-specific conditions of suppliers with high-risk scores, Mölnlycke requests a third-party audit to be conducted based on the Sedex Member Ethical Trade Audit-protocol, SMETA. For distributors, Mölnlycke has a global program that includes due diligence to ensure partners meet the company's ethical standards and encourages our business partners to report concerns through the Ethics Hotline.</p>	2	3

Risk description	Mitigation	Probability	Impact
Operational risks 7. Manufacturing risk			
<p>A substantial disturbance, such as a fire or machinery breakdown, occurring in the factories of Mölnlycke or its contract manufacturers, could result in production interruptions, delivery complications, and have adverse effects on the business. Certain products may rely heavily on production in a specific area, making the company more vulnerable to climate-related incidents and material sourcing issues.</p>	<p>Mölnlycke takes measures to minimise the impact of production disruptions by implementing manufacturing backup plans, dual sourcing of raw materials, and collaborating closely with logistical partners. The company continually assesses its manufacturing footprint to reduce potential risks, which involves qualifying contract manufacturers for backup production. Additionally, all of Mölnlycke's facilities have comprehensive insurance coverage to safeguard the business.</p>	2	3
8. Supply continuity and resilience			
<p>The company relies on specific suppliers for crucial materials, and any disruption or quality issues could adversely impact manufacturing. Dependence on a particular country or region also poses risks. The worldwide logistics chain is vulnerable to disturbances, as evidenced by challenges arising from both the pandemic and geopolitical issues the last few years, potentially causing customer confidence decline and revenue loss.</p>	<p>To minimise the risk of supply disruptions, Mölnlycke has in recent years focused on implementing a dual sourcing strategy and continually seeks alternative materials from different suppliers. They monitor their presence in different locations and regularly reassess their safety stock levels. The company has a strong logistics network for global distribution and collaborates with suppliers during difficult times. Precise volume forecasts are generated to ensure efficiency. Geopolitical factors are also monitored and adapted to.</p>	2	3
9. Portfolio diversification risk			
<p>Wound Care accounts for more than half of Mölnlycke's revenue streams, making the company vulnerable to fluctuations in that specific segment. Additionally, the concentration of sales in key markets poses a heightened risk, as any adverse economic conditions or regulatory changes in those markets could significantly impact the company's overall financial performance.</p>	<p>By structuring its business into dedicated business areas, Mölnlycke aims to focus each area distinctly, reducing dependence on a singular aspect. For the wound care sector, the company is continuously engaged in developing its portfolio to maintain its premium position. The wound care market is also considered to be growing, driven by factors such as increased life expectancy and a growing population.</p> <p>Mölnlycke predominantly conducts its sales in mature markets known for their stability and a reduced likelihood of significant fluctuations. Additionally, as part of its strategic approach, the company actively pursues expansion opportunities in emerging growth markets like China and India, thereby mitigating the risk associated with overreliance on any single market.</p>	3	4

Risk description	Mitigation	Probability	Impact
Operational risks			
10. Cyber risk			
Mölnlycke depends on IT systems for its operations, which makes it susceptible to significant changes in the IT sector. With the increasing frequency and complexity of cyber threats, the risk of security breaches such as hacking, cyber-attacks, or data leaks has become higher. Any disruptions or glitches in crucial systems could have a direct impact on Mölnlycke's business processes, such as halted production and possible data loss.	Mölnlycke prioritises cyber security and invests resources in proactive measures. Working with partners, the company follows established processes to ensure IT systems are stable and secure, including monitoring services and measures to prevent cyber incidents and reduce vulnerabilities in company devices. The group's security program aims to increase employee awareness, protect data, and enhance the efficiency of Mölnlycke's security processes and controls in line with an established ISO 27001 based ISMS (Information Security Management System).	3	3
11. Risk related to ability to attract and retain talented employees			
Mölnlycke needs to attract and retain skilled and dedicated employees to maintain its competitive edge. As competition for talent intensifies, the process becomes more challenging and expensive, which could potentially affect the company's competitiveness if it fails to succeed.	Mölnlycke invests in long-term career development for its employees, offering learning and development programs and opportunities for progression. In 2023, 59% of manager-level and above positions were filled internally. The company rewards employees who achieve successful results through their programs, both short- and long-term. Mölnlycke prioritises health and well-being, aiming to provide accident-free workplaces, and introduced remote working principles to achieve work-life balance.	3	3
Sustainability risks			
12. Climate change impact risk			
The activities of Mölnlycke have environmental implications as manufacturing of the company's products, including transportation, partially relies on fossil fuels, leading to greenhouse gas emissions. Any expansion of Mölnlycke's operations may lead to heightened energy consumption. Additionally, the limited availability of renewable energy sources poses a risk in certain countries where Mölnlycke's manufacturing sites are located.	<p>The company is committed to delivering according to the recently SBTi-validated near-term reduction targets, and to achieving net zero GHG emissions across its entire value chain by 2050 at the latest.</p> <p>For targets encompassing operational facilities (scope 1 and 2), Mölnlycke will expand the use of renewable electricity and reduce energy consumption, to reach a 100% fossil-free electricity target at all manufacturing sites (excluding joint ventures) and headquarters by the end of 2024. This will be done through a combination of power purchase agreements and investment in installation of renewable power, e.g. solar panels on the company's production sites, as well as renewable energy certificates when both solutions are not feasible. Moreover, Mölnlycke will continue to engage with suppliers and introduce products and packaging manufactured with biobased or recycled materials, as well as switch towards more sustainable transportation modes for finished goods.</p>	3	4

Risk description	Mitigation	Probability	Impact
Sustainability risks 13. Stakeholder management, new requirements and regulations risk			
<p>As sustainability gains more prominence, the demands and expectations evolve swiftly. Failing to meet progressively stringent environmental, social, and governance standards may adversely affect the company's reputation, recruitment, retention, operations, financial performance, and could lead to disqualification from tenders or non-compliance with future regulations.</p>	<p>While the company has been transparently reporting its sustainability performance annually in alignment with the GRI standards and Taskforce on Climate Related Financial Disclosures (TCFD) framework for a few years, in 2023 Mölnlycke started to prepare for the CSRD and CD3D implementation by performing a Double Materiality assessment and consequent gap analysis evaluation. Sustainability is a key focus for Mölnlycke, with a vision to become a global leader in sustainable healthcare. To operationalise its vision, the company's sustainability roadmap - WeCare - is continuously updated in accordance with stakeholders' expectations. Life Cycle Assessment (LCA) shapes the company's main approach to sustainability in product development and is used to support engagement activities with customers. The assessment analyses follow the ISO 14040:2006 and 14044:2006 standards for environmental Life Cycle Assessment. Greenhouse gas emissions are transparently reported on a yearly basis according to the Greenhouse Gas Protocol and the recently validated SBTi targets.</p>	3	4
Financial risks 14. Currency risk			
<p>Fluctuations in exchange rates may negatively impact Mölnlycke's cash flow, income statement, and balance sheet. Currency exposure can arise from payment flows (transaction exposure), the valuation of foreign currency balance sheet items (balance sheet exposure), and translation during consolidation of foreign subsidiary income statements and balance sheets into EUR (translation exposure). The largest currency exposure for the company is in the USD net in-flow.</p>	<p>Mölnlycke centralises all currency exposure to its Group Treasury via the internal netting system. The Policy of management of group financial risks, approved by the Board, stipulates the management of foreign exchange market exposure. According to the policy, Mölnlycke does not hedge transaction exposure. See Financial Note 23.</p>	2	3

The current risk landscape



Strategic risks

1. Risk related to industry shift and market trends
2. Strategy and innovation risk
3. Reputational risk

Legal and compliance risks

4. Regulatory risk
5. Business ethics risk
6. Risk related to distributors, suppliers and other third parties

Operational risks

7. Manufacturing risk
8. Supply continuity and resilience risk
9. Portfolio diversification risk
10. Cyber risk
11. Risk related to ability to attract and retain talented employees

Sustainability risks

12. Climate change impact risk
13. Stakeholder management, new requirements and regulations risk

Financial risks

14. Currency risk

Board of Directors



Karl-Henrik Sundström
Chairman of the Board,
 elected 2022 (Board member
 since 2018)

Born: 1960
Nationality: Swedish
Education: Bachelor of
 Economics
Board assignments: Chairman
 of the Board of Boliden and
 the Finnish-Swedish Chamber
 of Commerce. Deputy
 Chairman of the Board of
 Vestas A/S. Board member
 of NXP Semiconductors,
 and Marcus Wallenberg
 Foundation.
**Professional experience
 and previous assignments:**
 CEO of Stora Enso 2014–2019.
 Former leadership positions
 include, among others,
 CFO & Executive Vice
 President of Stora Enso, NXP
 Semiconductors and Ericsson.



Christian Cederholm
Board Member, elected 2020

Born: 1978
Nationality: Swedish
Education: Master of Science
 in Economics and Business
 Administration
Board assignments: Board
 member of Hi3G Scandinavia.
**Professional experience and
 previous assignments:** Head
 of Patricia Industries, a part of
 Investor AB, since 2021. Joined
 Investor in 2001 and has since
 held different positions.



Aashima Gupta
Board Member, elected 2023

Born: 1970
Nationality: American
Education: BS. Comp Science,
 Ms Computer Science
Board assignments: Board
 member of Neogen, Member
 of the HIMSS NA and GRAIL
 Advisory Boards.
**Professional experience
 and previous assignment:**
 Currently holds the position
 as Global Director of
 Healthcare Industry
 Solutions at Google Cloud.
 Former Executive
 leadership roles driving
 digital strategy for Kaiser
 Permanente, an integrated
 health system and senior
 leadership roles in software
 development at J.P
 Morgan Chase and Fidelity
 Investments.



Sharon James
Board Member, elected 2018

Born: 1961
Nationality: British
Education: Doctor of
 Philosophy in Neurobiology
Board assignments: Board
 member of Novozymes.
**Professional experience
 and previous assignments:**
 Senior advisor to Bain &
 Company. Former Research &
 Development leadership roles
 within Bayer Consumer
 Health, Reckitt Benckiser,
 PepsiCo and GlaxoSmithKline.



Johan Malmquist
Board Member, elected 2015

Born: 1961
Nationality: Swedish
Education: Bachelor of Science
 in Business Administration
Board assignments: Chairman
 of the Board of Getinge,
 Arjo and Trelleborg. Board
 member of Stena Adactum
 and Chalmers University of
 Technology Foundation.
**Professional experience
 and previous assignments:**
 President and CEO of Getinge
 1997–2015. Previous leadership
 positions within Getinge and
 the Electrolux Group.



Leslie McDonnell
Board Member, elected 2023

Born: 1972
Nationality: American
Education: Masters of
 Business Administration,
 Bachelor of Science in
 Business.
Board assignments: Board
 member of Laborie Medical
 Technologies.
**Professional experience
 and previous assignments:**
 Previous executive leadership
 roles in MedTech at
 Medtronic, 3M Healthcare
 and Natus Medical. Most
 recently, President, CEO and
 Board Member of Iradimed
 Corporation.

Board of Directors



David Perez
Board Member, elected 2019

Born: 1959
Nationality: American
Education: Bachelor of Arts
Board assignments: Chairman of the Board of Advanced Instruments and Laborie. Board member of NeoGenomics, Book Trust and Nurse Family Partnership.
Professional experience and previous assignments: President and CEO of Terumo BCT (and its predecessor companies Cobe BCT, Gambro BCT and CaridianBCT) 1999–2019. Former board member of Terumo Corporation, Ortho Clinical Diagnostics and Sarnova. He serves on the United States Department of Health & Human Services Advisory Committee for Blood & Tissue Safety & Availability.



Zlatko Rihter
Board Member, elected 2020

Born: 1970
Nationality: Swedish
Education: Master of Science, Mechanical Engineering
Board assignments: - Professional experience and previous assignments: President and CEO of Mölnlycke. Former CEO of CellaVision, 2015-2020. Previous positions include EVP Global Sales & Marketing at Cooper Companies, President Chronic Dialysis and EMEA commercial at Gambro and VP Patient Handling Product Division at Arjo.



Kristina Willgård
Board Member, elected 2021

Born: 1965
Nationality: Swedish
Education: Bachelor of Economics
Board assignments: Chairman of the Board of C-Rad. Board member of Addnode Group AB, Ernströmgruppen AB, AQ Group and InArea Group.
Professional experience and previous assignments: CEO of AddLife 2015-2022. Previous senior positions include CFO of Addtech and Finance Director at Ericsson.



Jenny Ashman Haquinius
Deputy Board member, elected 2021

Born: 1986
Nationality: Swedish
Education: Master of Science in Finance
Board assignments: Board member of Vectura and Navigare Ventures.
Professional experience and previous assignments: Since 2015 an investment professional at Patricia Industries, part of Investor AB. Previous position at Corporate Finance department of Nordea Markets Investment Banking.



Lars Axelsson
Employee representative, elected 2021

Born: 1961
Nationality: Swedish
Education: Master of Science in Engineering Physics, Masters of Business Administration
Board assignments: - Professional experience and previous assignments: Project Manager, R&D, OR Solutions.



Niclas Flach
Employee representative, elected 2021

Born: 1975
Nationality: Swedish
Education: Concept Design
Board assignments: - Professional experience and previous assignments: Senior Concept Designer, R&D, Wound Care.

Executive Leadership Team



Zlatko Rihter
President and CEO

Born: 1970

Nationality: Swedish

Employed since: 2020

Education: Master of Science, Mechanical Engineering

Board assignments: -

Previous experience:

President and CEO of CellaVision, 2015–2020. Previous positions include Executive Vice President Global Sales & Marketing at Cooper Companies, President Chronic Dialysis and EMEA commercial at Gambro and VP Patient Handling Product Division at Arjo.



Susanne Larsson
CFO and EVP IT, Global Business Services and Indirect Procurement

Born: 1968

Nationality: Swedish

Employed since: 2020

Education: Master of Science in Business and Economics

Board assignments: Board member and chairman of the Audit Committee in Dovista A/S Group (privately owned) and Ambu A/S Group (Listed at Nasdaq Copenhagen).

Previous experience: CFO at Gunnebo AB 2015–2020. Previously 20 years at SKF in financial and strategic leadership positions.



Anders Andersson
EVP Wound Care

Born: 1971

Nationality: Swedish

Employed since: 2000

Education: Master of Science in Business and Economics

Board assignments: -

Previous experience: Various senior leadership roles in Operations, Commercial and R&D at Mölnlycke. Before taking on his current role Anders served as EVP OR Solutions.



Fredrik Wallefors
EVP OR Solutions

Born: 1975

Nationality: Swedish

Employed since: 2002

Education: Master of Science in Industrial Engineering and Innovation Management

Board assignments: -

Previous experience: Various senior leadership roles in R&D, Marketing, and Commercial, at Mölnlycke. Prior to his current role, Fredrik served as the Global Vice President of Commercial OR Solutions.



Lina Karlsson
EVP Antiseptics

Born: 1973

Nationality: Swedish

Employed since: 2019

Education: Master of Science in Chemical Engineering, Doctor of Philosophy in Polymer Science, Executive Master of Business Administration

Board assignments: Board member of Dignitana AB

Previous experience: Head of OR Solutions R&D at Mölnlycke 2019–2021. Previously senior global positions in R&D and Operations at Gambro and Baxter.



Katriina Öberg
EVP Gloves

Born: 1966

Nationality: Finnish

Employed since: 1999

Education: Master of Science in Business and Economics

Board assignments: -

Previous experience: Various senior leadership roles at Mölnlycke. Most recently Regional Vice President Asia-Pacific and before that General Manager Region North.

Executive Leadership Team



Moatassem Bassiouni
EVP Corporate Strategy, Business Development and M&A

Born: 1973
Nationality: Egyptian
Employed since: 2015
Education: Pharmaceutical Science, Associate degree in Advance Management
Board assignments: -
Previous experience: Several senior commercial leadership roles at Mölnlycke, such as General Manager Turkey, MEA & South Africa, and most recently Vice President EMEA Wound Care. Prior to joining Mölnlycke, Moatassem worked for Johnson & Johnson Medical.



Eric De Kesel
Chief Operations Officer and EVP Sustainability

Born: 1965
Nationality: Belgian
Employed since: 2002
Education: Master of Applied Science, Electromechanical Engineering
Board assignments: board member of One Life SA
Previous experience: Various senior roles at Mölnlycke, such as General Manager of manufacturing site and head of Global Business Units. Most recently President of the Surgical Division and later Executive Vice President, Global Operations & Regulatory Affairs and Quality Assurance.



Kristin Hedlund
EVP Legal, Compliance & IP

Born: 1968
Nationality: Swedish
Employed since: 2018
Education: Master of Laws, Political Science
Board assignments: board member of Swecare foundation
Previous experience: A number of positions within DB Schenker, Kristin served as General Counsel and member of the Board at Schenker AB and has a background as a judge in the Swedish court system.



Maria Morin
Chief People Officer

Born: 1974
Nationality: Swedish
Employed since: 2023
Education: Bachelor of Business Administration (B.B.A.) and Bachelor of Science (B.Sc.), HR Management
Board assignments: -
Previous experience: Long-standing background of senior positions within human resources development and communication from among others CellaVision AB, where Maria led the HR and corporate communication functions. Most recently served as Group CHRO at BHG Group where she led the HR, communications and ESG functions.



Emma Wright
Chief Medical Officer and EVP Regulatory and Quality Affairs

Born: 1973
Nationality: British
Employed since: 2018
Education: Doctor of Philosophy, Bachelor of Science (Hons)
Board assignments: -
Previous experience: The entire career spent in medical devices, particularly in the wound care and surgical implant space. Has worked across various markets, for a range of MedTech businesses, from start-ups to large global companies.

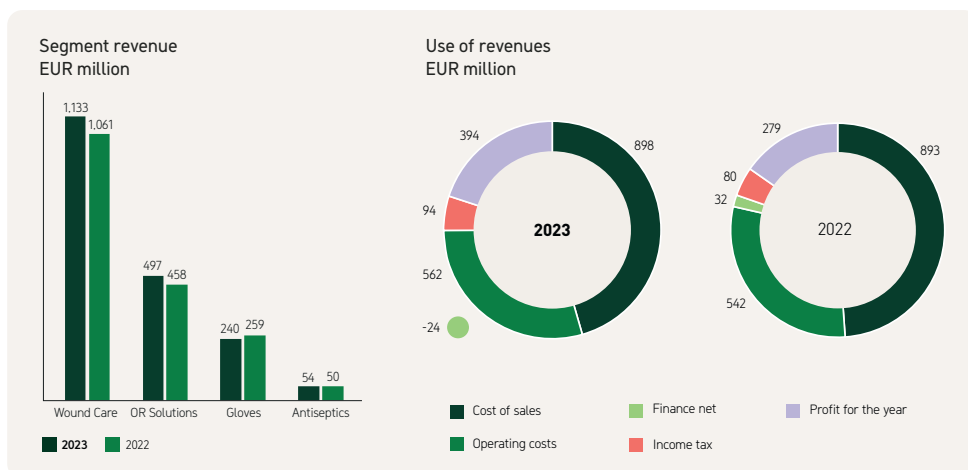
Financial report

The financial report presents the consolidated financial statements for the Mölnlycke Holding AB Group prepared in accordance with IFRS as adopted by the EU. The parent company of Mölnlycke Holding AB is Mölnlycke AB which in turn is controlled by Investor AB, listed on NASDAQ OMX Stockholm.

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Consolidated income statement, MEUR

	Notes	2023	2022
Revenue	6	1,923.5	1,827.7
Cost of sales	7	-897.8	-893.3
Gross profit		1,025.7	934.4
Selling costs	7	-360.7	-346.7
Administrative costs	7	-151.0	-144.5
Research and development costs	7	-51.3	-51.5
Share of result in joint ventures	4	-0.6	-0.5
Other operating income and expenses	7	1.3	0.6
Operating profit		463.4	391.8
Finance income	8	76.2	2.0
Finance costs	8	-52.2	-34.3
Profit before tax		487.4	359.5
Income tax expense	9	-93.9	-80.2
Profit for the year		393.5	279.3
Attributable to:			
Owners of the Company		393.5	279.3
		393.5	279.3



Comments on the income statement

Revenues

Mölnlycke revenue reached MEUR 1,923.5 (1,827.7). This corresponds to an organic sales growth of 7.9% compared to prior year, excluding currency impact. Revenue has a negative impact from currency, mainly due to a weaker USD.

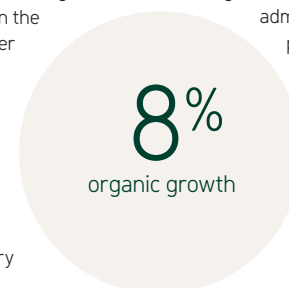
- Wound Care reported an organic sales growth of 9.6% excluding currency impact driven across all regions. This follows an increased growth rate in the market and investments made to further strengthen the sales force to enable continued growth and expanded efforts within prioritised emerging markets.
- ORS reported an organic sales growth of 10.6% excluding currency impact. Main driver is trays benefiting from increased elective surgery run rate, very strong sales development in the MEA region leveraging the local investments made and commercial activities such as price increases, improved mix from alternative product offer and increasing complexity of trays.
- Gloves reported negative organic sales growth of -4.3% excluding currency impact. The drop is related to the US market where distributors built up excess inventory during H2 2022 and a negative price development.
- Antiseptics reported an organic sales growth of 10.3% excluding currency impact benefitting from an improved supply situation and customer conversion.

Gross profit

The Group's gross profit amounted to MEUR 1,025.7 (934.4), corresponding to a gross margin of 53% (51%).

Operating profit

Operating profit amounted to MEUR 463.4 (391.8), corresponding to an operating profit margin of 24% (21%). The increased operating profit is primarily a result of the sales growth and a recovery in sea freight rates from a very high level since Covid. In line with the commercial strategy there was a continued investment in operating expenses which, together with the high inflation rate increased the selling and administrative costs, partly offset by a positive currency effect.



Finance net

The Group's net financial items amounted to MEUR 24.0 (-32.3). The improvement is related to increased interest income and revaluation gains on derivative financial instruments.

Income tax expenses

The Group's income tax expenses amounted to MEUR 93.9 (80.2), corresponding to an effective tax rate of 19% (22%). The decrease in effective tax rate relates primarily to a one-off effect from recognition of deferred tax assets.

Profit for the year

The Group's profit for the year amounted MEUR 393.5 (279.3) which corresponds to an increase of 41% (-2%).

Consolidated statement of comprehensive income, MEUR

	2023	2022
Profit for the year	393.5	279.3
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising during the year on translation of foreign operations (net of tax of MEUR 0.3 (2022: MEUR 2.0))	-2.1	-11.1
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Remeasurements of post-employment benefit obligations (net of tax of MEUR -0.6 (2022: MEUR -7.4))	1.5	23.6
Total comprehensive income for the year	392.9	291.8
Attributable to:		
Owners of the Company	392.9	291.8
	392.9	291.8

Comments on the consolidated statement of comprehensive income

Total other comprehensive income amounted to MEUR -0.6 (12.5) which includes exchange differences arising during the year on translation of foreign operations and remeasurements of post-employment benefit obligations. The gain from remeasurements of

post-employment benefit obligations in 2023 relates mainly to minor net positive changes in actuarial assumptions.

The total comprehensive income for the year amounted to MEUR 392.9 (291.8).

Consolidated statement of financial position, MEUR

	Notes	12/31/2023	12/31/2022
ASSETS			
Non-current assets			
Property, plant and equipment	10	270.7	275.8
Right-of-use assets	18	62.6	67.1
Goodwill	11	2,129.1	2,129.2
Other intangible assets	12	574.1	595.6
Other non-current assets		4.1	2.4
Investments accounted for using the equity method	4	4.7	3.2
Deferred tax assets	9	53.9	38.5
Derivative financial instruments	22	44.0	-
		3,143.2	3,111.8
Current assets			
Inventories	13	303.9	339.9
Trade and other receivables	14	356.9	328.0
Receivables, parent company	16	258.3	104.8
Current tax receivables		30.7	36.8
Derivative financial instruments	22	-	0.5
Short-term investments	15	150.0	-
Cash and cash equivalents	15	398.4	343.3
		1,498.2	1,153.3
Total assets		4,641.4	4,265.1

Comments to the statement of financial position

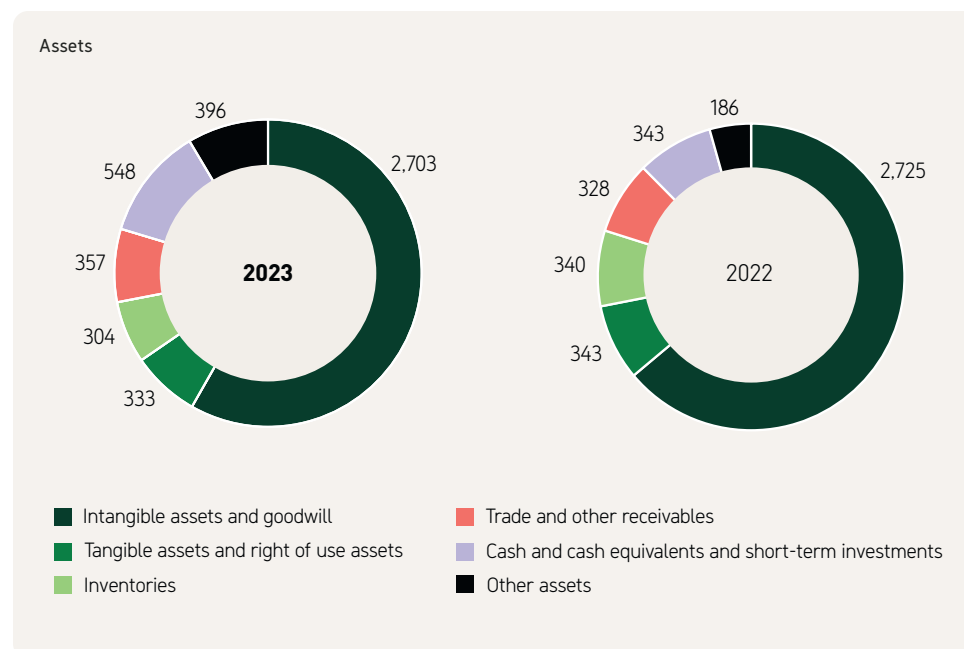
Assets

Intangible assets are mainly related to goodwill and trademarks with an indefinite useful life and are not subject to amortisation. The change compared to last year is mainly related to amortisation of intangible assets with a defined useful life, such as proprietary technology, capitalised development expenditures and computer software. Investments in fixed assets are mainly related to investments in the factories in Finland, Malaysia and UK.

The derivatives financial instruments refer to cross-currency and interest rate swaps valued at fair value. Inventories have decreased following efforts to reduce inventory from high levels.

Trade receivables have increased since last year reflecting the underlying sales growth.

Short-term investments refer to interest-bearing deposits of excess cash.



Consolidated statement of financial position, MEUR

	Notes	12/31/2023	12/31/2022
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		0.1	0.1
Share premium		999.9	999.9
Foreign currency translation reserve		28.9	31.0
Retained earnings		952.5	704.2
Equity attributable to the Company	16	1,981.4	1,735.2
Non-current liabilities			
Bond notes	22	1,792.3	1,893.0
Retirement benefit obligations	19	62.1	61.8
Deferred tax liabilities	9	143.2	131.3
Lease liabilities	18	39.9	46.5
Derivative financial instruments	22	-	3.5
Long-term provisions	20	0.9	0.9
Other non-current liabilities		1.7	1.7
		2,040.1	2,138.7
Current liabilities			
Trade and other payables	21	336.0	362.0
Current tax liabilities		12.9	5.4
Lease liabilities	18	22.5	20.4
Bond notes	22	247.8	-
Provisions	20	0.7	2.6
Derivative financial instruments	22	-	0.8
		619.9	391.2
Total liabilities		2,660.0	2,529.9
Total equity and liabilities		4,641.4	4,265.1

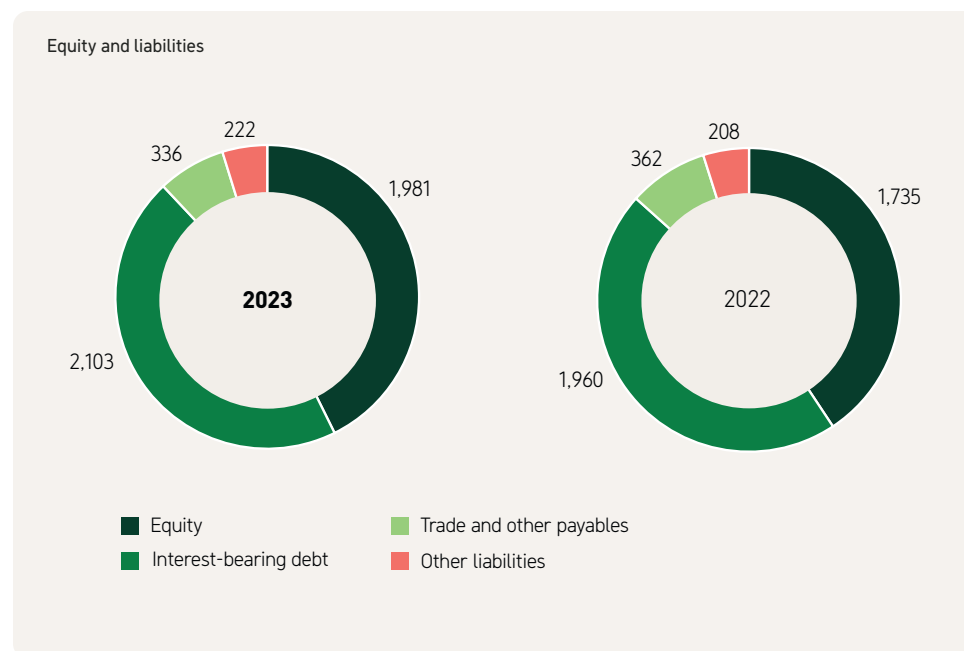
Comments to the statement of financial position

Equity and liabilities

Equity has increased following the positive net result for the year, partly offset by higher group contribution to the immediate parent company compared to the prior year.

A new bond note of MEUR 400 has been issued and a prior bond note has been partly repaid by MEUR 250.

Trade and other payables have decreased compared to last year reflecting less outstanding payables for inventory and investments compared to last year.



Consolidated statement of changes in equity, MEUR

	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total equity
Balance at 31 December 2021	0.1	999.9	42.1	494.0	1,536.1
Profit or loss for the year	-	-	-	279.3	279.3
Other comprehensive income for the year	-	-	-11.1	23.6	12.5
Total comprehensive income for the year	-	-	-11.1	302.9	291.8
Group contribution, net of tax	-	-	-	-92.7	-92.7
Total transactions with owners	-	-	-	-92.7	-92.7
Balance at 31 December 2022	0.1	999.9	31.0	704.2	1,735.2
Profit or loss for the year	-	-	-	393.5	393.5
Other comprehensive income for the year	-	-	-2.1	1.5	-0.6
Total comprehensive income for the year	-	-	-2.1	395.0	392.9
Group contribution, net of tax	-	-	-	-146.7	-146.7
Total transactions with owners	-	-	-	-146.7	-146.7
Balance at 31 December 2023	0.1	999.9	28.9	952.5	1,981.4

Comments on changes in equity

Net profit for the year of MEUR 393.5 (279.3) and other comprehensive income totaling MEUR -0.6 (12.5) increased the Group's equity while group contributions (net of tax) to

the parent company during the year of MEUR -146.7 (-92.7) reduced equity. Group contributions refer to distribution of earnings to the immediate parent company Mölnlycke AB.

Consolidated statement of cash flows, MEUR

	Notes	2023	2022
Cash flow from operating activities			
Operating profit		463.4	391.8
Adjustments for:			
Depreciation, amortisation and impairment charges		81.7	84.5
Other items		0.7	-6.8
Operating cash flow before movements in working capital		545.8	469.5
Decrease / (increase) in inventories		28.1	-58.7
Decrease / (increase) in trade and other receivables		-27.5	-41.8
Increase / (decrease) in trade and other payables		-21.6	14.9
Cash generated from operations		524.8	383.9
Tax paid		-71.9	-72.4
Cash flow from operating activities		452.9	311.5
Cash flow from investing activities			
Interest received		10.7	1.6
Investments in intangible assets		-6.7	-8.9
Acquisition of businesses	3	-0.3	-0.6
Investments in property, plant and equipment		-37.5	-61.0
Investment in joint venture	4	-1.8	-2.4
Other investments		-147.0	-
Cash flow from investing activities		-182.6	-71.3
Cash flow from financing activities			
Interest paid		-36.3	-30.9
Principal elements of lease payments	17	-23.3	-22.5
Cash transfer from/to Parent company		-	35.3
Proceeds from bonds issued	17	397.1	-
Repurchase of bonds	17	-251.7	-122.4
Distribution to the owners of the Group	16	-300.0	-300.0
Cash flow from financing activities		-214.2	-440.5
Cash flow for the year		56.1	-200.3
Cash and cash equivalents at the beginning of the year		343.3	541.0
Effect of foreign exchange rate differences		-1.0	2.6
Cash and cash equivalents at the end of the year	15	398.4	343.3

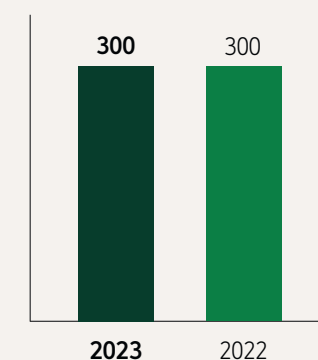
Comments on the statements of cash flows

Cash generated from operations increased compared to prior year following increased operating profit and net decrease in working capital.

The decrease in cash flow from investing activities compared to prior year was mainly related to short-term investment in bank deposits of excess cash following the issuance of a new bond in September 2023. Investments in property, plant and equipment decreased following the completion of the new Gloves factory in Malaysia in 2022.

The increase in cash flow from financing activities compared to prior year was mainly related to the issuance of a new MEUR 400 bond, offset by partly repurchase of outstanding MEUR 500 bond with original maturity in 2024. The Group distributed MEUR 300 (300) in cash to the owners of the parent company, Investor AB, on behalf of the immediate parent company Mölnlycke AB.

Distributions to the owners of the Group
EUR million



Notes to the consolidated financial statements

1. Summary of significant accounting policies

General information

Mölnlycke Holding AB (publ), corporate ID number 556693-6729, (the 'Company') is a public limited company incorporated in Sweden with its registered office in Gothenburg. The Company was first registered on 13 December 2005 and undertook no significant activities until it acquired MHC UK Ltd and its subsidiaries on 30 March 2007.

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 21 March 2024.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), which includes interpretations from the IFRS Interpretations Committee (IFRIC).

The consolidated financial statements are presented in millions of Euros rounded to the nearest hundred thousand and are prepared on the historical cost basis modified by the revaluation of certain financial instruments.

The consolidated financial statements of Mölnlycke Holding AB (publ) and its subsidiaries (the 'Group') cover the year ended 31 December 2023. The comparative information covers the year ended 31 December 2022. There were no material discontinued operations in either period and all the results presented refer to continuing operations.

The Company is not required to prepare consolidated financial statements under Swedish Law and these consolidated financial statements are not the Company's Swedish statutory accounts.

The Company's immediate parent company is Mölnlycke AB, corporate ID number 556723-5949, a company incorporated in Sweden, and its ultimate parent company is Investor AB, a company incorporated in Sweden and listed on Nasdaq OMX Stockholm.

Principal accounting policies

Basis of consolidation and equity accounting

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and any non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Interests in joint ventures are accounted for using the equity method. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint ventures in profit or loss, and the Group's share of movements in other comprehensive income of the joint ventures in other comprehensive income.

Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. The carrying amount of equity-accounted investments is tested for impairment when indications of impairments exist.

When necessary, adjustments are made to the financial statements of subsidiaries and joint ventures to bring their accounting policies into line with those used by other members of the Group.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRS's). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Business combinations

All acquisitions that meet the definition in IFRS 3 of a business combination are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities

incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred. The Group did not acquire any new subsidiaries in 2023 or 2022.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date (see IFRS 2, 3.16.2); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised as a financial income or expense in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously

been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer who is also the chief operating decision maker.

Foreign currencies

All foreign subsidiaries report in their functional currency being the currency of the primary economic environment in which the subsidiary operates (its functional currency). Transactions denominated in foreign currencies during the year have been translated at the exchange rate prevailing at the respective transaction date. Trade receivables and trade payables and other receivables and payables denominated in foreign currency have been translated at the exchange rates prevailing at the balance sheet date. Such exchange rate gains and losses are included in operating profit.

Exchange rate gains and losses on translation of intra-group receivables from, or liabilities to, a foreign operation that in substance is part of the net investment in the foreign operation are reported in 'Other comprehensive income'. Other foreign currency items have been included in financial income and financial expense.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign subsidiaries are expressed in EUR, the functional currency of the parent company, using exchange rates prevailing on the balance sheet date. Goodwill and fair value adjustments arising on the acquisition of a foreign

operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as other comprehensive income and transferred to the translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Revenue recognition

The Group's revenue from contracts with customers relates entirely to sale of surgical and wound care products. For all products revenue is recognised at a point in time when products are shipped to the customer and the customer obtains control of the assets. The sales contracts can, to a limited extent, also include various forms of services. These services have however been concluded to not be material in relation to the overall cost of the product to the customer. As a result, no separate performance obligation for services is accounted for.

The evaluations made by the Group in order to identify when a customer obtains control of promised goods is to a large extent based on the shipping terms. This is because shipping terms typically specifies when title passes and will also affect when risk and rewards of ownership transfer to the customer. For the majority of the Group's sale, control is transferred when goods are delivered to the customer since, at that point of time, the customer has legal title to the asset and the significant risks and rewards have been transferred to the customer based on the shipping terms used.

The Group is determining the transaction price based on the consideration the Group expects to be entitled in exchange for transferring promised goods to a customer, excluding sales tax. Where a contract contains elements of variable consideration such as rebates, discounts and bonuses revenue is reported net after reporting a liability for such variable considerations. The liability is calculated based on contractual agreements and historical experience for the respective customer. When sales are made to a distributor the transaction price is reported net after considerations payable to the customer such as distributor fees.

The Group's payment terms are less than one year, and normally vary from 30-60 days. Hence,

the contracts do not involve any significant financing component.

The Group has elected to use the practical expedient to not adjust the amount of consideration for the effects of financing components since the period between when the Group transfer a promised good to a customer and when the customer pays for that good is expected to be one year or less at contract inception. For certain countries and customers, when deemed appropriate from a credit risk perspective, payment in advance is requested before delivery of goods. When payment in advance is requested the time from when payment is received until goods are shipped is normally short. The Group only has very limited performance obligations for right of returns, refunds, warranties and similar obligations. As a result, the Group has not reported any liabilities for performance obligations that are not satisfied at the end of the reporting period. This is unchanged compared to prior year. Neither have there been any material revenue recognised in the period from performance obligations satisfied in previous periods.

The Group pays some sales commissions that meet the definition for a cost of obtaining a contract. The Group has elected to use the practical expedient to recognise these costs as an expense when incurred if the amortisation period of the asset that the Group otherwise would have recognised is one year or less. Since all sales commissions paid would have been amortised within one year, no costs to obtain or fulfil a contract with a customer has been capitalised as an asset in the Group's balance sheet.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income is recognised when the shareholders' rights to receive payment have been established.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for recognition.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred, using the effective interest method.

Retirement benefit costs

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administrated funds. The Group has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement. A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with in the same way as payments to defined contribution plans where the obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out once a year. Remeasurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest) is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately

in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service costs, past service costs, as well as gains and losses on curtailments and settlements) – included as a cost in arriving at operating profit
- Net interest cost or income – included as a net finance cost or income
- Remeasurement – included as part of other comprehensive income.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. See note 19, Retirement benefit obligations, for further details.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises the termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value, if material.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses when it is contractually obliged to pay a bonus or where there is a past practice that has created a constructive obligation.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (temporary differences) and it further excludes items that are never taxable or deductible (permanent differences). The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, other comprehensive income or directly to equity depending on where the item that the deferred tax relates to is recognised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. See note 9, Income tax.

OECD Pillar II legislation

The Group is within the scope of the OECD Pillar II model rules. Pillar II legislation has come into effect for financial years beginning from 31 December 2023 or later. Since the Pillar II legislation was not effective for the financial year 2023, the Group has no related current tax exposure and is in the process of assessing its exposure to the Pillar II legislation for 2024 and onwards. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar II income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Group contributions

Group contributions are accounted for directly against equity together with the Group contributions' tax effect.

Property, plant and equipment

Property, plant and equipment (land, buildings, and fixed installations as well as machinery and equipment) are measured at cost less accumulated depreciation and accumulated impairment losses. No depreciation is made for land.

Cost includes the acquisition price, costs directly related to the acquisition, and expenses of making ready the asset until the time when it is ready to be put into operation. Subsequent costs are included in the property, plant and equipment's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs for repairs and maintenance are charged to the income statement in the period in which they are incurred.

Depreciation is charged to write off the cost, other than for land and properties under construction, over its expected useful life using the straight-line method. In case where items of property, plant and equipment is comprised of different components each having a cost

and expected useful life significantly different than the total item, such components are depreciated separately over each component's useful life.

Depreciation commences when the assets are ready for their intended use. Useful lives are reviewed annually. The expected useful lives of the major categories of property, plant and equipment are:

Properties	25–40 years
Land improvements	30–40 years
Heavy machines	7–15 years
Smaller machines and transport equipment	3–5 years
IT-equipment and other equipment	3–10 years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss but is not included in revenue.

Leasing

The Group has leasing agreements for company cars, office rentals, warehouses and certain factory buildings. Company cars normally have lease terms of around three years while the leasing contracts for offices, warehouses and factories have varying terms for up to 15 years. Leasing contracts for company cars do normally not include any extension options. Outstanding leasing agreements for offices, warehouses and factories include various extension and termination options as well as contracts that are automatically extended for a certain period if not actively being cancelled.

In accordance with IFRS 16, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Lease liabilities are initially measured at the net present value of the fixed payments during the contract period and periods under extension options that are deemed reasonably certain to be utilised. The Group does not have any leases involving residual value guarantees or variable lease payments. The determination of the lease term for contracts with an extension option is based on the current business plan for each location and all facts and circumstances that create an economic incentive to exercise an extension option such as the cost for moving to a new facility.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate in a similar economic environment with similar terms, security and conditions is used.

Right-of-use assets are initially measured at the amount of initial measurement of the lease liability plus any lease payments made at or before the commencement date and depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not to exercise) it. The assessment of reasonable certainty is only revised if a significant event or a change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less while all leases of office equipment are considered as being of low-value.

Leasehold improvements are capitalised as Property, plant and equipment and amortised over the shorter of their useful life or the remaining term of the lease (including lease renewal periods if the renewal is reasonably assured).

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see 'Business combinations' above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit

may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Internally-generated intangible assets

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An identifiable internally-generated intangible asset arising from the Group's development projects is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of directly attributable expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no identifiable internally-generated intangible asset can be recognised, the development expenditure is recognised in profit or loss in the period in which it is incurred.

Capitalised development projects are amortised on a straight-line basis over their estimated useful lives, which normally is between 3 to 5 years.

Computer software

Computer software intangible assets are capitalised based on the costs incurred to acquire and bring into use the specific software. These costs are amortised over the expected useful lives, being 3–10 years. Internally developed computer software is capitalised on the same basis as for development expenditures.

Costs associated with maintaining computer software assets are recognised as an expense as incurred.

SaaS (Software-as-a-Service) costs are expensed as incurred. Configuration and customisation services for SaaS software which are performed by the SaaS provider or their subcontractors are considered non-distinct services and are recognised as prepayments which are expensed over the expected SaaS term.

Other intangible assets

Intangible assets separately acquired are initially measured at purchase cost. Intangible assets acquired as part of a business combination are initially measured at fair value.

Proprietary technologies

Proprietary technologies are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives from the time they are available for use. The expected useful lives are reviewed annually and the amortisation period is between 15 and 20 years.

Customer contracts

Customer contracts are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful life. The estimated useful lives for customer contracts are based on the expected cash flow regarding the customer contracts acquired and are between 4 and 10 years.

Trademarks and brands

Trademarks and brands are valued independently as part of the fair value of the business acquired from third parties where the trademark has a value

which is substantial and long-term and where the trademark can be sold separately from the rest of the business acquired or where it arises from contractual or legal rights. One important element of the strong development of the Group has been the long-term brand building efforts. The trademarks and brands of the Group have a very strong position in the market and several of the Group's trademarks and brands are therefore considered to have an indefinite useful life. Trademarks and brands that are considered to have an indefinite useful life are subject to an impairment test annually or more often if there is an indication that their value might be impaired. The expected useful lives for trademarks and brands that are not considered to have an indefinite useful life are reviewed annually and the amortisation period is between 5 and 15 years.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets which are not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories (including raw materials, work in progress, finished goods and spare parts) are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is generally determined on a first in, first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. An obsolescence reserve is recognized if the estimated net selling price is lower than the cost of acquisition. To determine any inventory obsolescence, the Group makes estimates and assumptions regarding, among other things, future market conditions and expected sales volumes. The total amount of inventory obsolescence is presented in note 13.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered and the definitions of a financial liability and an equity instrument.

Trade receivables

Trade receivables are held in a hold to collect business and are at initial recognition measured at fair value and subsequently at amortised cost using the effective interest rate method. The Group applies the IFRS 9 simplified approach to measure credit losses which uses a lifetime expected loss allowance for all trade receivables. All overdue receivables are assessed on an individual basis and a loss allowance is reported for the difference between the asset's carrying amount and the present value of estimated future cash flows for all receivables that are considered doubtful. The same principle is applied to all non-overdue receivables for which other lagging borrower-specific factors are observed. For all receivables not considered doubtful a loss allowance is reported based on an expected loss rate calculated from the historical credit losses experienced over a period of 36 months before the balance sheet day. As of 31 December 2023 this expected loss rate amounts to 0.0369% (0.0332%). In addition, separate calculations and provisions are made for markets for which the expected credit losses expects do deviate significantly from the Group average. Assets for which there is no reasonable expectation of recovery is written off through profit and loss to the extent of expected loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. In order to be classified as cash and cash equivalents, the maturity of the cash and cash equivalents instruments is three months or less at the time of acquisition. The Group's Cash and cash equivalents are held in a hold to collect business and are valued at amortised cost. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. Short-term deposits with maturity at inception exceeding three months (but less than 12 months) are presented as short-term investments and not included as cash and cash equivalents.

Bank loans and other borrowings

Interest-bearing bank loans, overdrafts and other loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings (see above).

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when it is extinguished, i.e. when the debt has been paid off or the primary obligation specified in the contract is cancelled or has expired.

Derivative financial instruments

Derivatives are only used for economic hedging purposes or embedded in other agreements such as virtual power purchasing agreements (VPPA) and not used as speculative investments. Derivative financial instruments are initially measured at fair value on the contract date and are remeasured to fair value at subsequent reporting dates. All derivatives with a positive fair value are recognised as derivative financial instruments assets and all derivatives with a negative fair value are recognised as derivative financial instruments liabilities.

Changes in the fair value of derivative financial instruments that are not designated as part of a hedging relationship are recognised as operating profit or financial gain, operating loss or financial loss, depending on the objective of using the derivative and whether the derivative is attributable to operational or financial items.

There were no derivatives designated as cash flow hedges in 2023 or 2022, whereby all fair value changes of derivatives are recognised in the income statement.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Application of new and revised International Financial Reporting Standards (IFRS's)

New accounting policies for 2023

Except the new disclosure requirements for OECD Pillar II in IAS 12, there were no new or revised IFRSs or interpretations from the IFRS Interpretations Committee in 2023 that have had any effect on the profit or loss, financial position or disclosures for the Group.

New accounting policies for 2024 and later

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods. None of these standards that are not yet effective have been early adopted by the Group or would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. Critical accounting judgements and key sources of estimation uncertainty

Inherent in the application of many of the accounting policies used in the preparation of the financial statements is the need for management to make

estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of income and expenses during the reporting period. Actual outcomes could differ from the estimates and assumptions used. The following summary provides further information about the critical accounting judgments and key sources of estimation uncertainty that could have a significant impact on the results of the Group.

Recoverability of the carrying values of goodwill and indefinite-lived intangible assets

Significant judgment is required to determine the extent to which goodwill and indefinite-lived intangible assets have a value that will benefit the Group over future periods. To assist in making this judgment, the Group undertakes an assessment, at least annually, of their carrying values.

Mölnlycke is organised into four decentralised, customer-centric and empowered Business Areas; Wound Care, Operating Room Solutions (ORS), Gloves and Antiseptics supported by focused corporate functions. Management has concluded that the Group's four Business Areas are the lowest level of assets (or groups of assets) for which there are separately identifiable cash flows whereby they meet the definition in IFRS of cash-generating units (CGU's). See note 11 Goodwill for the amount of Goodwill allocated to the respective CGU.

The impairment testing is based on a calculation of value in use in which assumptions of future growth and operating margins are important components. The growth rates and margins used to estimate future performance are based on the Group's forecasts and strategic planning process and are consistent with past performance and experience of growth rates and margins achievable in the Group's key markets. In the Group's impairment assessment special consideration is taken to account for changes in the macroeconomic environment, changes in interest rates and inflation and other uncertainties.

The value in use calculation is based on input data where the first five years' cash-flows are derived from the Group's forecasting and strategic planning

process. A growth rate of 2% (2%) has been used to extrapolate the cash flows for the years beyond this five-year period, which is considered reasonable given historical growth, geographical positioning and industry fundamentals. Estimated cash flows have been discounted using a pre-tax discount rate of 9.1% for Wound Care, 11.4% for ORS, 9.1% for Gloves and 12.6% for Antiseptics. No impairment requirement has been identified since the carrying values are lower than calculated value in use. The assessment is that no reasonable possible change in any key assumption will lead to a calculated recoverable amount that is lower than the carrying amount.

Taxation - unrecognised temporary differences

The Group has recognised deferred tax assets in respect of unutilised losses, tax incentives and timing differences. The Group also has losses for which no value has been recognised for deferred tax purposes in these financial statements. These relates to loss-making subsidiaries where the future economic benefit of these timing differences is not deemed to be probable or subsidiaries where the timing differences are of such a nature that their value is dependent only on certain types of profit being earned, such as capital profits. If trading or other appropriate profits are earned in future in these companies, the timing differences may yield benefit to the Group in the form of a reduced tax charge.

In accordance with IAS 12 Income taxes an entity shall recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries except to the extent that 1) the entity is able to control the timing of the reversal of the temporary difference and 2) it is probable that the temporary difference will not reverse in the foreseeable future. The accounting for such temporary differences therefore involves management's intention regarding the reversal of these temporary differences. Management's assessment is that these criteria to not report a deferred tax liability are fulfilled in relation to certain temporary differences associated with investments in subsidiaries. If these intentions are changed in the future this could result in an increased current or deferred income tax expense for the Group in the period

when this occurs. See note 9 for further information on the Group's unrecognised temporary differences and the assessments made in relation to these temporary differences.

Retirement benefits

Retirement benefit accounting requires a number of key assumptions to be made in order to value the Group's obligations and to determine the liabilities to be recognised and the charge to be recognised in the income statement. It is managements responsibility to set the assumptions used in determining the key elements of the costs of meeting the Group's retirement benefit obligations. These assumptions are set after consultation with qualified actuaries. Details of the assumptions used are given in note 19. Whilst management believe that the assumptions used are appropriate, a change in the assumptions used would affect Group profit or loss and financial position.

Climate related risks

The activities of the Group have environmental implications as manufacturing of the Group's products, including transportation, partially relies on fossil fuels, leading to greenhouse gas emissions. Additionally, the limited availability of renewable energy sources poses a risk in certain countries where the Group's manufacturing sites are located. The Group is working actively with mitigating and limiting the climate related risk, including but not limited to expand the use of renewable energy and in engaging with suppliers and introducing products and packaging manufactured with biobased or recycled materials, as well as switch towards more sustainable transportation modes for finished goods. The Group's manufacturing sites also have some exposure to natural hazards following climate change. However, overall the Group does not see a significant risk resulting in a material adjustment to the carrying amounts of any assets or liabilities within the next financial year due to climate related risks.

3. Acquisitions and disposals

Purchase consideration – cash outflow, MEUR	2023	2022
SastoMed GmbH		
Earn-out payments	0.3	0.6
	0.3	0.6
Net outflow of cash – investments in subsidiaries	0.3	0.6

4. Group companies

Principal subsidiaries

The Company's only directly held subsidiaries are MHC UK Ltd, (Reg. No. 5886297), Great Britain and MHC Sweden AB (Reg. No. 556716-2150), Sweden. MHC UK Ltd, Great Britain and MHC Sweden AB, Sweden owns, direct and indirect, 100% of the following companies:

Mölnlycke Health Care Pty Ltd., Australia	Mölnlycke Health Care India Pvt Ltd, India
Mölnlycke Health Care GmbH, Austria	Mölnlycke Health Care S.r.l., Italy
Mölnlycke Health Care N.V./S.A., Belgium	Mölnlycke Health Care K.K., Japan
Mölnlycke Health Care Brazil Ltda., Brazil	Mölnlycke Health Care Korea Co, Ltd., Korea
Mölnlycke Health Care Vends de Prod. Médicos Ltda., Brazil	Mölnlycke Health Care UAB, Lithuania
Mölnlycke Health Care Inc., Canada	Mölnlycke Health Care Sdn Bhd., Malaysia
Mölnlycke Health Care Chile SpA., Chile	Mölnlycke Health Care Sales Sdn Bhd., Malaysia
Mölnlycke Healthcare (Shanghai) Co. Ltd., China	Mölnlycke Health Care KH Property Sdn Bhd, Malaysia
Mölnlycke Health Care Adria d.o.o, Croatia	Mölnlycke Health Care B.V., Netherlands
Mölnlycke Health Care Klinipro s.r.o., Czech Republic	Mölnlycke Health Care AS, Norway
Mölnlycke Health Care s.r.o., Czech Republic	Mölnlycke Health Care Polska Sp. z o.o., Poland
Mölnlycke Health Care ProcedurePak s.r.o., Czech Republic	Mölnlycke Health Care LDA., Portugal
Mölnlycke Health Care ApS, Denmark	Mölnlycke Health Care Asia Pacific Pte. Ltd, Singapore
M&J Airlaid Products A/S, Denmark	Mölnlycke Health Care Slovakia s.r.o. Slovakia
Mölnlycke Health Care OÜ , Estonia	Mölnlycke Health Care S.L., Spain
Mölnlycke Health Care Oy, Finland	Mölnlycke Health Care South Africa (Pty) Ltd, South Africa
Mölnlycke Health Care SAS, France	Mölnlycke Health Care AB, Sweden
Mölnlycke Health Care GmbH, Germany	Mölnlycke IP AB, Sweden
Medlock Medical Ltd, Great Britain	Sälöknapp AB, Sweden
Mölnlycke Health Care Ltd., Great Britain	Mölnlycke Health Care S.A., Switzerland
Regent Medical Holdings America Ltd, Great Britain	Mölnlycke Health Care (Thailand) Ltd., Thailand
Regent Medical Ltd, Great Britain	Mölnlycke Health Care Sales (Thailand) Co., Ltd., Thailand
Regent Medical Overseas Ltd, Great Britain	Mölnlycke Health Care Taiwan Co. Ltd., Taiwan
Mölnlycke Health Care Ltd./Kft., Hungary	Mölnlycke Health Care US LLC, USA
Mölnlycke Health Care Hong Kong Limited, Hong Kong	Mölnlycke Manufacturing US LLC, USA

Interests in joint ventures

The Group has a Joint Venture (JV) in Saudi Arabia which was established in 2021, Tamer Mölnlycke Arabia LLC. The JV will manufacture procedure trays for this region and the plant is under construction. Mölnlycke has an ownership and voting rights of 33.33% of this entity and it is considered a strategic investment for the Group. Through the shareholder agreement, Mölnlycke is guaranteed a seat on the board of Tamer Mölnlycke Arabia LLC and consent is required for all significant financial and operating decisions. The Group has

therefore determined that it has joint influence over this entity, even though it only holds 33.33% of the voting rights and Mölnlycke has concluded this arrangement to be a Joint Venture under IFRS to be accounted for using the equity method.

In 2023, the Group made an additional capital contribution to the JV of MEUR 1.8 (2.4). In total the Group has contributed MEUR 5.7 to the JV since inception. The Group's joint venture is not deemed to be significant from a financial reporting perspective.

MEUR	2023	2022
Tamer Mölnlycke Arabia LLC		
Carrying amount	4.7	3.2
Group share of:		
Result from continuing operations	-0.6	-0.5
Other comprehensive income	-	-
Total comprehensive income	-0.6	-0.5

Specification of holdings of shares and participations in Associates and Joint Ventures

Name of associated company or Joint Venture	Registered office (city, country)	Registration number	Number of shares held	Share of voting power (%)	Proportion of equity (%)
Tamer Mölnlycke Arabia LLC	Jeddah, Saudi Arabia	4,030,411,421	1,299,870	33.33	33.33

The Group has no contingent liabilities relating to the joint venture other than the responsibility of the Group for the quality of items supplied by Mölnlycke to the company in accordance with normal delivery and commercial terms.

5. Segment information

Mölnlycke has a reporting structure with four decentralized, customer-centric and empowered Business Areas; Wound Care, ORS (Operating Room Solutions), Gloves and Antiseptics supported by focused corporate functions. Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is focused on these four Business Areas. Management has made an assessment and concluded that these Business Areas are the Group's reportable segments under IFRS 8.

The Wound Care product segment specialises in providing products for the treatment of acute wounds, caused by burns, trauma and surgery, and the treatment of chronic wounds, including diabetic foot ulcers and venous leg ulcers – as well as the treatment and prevention of pressure ulcers.

The ORS product segment specialises in providing single-use surgical products serving customer needs for operating room efficiency and protection of patients and health care workers. Products include drapes (patient and equipment drapes), staff clothing (gowns, headwear, facemasks, and scrub suits), surgical instruments, components and custom procedure trays.

The Gloves segment provides high quality and reliable gloves to the surgical staff. Mölnlycke gloves are designed to offer optimised comfort and fit as well as extra protection from blood-borne infection and are used as a double glove solution.

The Antiseptics segment provides antiseptic products which are used in pre- and post-operative washing and provides lasting antibacterial protection for the skin.

Information regarding the Group's reportable segments is presented in the following tables.

MEUR	2023					
	Wound Care	ORS	Gloves	Antiseptics	Unallocated	Total
Segment revenue	1,133.4	496.5	239.9	53.7	-	1,923.5
Share of result in joint ventures	-	-0.6	-	-	-	-0.6
Segment EBITDA	463.6	35.6	42.8	3.1	-	545.1
Depreciation, amortisation and impairment charges	-50.0	-19.4	-11.5	-0.8	-	-81.7
Operating profit	413.6	16.2	31.3	2.3	-	463.4
Net finance costs	-	-	-	-	24.0	24.0
Profit before tax	-	-	-	-	-	487.4
Income tax	-	-	-	-	-93.9	-93.9
Profit for the year	-	-	-	-	-	393.5
Assets	443.2	318.7	173.4	55.1	3,651.0	4,641.4
Investments in joint ventures	-	1.8	-	-	-	1.8
Additions to non-current assets*	38.5	9.6	12.1	1.3	-	61.5
Liabilities	44.6	41.3	8.8	3.1	2,562.2	2,660.0

MEUR	2022					
	Wound Care	ORS	Gloves	Antiseptics	Unallocated	Total
Segment revenue	1,061.1	457.8	258.7	50.1	-	1,827.7
Share of result in joint ventures	-	-0.5	-	-	-	-0.5
Segment EBITDA	424.8	6.0	49.9	-4.4	-	476.3
Depreciation, amortisation and impairment charges	-52.2	-20.1	-11.2	-1.0	-	-84.5
Operating profit	372.6	-14.1	38.7	-5.4	-	391.8
Net finance costs	-	-	-	-	-32.3	-32.3
Profit before tax	-	-	-	-	-	359.5
Income tax	-	-	-	-	-80.2	-80.2
Profit for the year	-	-	-	-	-	279.3
Assets	425.1	329.8	206.8	57.3	3,246.1	4,265.1
Investments in joint ventures	-	2.4	-	-	-	2.4
Additions to non-current assets*	30.2	9.4	43.9	1.4	-	84.9
Liabilities	49.3	49.8	22.7	2.6	2,405.5	2,529.9

* The amounts of additions to non-current assets, other than financial instruments and deferred tax assets.

Segment assets are reconciled to total assets as follows	2023	2022
Segment assets for reportable assets	990.4	1,019.0
Unallocated:		
Goodwill	2,129.1	2,129.2
Trademark, Technology & Customer contracts	535.7	552.7
Deferred tax asset	53.9	38.5
Current tax receivables	30.7	36.8
Cash and cash equivalents	398.4	343.3
Receivables, parent company	258.3	104.8
Short-term investments	150.0	-
Other	94.9	40.8
Total assets	4,641.4	4,265.1

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2022: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment profit (EBITDA) represents the earnings before interest, tax, depreciation, amortisation and impairment charges earned by each segment excluding exceptional items. This is the principal

Geographical information non-current assets, MEUR	12/31/2023	12/31/2022
Sweden	52.8	58.3
Czech Republic	64.1	69.2
Finland	58.8	52.2
Malaysia	88.2	92.4
U.S.	53.7	60.8
Other countries	54.1	52.9
Total	371.7	385.8

Non-current assets included in the table above comprise property, plant and equipment, right-of-use assets, capitalised development expenditure and computer software. Goodwill and other intangible assets that have been recognised as a result of the acquisition of

measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The only liability that is provided on a regular basis to the chief operating decision maker on a segment level is Trade accounts payable. The total of the reportable segments' liabilities does equal the total Trade accounts payable reported in the Group's balance sheet, please refer to note 21.

geographically diverse subsidiaries (trademarks and brands, proprietary technologies and customer contracts) have not been allocated to different geographical areas and are not included in non-current assets in the above table.

6. Revenue from contracts with customers

The Group's revenue from contracts with customers relates entirely to sale of products. For all products, control is transferred and revenue is recognized at a point in time when products are shipped to the customer and the customer obtains control of the assets. The Group derives revenue in the following reportable

segments, geographical regions and sales channels. Revenue from external customers is allocated to geographical area by the location of the legal entity in which the revenue is recorded. There were no inter-segment sales in the year (2022: -).

MEUR	2023	2022
Reportable segments		
Wound Care	1,133.4	1,061.1
OR Solutions	496.5	457.8
Gloves	239.9	258.7
Antiseptics	53.7	50.1
Total	1,923.5	1,827.7
Geographical information		
Sweden	62.1	59.3
France	207.9	190.8
Europe (excl. Sweden and France), Middle East and Africa	839.4	771.3
U.S.	559.7	571.0
Americas (excl U.S.)	68.5	64.3
Asia Pacific	185.9	171.0
Total	1,923.5	1,827.7
Sales channels		
Through distributors	1,314.2	1,256.1
Directly to customers	609.3	571.6
Total	1,923.5	1,827.7

7. Operating costs by nature

The Group classifies operating costs in its income statement according to function. The Group's operating costs can be analysed by their nature as follows:

Operating cost, MEUR	2023	2022
Raw materials and finished goods	-627.3	-617.0
Personnel costs	-488.2	-456.4
Depreciation, amortisation and impairment charges	-81.7	-84.5
Other operating expenses	-263.6	-278.1
	-1,460.8	-1,436.0

Other operating income and expenses, MEUR	2023	2022
Insurance compensation	1.0	-
Sales of services to related parties	0.6	0.8
Other	-0.3	-0.2
	1.3	0.6

8. Finance income and finance costs

Finance income, MEUR	2023	2022
Interest income		
<i>Financial assets at amortised cost</i>		
Cash and cash equivalents	13.9	1.6
Receivables parent company, net	10.2	0.4
	24.1	2.0
Revaluation gain		
<i>Financial assets and financial liabilities at Fair value through profit and loss</i>		
Derivative financial instruments	52.1	-
	76.2	2.0
Finance costs, MEUR	2023	2022
Interest expenses		
<i>Financial liabilities at amortised cost</i>		
Borrowings	-28.4	-27.3
Interest on derivative instruments	-6.9	-4.0
Current interest bearing liabilities	-0.0	-0.0
Other interest cost	-4.9	-4.7
	-40.2	-36.0
Revaluation loss		
<i>Financial assets and financial liabilities at Fair value through profit and loss</i>		
Derivative financial instruments	-0.0	-3.0
	-0.0	-3.0
Other financial items		
Currency gain/loss	-11.4	5.1
Other financial items	-0.6	-0.4
	-12.0	4.7
Total finance costs	-52.2	-34.3

9. Income tax

MEUR	2023	2022
Income tax expense for the period		
Current tax	-98.5	-74.6
Deferred tax	4.6	-5.6
	-93.9	-80.2
Income tax recognised in other comprehensive income		
Current tax: Exchange difference on foreign operations	0.3	2.0
Deferred tax: Remeasurment of defined benefit pension plans	-0.6	-7.4
	-0.3	-5.4
Income tax recognised directly in equity		
Current tax: Group contribution	38.1	24.1
	38.1	24.1
Total tax for the period		
Total current tax	-60.1	-48.5
Total deferred tax	4.0	-13.0
Total	-56.1	-61.5
Numerical reconciliation of income tax expense, MEUR	2023	2022
Profit before tax	487.4	359.5
Tax at the Swedish domestic income tax rate of 20.6%	-100.4	-74.1
Tax effect of expenses that are not tax deductible	-2.1	-2.0
Tax effect of income that is not taxable	0.1	0.5
Difference in tax rates in foreign subsidiaries	-3.9	-4.4
Adjustments to taxes for previous periods	-1.2	-2.2
Change of tax rates	-0.1	0.0
Tax effect of recognition and derecognition of tax losses and tax incentives	11.9	-0.1
Other	1.8	2.1
Income tax expense for the period	-93.9	-80.2

Movements in net deferred tax balance, MEUR	2023	2022
Net liability at the beginning of the year	92.8	81.0
Charged/(credited) to profit or loss for the year	-4.6	5.6
Charged/(credited) to other comprehensive income	0.6	7.4
Exchange rate differences	0.5	-1.2
Net liability at the end of the year	89.3	92.8
Deferred tax assets and liabilities attributable to, MEUR	12/31/2023	12/31/2022
Deferred tax assets		
Property, plant and equipment	0.7	0.8
Goodwill	14.4	14.6
Other intangible assets	5.4	3.3
Fair value derivatives	-	0.7
Inventories	20.3	15.4
Accounts receivables	1.3	1.2
Retirement benefit obligations	6.4	7.7
Other accruals, provisions and liabilities	10.3	11.0
Tax loss carry forward and tax incentives	11.7	0.2
Gross total	70.5	54.9
Net of deferred tax liabilities	-16.6	-16.4
Net total	53.9	38.5
Deferred tax liabilities		
Property, plant and equipment	25.3	23.5
Goodwill	14.3	11.0
Other intangible assets	111.1	112.1
Fair value derivatives	9.1	-
Other	0.0	1.1
Gross total	159.8	147.7
Net of deferred tax assets	-16.6	-16.4
Net total	143.2	131.3

10. Property, plant and equipment

Tax losses, MEUR	12/31/2023	12/31/2022
Unused tax losses of which no deferred tax asset has been recognised	33.0	31.8
Potential tax benefit	8.8	7.0

No deferred tax asset has been recognised for certain subsidiaries where the uncertainty exists if the Group will have the specific type of income (such as non-trading income in specific entities) in the jurisdiction of origin that is needed to utilize these losses or if the unused tax losses being incurred by a dormant subsidiary that is not likely to generate taxable income

in the foreseeable future. The unused tax losses for these entities can be carried forward indefinitely. Tax incentives are recognized when it is probable that the entity will generate sufficient taxable profit to utilize such incentives and all other requirements to obtain the incentives are fulfilled at the closing day.

Unrecognised temporary differences, MEUR	12/31/2023	12/31/2022
Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:		
Foreign currency translation ¹⁾	238.0	252.5
Undistributed earnings ²⁾	33.4	42.9
	271.4	295.4
Unrecognised deferred tax liability relating to the above temporary differences	52.4	56.3

1) The Swedish Council for Advance Tax Rulings has in 2019 interpreted Swedish tax law in relation to exchange differences on EUR denominated financial assets in Swedish entities with EUR as reporting currency. Within the Group's holding structure, external funding denominated in EUR is raised in one of the holding companies and distributed to the Group's operating entities through a EUR denominated intercompany loan. According to the interpretation in the advanced tax ruling, an unrealized taxable foreign exchange gain exists on this intercompany loan that however will be taxable, triggering a negative cash flow effect, only when the loan is close to fully repaid. The Group has the full decisive power to decide if and when to have this

loan repaid and the Group has no intention to do so within a foreseeable future. In accordance with IAS 12 Income taxes the Group has therefore not reported any deferred tax liability for this temporary difference.

2) The Group's production entity in Thailand has undistributed earnings which, if paid out as dividends, would be subject to a 10% withholding tax. An assessable temporary difference exists, but no deferred tax liability has been recognised as the Group is able to control the timing of distributions from this subsidiary and is not expected to distribute these profits in the foreseeable future.

MEUR	Properties	Land and land improvements	Machinery	Equipment	Total
At 1 January 2022					
Acquisition cost	108.5	5.3	299.6	76.6	490.0
Accumulated depreciation and impairment	-36.0	0.0	-157.1	-51.7	-244.8
Net book amount	72.5	5.3	142.5	24.9	245.2
Year ended 31 December 2022					
Opening net book amount	72.5	5.3	142.5	24.9	245.2
Additions	16.3	0.0	20.8	23.9	61.0
Disposals	-0.7	-	-1.2	-0.1	-2.0
Depreciations	-4.3	0.0	-20.6	-6.5	-31.4
Reclassifications	0.0	-	5.8	-5.8	0.0
Exchange differences	1.4	0.0	1.9	-0.3	3.0
Closing net book amount	85.2	5.3	149.2	36.1	275.8
At 31 December 2022					
Acquisition cost	125.5	5.3	326.9	94.3	552.0
Accumulated depreciation and impairment	-40.3	0.0	-177.7	-58.2	-276.2
Net book amount	85.2	5.3	149.2	36.1	275.8
Year ended 31 December 2023					
Opening net book amount	85.2	5.3	149.2	36.1	275.8
Additions	1.7	0.0	17.3	18.5	37.5
Disposals	0.0	-	-0.1	-0.3	-0.4
Depreciations	-4.7	0.0	-20.7	-7.0	-32.4
Reclassifications	0.1	-	13.5	-13.7	-0.1
Exchange differences	-3.7	-0.1	-4.9	-1.0	-9.7
Closing net book amount	78.6	5.2	154.3	32.6	270.7
At 31 December 2023					
Acquisition cost	123.6	5.2	352.7	97.8	579.3
Accumulated depreciation and impairment	-45.0	0.0	-198.4	-65.2	-308.6
Net book amount	78.6	5.2	154.3	32.6	270.7

11. Goodwill

MEUR	2023	2022
At the beginning of the year	2,129.2	2,136.6
Exchange differences	-0.1	-7.4
At the end of the year	2,129.1	2,129.2

Goodwill has been allocated to the Group's cash generating units (CGUs), which correspond to the Group's four Business Areas, as follows:

MEUR	12/31/2023	12/31/2022
Wound Care	1,424.4	1,424.5
ORS	91.4	91.4
Gloves	547.4	547.4
Antiseptics	65.9	65.9
	2,129.1	2,129.2

12. Other intangible assets

MEUR	Trademarks and brands	Proprietary technology	Customer contracts	Capitalised development expenditure	Computer software	Total
At 1 January 2022						
Acquisition cost	499.2	227.5	9.0	63.2	84.8	883.7
Accumulated amortisation and impairment	-11.6	-142.7	-6.6	-41.1	-55.1	-257.1
Net book amount	487.6	84.8	2.4	22.1	29.7	626.6
Year ended 31 December 2022						
Opening net book amount	487.6	84.8	2.4	22.1	29.7	626.6
Additions	-	-	-	4.3	4.6	8.9
Disposals	-	-	-	-1.3	-0.1	-1.4
Amortisations	-2.9	-14.9	-0.7	-5.6	-7.6	-31.7
Reclassifications	-	-	-	0.0	-	0.0
Exchange differences	-0.2	-3.3	-0.2	-1.7	-1.4	-6.8
Closing net book amount	484.5	66.6	1.5	17.8	25.2	595.6
At 31 December 2022						
Acquisition cost	499.0	224.2	8.8	64.5	87.9	884.4
Accumulated amortisation and impairment	-14.5	-157.6	-7.3	-46.7	-62.7	-288.8
Net book amount	484.5	66.6	1.5	17.8	25.2	595.6
Year ended 31 December 2023						
Opening net book amount	484.5	66.6	1.5	17.8	25.2	595.6
Additions	-	-	-	5.2	1.5	6.7
Disposals	-	-	-	-	0.0	0.0
Amortisations	-1.9	-14.3	-0.5	-4.2	-7.1	-28.0
Reclassifications	-	-	-	-	0.1	0.1
Exchange differences	0.0	-0.3	0.1	0.2	-0.3	-0.3
Closing net book amount	482.6	52.0	1.1	19.0	19.4	574.1
At 31 December 2023						
Acquisition cost	499.0	223.9	8.9	69.9	89.2	890.9
Accumulated amortisation and impairment	-16.4	-171.9	-7.8	-50.9	-69.8	-316.8
Net book amount	482.6	52.0	1.1	19.0	19.4	574.1

Amortisation and impairment charges are included in the following line items in the Group's Income Statement:

MEUR	Trademarks and brands	Proprietary technology	Customer contracts	Capitalised development expenditure	Computer software	Total
2023						
Cost of sales	-	-14.3	-	-	-2.0	-16.3
Selling costs	-1.9	-	-0.5	-	-1.7	-4.1
Administrative costs	-	-	-	-	-3.1	-3.1
Research and development costs	-	-	-	-4.2	-0.3	-4.5
Total	-1.9	-14.3	-0.5	-4.2	-7.1	-28.0
2022						
Cost of sales	-	-14.9	-	-	-2.1	-17.0
Selling costs	-2.9	-	-0.7	-	-1.7	-5.3
Administrative costs	-	-	-	-	-3.5	-3.5
Research and development costs	-	-	-	-5.6	-0.3	-5.9
Total	-2.9	-14.9	-0.7	-5.6	-7.6	-31.7

Trademarks and brands assessed as having an indefinite useful life are allocated to the Group's cash generating units as follows:

MEUR	12/31/2023	12/31/2022
Wound care	290.0	290.0
OR Solutions	116.6	116.6
Gloves	56.2	56.2
Antiseptics	4.6	4.6
	467.4	467.4

13. Inventories

MEUR	12/31/2023	12/31/2022
Raw materials	83.1	108.7
Work-in-progress	17.3	17.1
Finished goods	207.0	219.3
Consumables	5.9	6.0
Inventories, gross amount	313.3	351.1
Provision for obsolescence	-9.4	-11.2
Inventories, net after provision for obsolescence	303.9	339.9

The Group reversed 2.0 MEUR of a previous inventory write-down during the year. The amount reversed has been included in cost of sales in the statement of profit or loss.

14. Trade and other receivables

MEUR	12/31/2023	12/31/2022
Trade accounts receivable		
Accounts receivable, gross	319.4	297.7
Allowance for doubtful debts	-4.6	-4.5
	314.8	293.2
Other financial receivables		
Customer invoices to be issued	3.6	2.7
Deposits	0.1	0.9
Other current receivables	6.3	8.3
Accrued interest income	3.3	-
	13.3	11.9
Financial trade and other receivables	328.1	305.1
Other current receivables		
VAT	3.8	4.0
Prepaid rent	1.2	1.1
Other prepaid expenses	23.8	17.8
	28.8	22.9
Trade and other receivables	356.9	328.0

Trade accounts receivable does not include any debtors that have been transferred to a financial institution.

16. Capital management

The Group considers the capital that it manages to be the equity attributable to equity holders of the parent as shown in the Group's Consolidated statement of financial position.

The Group's objectives when managing capital are to ensure that the Group has adequate funds to continue as a going concern and sufficient flexibility within the capital structure to fund the ongoing growth of the business and to take advantage of business development opportunities including acquisitions. The Group determines the amount of capital in conjunction with its borrowing requirements, taking into account changes in business risks, future funding requirements and any restrictions contained its borrowing facilities (see note 23). The Group's overall strategy remains unchanged from prior year.

No dividends have been paid in 2023 (nil) to the parent company Mölnlycke AB. Reported group contribution for 2023 to the parent company Mölnlycke AB amounts to MEUR 184.8 (116.8).

In 2023 distributions of MEUR 300.0 (300.0) have been made by the Group to the Group's parent company Mölnlycke AB's shareholders on behalf of Mölnlycke AB. From the Group's perspective this distribution is a part of the settlement of dividends and group contributions from the Group to Mölnlycke AB. The table below presents a roll forward of the Group's net receivable/liability to its parent company Mölnlycke AB.

MEUR	12/31/2023	12/31/2022
Opening balance	104.8	-88.1
Non-cash transactions		
Group contribution to parent company	-184.8	-116.8
Dividend to parent company	-	-
Capitalised interest	10.2	0.4
Exchange rate differences and other	6.2	9.0
Cash transactions		
Tax paid on behalf of parent company	21.9	35.6
Distribution to the owners of the Group, on behalf of parent company	300.0	300.0
Cash transfer from/to parent company	-	-35.3
Closing balance	258.3	104.8

Ageing of trade receivables, MEUR:	12/31/2023			12/31/2022		
	Gross amount	Reported allowance	Net amount	Gross amount	Reported allowance	Net amount
Not past due	254.3	-0.1	254.2	224.6	-0.1	224.5
Past due 0-30 days	19.9	0.0	19.9	22.9	0.0	22.9
Past due 31-90 days	18.5	-0.4	18.1	25.7	-0.3	25.4
Past due 91-180 days	11.4	-0.3	11.1	10.1	-0.2	9.9
More than 180 days	15.3	-3.8	11.5	14.4	-3.9	10.5
	319.4	-4.6	314.8	297.7	-4.5	293.2

Movement in the allowance for doubtful debts, MEUR	2023	2022
At 1 January	-4.5	-4.2
Impairment losses recognised	-1.0	-0.6
Impairment losses reversed	0.9	0.3
Exchange differences	0.0	0.0
At 31 December	-4.6	-4.5

15. Cash, cash equivalents and short term investments

MEUR	12/31/2023	12/31/2022
Bank balances	248.4	243.3
Short term bank deposits	150.0	100.0
Cash and cash equivalents	398.4	343.3

MEUR	12/31/2023	12/31/2022
Short term bank deposits	150.0	-
Short-term investments	150.0	-

Cash and cash equivalents is cash and short-term bank deposits held by the Group with a maturity of less than three months at the time of acquisition.

Cash and cash equivalents as of 31 December 2023, includes MEUR 33.8 (29.9) in countries where exchange controls or other legal restrictions apply. Therefore it is not possible to immediately use these liquid funds in

other parts of the Group. However, there is normally no limitation to use them for the Group's operation in the respective country.

Short term investments refer to short term bank deposits with a maturity at inception of more than three months but less than 12 months. The deposits carry a fixed interest rate

17. Cash flow information

The tables below detail changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

MEUR	01/01/2023	Cash flows	Non-cash changes				31/12/2023
			Acquisitions	Amortisation	Exchange differences	Other changes	
Bond notes	1,893.0	145.4	-	1.7	-	-	2,040.1
Lease liabilities	66.9	-23.3	17.3	-	-0.3	1.8	62.4
	1,959.9	122.1	17.3	1.7	-0.3	1.8	2,102.5

MEUR	01/01/2022	Cash flows	Non-cash changes				31/12/2022
			Acquisitions	Amortisation	Exchange differences	Other changes	
Bond notes	2,013.4	-122.4	-	2.0	-	-	1,893.0
Lease liabilities	73.1	-22.5	15.0	-	0.0	1.3	66.9
	2,086.5	-144.9	15.0	2.0	0.0	1.3	1,959.9

Refer to note 16 for cash flow information regarding the balance with the parent company.

18. Leases

MEUR	12/31/2023	12/31/2022
Balance sheet items		
Right-of-use assets		
Buildings	48.0	52.2
Land	2.0	2.3
Vehicles	12.6	12.6
	62.6	67.1
Lease liabilities		
Current	22.5	20.4
Non-current	39.9	46.5
	62.4	66.9
MEUR		
	2023	2022
Additions to the right-of use assets during the year	17.3	15.0
Amounts included in the consolidated income statement		
Depreciation charge of right-of-use assets		
Buildings	14.4	13.9
Land	0.0	0.2
Vehicles	6.9	7.3
	21.3	21.4
Interest expense on lease liabilities	1.8	1.4
Expense relating to short-term leases	0.8	0.6
Expense relating to low-value leases	1.0	1.1
Total cash outflow for leases	26.9	25.6
Future cash outflows for committed leases not yet commenced	60.1	46.9

Please refer to note 1 for the accounting policies followed and information about the nature of the Group's leasing activities and note 23 for a maturity analysis of lease liabilities.

19. Retirement benefit obligations

Defined contribution plans

In many countries, the Group's employees are covered by defined contribution pension plans. The pension plans primarily entail retirement pensions. The premiums are paid continuously throughout the year by each Group company to separate legal entities, such as insurance companies. The employer's obligation is limited to the premiums the company has undertaken to pay. Under this type of plan, no liability is recognised in the balance sheet, except for accrued contributions.

In Sweden, the total retirement benefit package is a mixed solution, with some parts being defined contribution pension plans and others defined benefit pension plans. The part of the Swedish ITP2 plan (supplementary pensions for salaried employees) concerning family pension, disability pension, and employment group life insurance financed by insurance with Alecta is a defined benefit pension multi-employer plan. The Swedish Financial Accounting Standards Council's Interpretations Committee has however concluded that the information provided by Alecta is not sufficient to be able to account for the Alecta plan as a defined benefit plan. Therefore, the Alecta plan has been reported as a defined contribution plan and this means that premiums paid to Alecta will also be recognized on an ongoing basis as expenses in the period to which they pertain. Alecta's surplus can be distributed to the insurers and/or the insured. At year-end 2023, Alecta's surplus in the form of the collective consolidation level was 158% (172%). For 2024, the Group expects to pay MEUR 0.3 for premiums to Alecta.

During the period the Group expensed MEUR 26.1 (22.9) of contributions to defined contribution plans.

Defined benefit plans

Defined benefit plans are those where the Group's obligation is to provide pension and other post-retirement benefits that participating employees will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. The Group operates defined benefit pension plans for qualifying employees in Sweden, USA, Belgium, Germany, the Netherlands, Thailand, Italy and France.

The defined benefit plans in Belgium, USA and the Netherlands are funded, the remainder are unfunded.

The Swedish plan is the most significant defined benefit plan for the Group, representing 54% of the defined benefit obligation and 72% of the net liability at 31 December 2023 (52% and 71% respectively).

The major risks associated with the defined benefit plans are as follows:

- Investment risk: The defined benefit obligation is calculated using discount rates set with reference to corporate bond yields. If assets in funded plans underperform this yield it will increase the amount of any deficit.
- Interest risk: A decrease in corporate bond yields will increase the value of the defined benefit obligation for accounting purposes, although this would be partially offset by an increase in the value of corporate bonds held as assets.
- Longevity risk: The majority of the obligations are to provide benefits for the life of the plan member so increases in life expectancy will result in an increase in the defined benefit obligation.
- Salary risk: The majority of the obligations are to provide benefits for plan member based on annual salaries during the last few years of employment. If salaries increase faster than has been assumed this will result in an increase in the defined benefit obligation.

The principal assumptions used for the purpose of the actuarial valuations used in preparing the financial statements were as follows:

	Sweden		Others (weighted average)	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Discount rate	4.0%	4.0%	4.1%	3.6%
Expected rate of salary increases	2.4%	2.8%	2.2%	2.4%
Inflation rate	1.7%	2.1%	2.1%	2.2%

The discount rate is set separately for each country and is determined, in consultation with our local actuaries, by reference to market rates on high quality corporate bonds with a duration and currency that is consistent with the duration and currency of the defined benefit obligation.

This may involve interpolation of bond yield curves where there is no direct match for duration or the market is not deep for matching bond durations. Other assumptions are based on market conditions in each country.

The amounts recognised in profit or loss in respect of defined benefit plans are as follows:

MEUR	Sweden		Others	
	2023	2022	2023	2022
Current service cost	0.9	2.1	1.4	1.9
Past service cost and (gain) or loss from settlements	-	-	-	-
Net interest cost	1.8	1.2	0.6	0.3
	2.7	3.3	2.0	2.2

The total costs above are shown under selling costs MEUR 0.5 (0.8), administrative costs MEUR 0.9 (2.1), cost of goods sold MEUR 0.9 (1.1) and finance costs MEUR 2.4 (1.5).

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit plans is as follows:

MEUR	Sweden		Others	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Present value of funded defined benefit obligations	-	-	23.3	24.1
Fair value of plan assets	-	-	-21.3	-21.7
Deficit	-	-	2.0	2.4
Present value of unfunded defined benefit obligations	45.0	43.6	15.1	15.8
Net liability arising from defined benefit obligations	45.0	43.6	17.1	18.2

Movements in the present value of the defined benefit obligation in the period were as follows:

MEUR	2023	2022
Opening defined benefit obligation	83.5	119.6
Current service cost	2.3	4.0
Interest cost	3.2	1.8
Contributions from plan participants	0.0	0.0
Past service costs and settlements	-	-
Actuarial losses / (gains):		
- Arising from changes in demographic assumptions	0.2	-0.2
- Arising from changes in financial assumptions	-7.1	-46.1
- Arising from experience differences	3.2	11.4
Benefits paid	-1.6	-1.9
Exchange differences	-0.3	-5.1
Closing defined benefit obligation	83.4	83.5

Movements in the present value of the plan assets in the period were as follows:

MEUR	2023	2022
Opening fair value of plan assets	21.7	25.0
Interest income	0.8	0.3
Return on plan assets, excluding interest income	-1.6	-4.0
Contributions from plan sponsors	0.9	0.8
Contributions from plan participants	0.1	0.1
Settlements	-	-
Benefits paid	-0.3	-0.8
Exchange differences	-0.3	0.3
Closing fair value of plan assets	21.3	21.7

The major categories of plan assets, are as follows:

MEUR	12/31/2023	12/31/2022
Equity investments	3.2	3.0
Fixed income investments	1.2	1.2
Others investments, principally insurance contracts	16.9	17.5
Closing fair value of plan assets	21.3	21.7

In Belgium and the Netherlands the liabilities are insured. No split of assets underlying the related insurance contracts is available for Belgium or the Netherlands and all of the plan assets for those

countries are included against the 'other investments' caption. USA plan assets are included against the relevant caption.

The actual return on plan assets was MEUR -0.8 (-3.7).

Sensitivity analysis

The sensitivity analysis relating to the main actuarial assumptions used to assess the defined benefit obligation for the Group's most significant defined benefit plan (Sweden) is as follows:

	Change in DBO
Discount Rate	
1% increase in the discount rate	-16%
1% decrease in the discount rate	21%
Rate of salary increase	
1% increase in the rate of salary increases	7%
1% decrease in the rate of salary increases	-6%
Inflation rate	
1% increase in the rate of inflation	15%
1% decrease in the rate of inflation	-13%
Longevity	
Plus or minus one year	+/- 3%

These sensitivities have been calculated individually whilst holding the other assumptions constant.

Maturity of the defined benefit obligation and cash flows expected in 2024

At 31 December 2023 the average maturity of the defined benefit obligations under the Swedish plan is 19 years and the weighted average maturity of the defined benefit obligations under the Group's other plans is estimated at 14 years.

It is estimated that Group company contributions to funded defined benefit plans in 2024 will be MEUR 1.1 (1.0) and that benefit payments from unfunded plans in 2024 will be MEUR 1.4 (1.3).

Direct pensions

Certain current and former employees of the Group have pension benefits in form of direct pensions where the Group pays premiums to capital insurances which are then used to settle the pension expense. Pension premiums to such capital insurances are expensed as the employee performs the services. Direct pensions are presented at net zero in the balance sheet since the capital insurance in full cover the liability for the pension. In case the special payroll tax is not covered by the capital insurance, the special payroll tax is accrued (refer to note 21). The capital insurances are pledged to cover the direct pension liability (refer to note 24).

20. Provisions

MEUR	Restructuring provision		Provision for legal cases		Total	
	2023	2022	2023	2022	2023	2022
Balance at the beginning of the year	2.6	0.3	0.9	0.9	3.5	1.2
Provision made	-	2.6	-	-	-	2.6
Utilisation of provision	-1.9	-0.3	-	-	-1.9	-0.3
Reversals	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	-
Balance at the end of the year	0.7	2.6	0.9	0.9	1.6	3.5
Included in the balance sheet as:						
Current	0.7	2.6	-	-	0.7	2.6
Non-current	-	-	0.9	0.9	0.9	0.9
Total	0.7	2.6	0.9	0.9	1.6	3.5

21. Trade and other payables

MEUR	12/31/2023	12/31/2022
Trade accounts payable	97.9	124.4
Other financial payables		
Accrued interest expense	18.6	21.1
Deferred consideration	0.5	0.5
Goods received not invoiced	8.6	16.4
Withholding personnel tax liabilities	6.2	5.0
Other liabilities	3.7	6.3
	37.6	49.3
Financial trade and other payables	135.5	173.7
Other current liabilities		
Personnel related liabilities	99.6	89.0
Accrued customer rebates	34.7	36.4
VAT	17.3	13.5
Other accrued expenses	48.9	49.4
	200.5	188.3
Trade and other payables	336.0	362.0

22. Financial assets and financial liabilities

The Group holds the following financial instruments:

MEUR	Notes	12/31/2023	12/31/2022
Financial assets			
Financial assets at amortised cost:			
Trade and other receivables	14	328.1	305.1
Receivables, parent company	16	258.3	104.8
Short-term investments	15	150.0	-
Cash and cash equivalents	15	398.4	343.3
Other non-current assets		2.7	1.9
Financial assets at fair value through profit or loss (FVPL):			
Other non-current assets		1.4	0.4
Derivative financial instruments at FVPL	23	44.0	0.5
Total financial assets		1,182.9	756.0
Financial liabilities			
Financial liabilities at amortised cost:			
Bond notes	23	2,040.1	1,893.0
Trade and other payables	21	135.6	173.2
Liabilities, parent company	16	-	-
Other non-current liabilities		1.7	1.4
Financial liabilities at FVPL:			
Other non-current liabilities		0	0.3
Trade and other payables	21	0.5	0.5
Derivative financial instruments at FVPL	23	-	4.3
Total financial liabilities		2,177.9	2,072.7

Fair value of outstanding bond notes amounts to MEUR 1,898.4 (1,647.9) as of 31 December 2023 considering changes in credit margins and interest rates in the market from drawdown until the balance sheet date. For all financial instruments except bond notes fair value corresponds to book value as of 31 December 2023 and 31 December 2022.

The following section explains the judgements and estimates made in determining the fair values of the

financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table. There were no transfers between the levels for recurring fair value measurements during the year.

At 31 December 2023, MEUR	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss (FVPL):				
Listed equity securities	0.1	-	-	0.1
Unlisted equity securities	-	-	1.3	1.3
Derivative financial instruments at FVPL	-	44.0	-	44.0
Total financial assets	0.1	44.0	1.3	45.4
Financial liabilities				
Financial liabilities at FVPL:				
Deferred consideration	-	-	0.5	0.5
Total financial liabilities	-	-	0.5	0.5
At 31 December 2022, MEUR				
Financial assets				
Financial assets at fair value through profit or loss (FVPL):				
Listed equity securities	0.1	-	-	0.1
Unlisted equity securities	-	-	0.3	0.3
Derivative financial instruments at FVPL	-	0.5	-	0.5
Total financial assets	0.1	0.5	0.3	0.9
Financial liabilities				
Financial liabilities at FVPL:				
Deferred consideration	-	-	0.8	0.8
Derivative financial instruments at FVPL	-	4.3	-	4.3
Total financial liabilities	-	4.3	0.8	5.1

23. Financial risk management

The Group is exposed to financial risks such as currency risk, interest rate risk, liquidity- and refinancing risk as well as credit- and counterparty risk. The financial policy of the Group, adopted by the Board, outlines the rules for management and mitigations of the financial risks that are generated by the Group's commercial activities. This includes written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Organisation and activities

The Group's treasury activities are centralised in order to capitalise on economies of scale, consolidate risk exposures and facilitate follow-up and control. Financial activities are managed from Group Treasury, a function within Mölnlycke Health Care AB, which acts as the Group's in-house bank. All financial transactions in the Group are managed and coordinated by the in-house bank that transacts with external counterparties in the foreign currency and interest rate markets.

The Group's executive forum for treasury matters is the Treasury Committee, which includes CFO, Group Treasurer and Treasury Manager. The Treasury Committee proposes changes to the Group's financial policy which is adopted annually by the Board. The Treasury Committee meets on a monthly basis to follow up treasury activities versus the financial policy. Any deviation to Finance Policy is reported to the Board by the CFO.

Currency exposure and risk

Through its international activities, the Group is exposed to fluctuations in exchange rates. Exchange rate fluctuations could affect the Group's reported cash flow, income statement and balance sheet negatively. Currency exposure arises when translating the balance sheets and income statements for subsidiaries to the Group's reporting currency (translation exposure) and from transactions in currencies which are different from the reporting entities' functional currency (transaction

exposure). The currency impact on EBITDA is the main measure where the Group's management follows the currency exposure of the Group. EBITDA is defined as the earnings before interest, tax, depreciation, amortisation and impairment charges, excluding exceptional items.

Currency exposure in EBITDA

Transaction exposure from commercial flows in foreign currency is generated from internal sales and purchases between manufacturing and sales companies with different functional currencies as well as external sales and purchases in foreign currency. A majority of the Group's internal transactions flows through Mölnlycke Health Care AB, a company with functional currency SEK. As a result, there is a transactional surplus in this entity of the currencies the Group has its largest sales in (EUR, USD, GBP, CHF etc.) and a transactional deficit of currencies the Group has expenses in, for example production facilities and head quarter functions (SEK, MYR, CZK, THB etc.). In general, an appreciation against EUR of the the currencies that the Group has its largest sales in and a depreciation of the currencies that the Group has expenses in has a positive impact on the Group's EBITDA.

Also the Group's translation exposure from the consolidation of EBITDA in foreign subsidiaries affects reported earnings. A large portion of the Group's EBITDA is generated in Mölnlycke Health Care AB with functional currency SEK. As a result, there is a large EUR/SEK translation exposure when consolidating this entity. This exposure is to a large extent offset by the SEK/EUR transaction exposure this entity generates since the major part of EBITDA is generated from transactions in EUR or other foreign currencies.

Fair value hierarchy

Level 1:

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2:

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The fair value of the Group's foreign exchange contracts is calculated as the present value of future cash flows

based on the forward exchange rates at the balance sheet date. Other derivatives traded in recent arm's lengths transactions, including virtual power purchase agreements (vPPAs), are valued at the transaction price. These instruments are included in level 2.

Level 3:

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for the Group's holding of unlisted equity securities and deferred consideration liabilities related to business combinations. The following table presents the changes in level 3 items for the periods ended 31 December, 2023 and 31 December 2022:

MEUR	Unlisted equity securities	Deferred consideration
Opening balance 1 January 2022	0.3	1.7
Payment	-	-0.6
Revaluation gain/loss reported in other operating income and expenses	-	-0.4
Currency revaluation	-	0.1
Closing balance 31 December 2022	0.3	0.8
Payment	-	-0.3
Acquisition	1.0	
Revaluation gain/loss reported in other operating income and expenses	-	0.0
Currency revaluation	-	0.0
Closing balance 31 December 2023	1.3	0.5

The valuation of unlisted equity securities is based on the most recent shares issue adjusted for significant development in the company and in the market.

Deferred considerations are valued based on expected cash outflows originating from earn-out clauses in share purchase agreements.

The expected cash flows are determined based on the most recent prognosis of the basis for the earn-outs, discounted with a risk-adjusted discount rate. A majority of the outstanding earn-outs are calculated based on sales for certain products/markets/time periods.

Currency exposure in equity

Foreign currency translation exposure in equity arises when the balance sheets of foreign subsidiaries with other functional currencies are translated into EUR. The below table shows net effect on the Group's equity on the balance sheet day from a depreciation(-)/appreciation(+) of 10% of EUR against all other currencies. The calculation is based on the equity of

each legal entity in the Group split by functional currency and includes the effects from intra-group receivables and liabilities that in substance is part of the net investment in the foreign operation. In accordance with IAS 21, the exchange rate gains or losses on such receivables and liabilities are reported in Other comprehensive income.

MEUR	31 December 2023			31 December 2022		
	Balance sheet Shareholders' Equity	EUR -10% vs. other currencies	EUR +10% vs. other currencies	Balance sheet Shareholders' Equity	EUR -10% vs. other currencies	EUR +10% vs. other currencies
USD	157.3	15.7	-15.7	167.8	16.8	-16.8
SEK	192.4	19.2	-19.2	129.3	12.9	-12.9
EUR	1,281.8			1,143.6		
Other	349.9	35.0	-35.0	294.5	29.5	-29.5
Total	1,981.4	69.9	-69.9	1,735.2	49.9	-49.9

Currency risk in financial instruments

Currency risk in financial instruments exist when monetary items in foreign currencies are valued in the functional currency of each entity.

In 2022 the Group entered into a EUR/USD cross currency swap of 500 MEUR with maturity 2029 to match the share of net transactional inflow in USD with a corresponding share of USD debt exposure.

Derivatives are valued at fair value through profit or loss and hedge accounting is not applied.

The tables below shows the balance sheet exposure of financial instruments in foreign currency and the net effect on the Group's consolidated income statement and equity from a depreciation(-)/appreciation(+) of 10% of EUR against SEK and USD.

At 31 December 2023, MEUR			
Financial instruments in foreign currency	EUR	SEK	USD
Trade and other receivables	2.6	-	40.8
Short-term investments	150.0	-	-
Cash and cash equivalents	277.3	0.3	37.7
Total	429.9	0.3	78.5
Derivative financial instruments	-	-	-498.0
Financial liabilities, trade and other payables	-9.0	-1.2	-9.0
Total	-9.0	-1.2	-507.0

Group internal receivables and payables	-173.7	71.8	13.3
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Sensitivity

A 10% appreciation of the currency against EUR impact on the consolidated income statement:

-27.9 -42.9

A 10% appreciation of the currency against EUR impact directly in equity:

-15.2 1.4

At 31 December 2022, MEUR			
Financial instruments in foreign currency	EUR	SEK	USD
Trade and other receivables	3.3	-	35.2
Cash and cash equivalents	194.7	-	27.6
Total	198.0	-	62.8
Derivative financial instruments	-	-	-494.7
Financial liabilities, trade and other payables	-12.5	-1.4	-22.2
Total	-12.5	-1.4	-516.9

Group internal receivables and payables	-158.2	0.9	-1.9
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Sensitivity

A 10% appreciation of the currency against EUR impact on the consolidated income statement:

-12.7 -48.5

A 10% appreciation of the currency against EUR impact directly in equity:

-15.0 2.9

Refinancing and liquidity risk

Refinancing risk and liquidity risk is referred to as the risk of being unable to meet payment obligations as a result of insufficient liquidity or difficulties in obtaining adequate financing. To manage the refinancing risk the average duration of the gross interest-bearing debt shall, according to the Group's finance policy, exceed three years. As at 31 December 2023 the average duration was 4.0 years (4.3 years).

The liquidity reserve, according to the Group's finance policy, shall at all times exceed MEUR 190 (10% of annual sales) on a consolidated level, consisting of cash, short term investments, committed undrawn overdraft

MEUR	Maturity date	Original facility amount	12/31/2023 Outstanding facility amount	12/31/2022 Outstanding facility amount
Bond 2024	2/28/2024	500.0	247.8	500.0
Bond 2025	2/28/2025	500.0	500.0	500.0
Bond 2028	9/08/2028	400.0	400.0	-
Bond 2029	9/05/2029	500.0	500.0	500.0
Bond 2031	1/15/2031	400.0	400.0	400.0
Total			2,047.8	1,900.0

The Group renewed its revolving credit facility agreement in April 2023. It has a tenor of five years with two one-year extension options and is provided by a syndicate of seven Nordic and international banks. The facility amounts to MEUR 350 with an option to increase the facility with MEUR 100 to a total of MEUR 450 and a maturity in April 2028. It is ranked senior, is unsecured and can be drawn in several optional currencies and

facilities and other committed credit facilities excluding trapped cash (refer to note 15). The liquidity reserve amounted to MEUR 864.6 (663.5) as at 31 December 2023.

The Group's main source of financing is bond notes issues in the European capital markets. Since 2020 the Group has a European Medium Term Note (EMTN) program, which is a loan framework intended for long-term financing. The Group's outstanding bond notes are outlined in the below table. All outstanding bond notes are denominated in EUR, has a fixed interest, are ranked senior and are unsecured.

would bear interest at IBOR plus a margin. The terms of the facility include loan market standard restrictions on the Group's ability to, among other things, create security over its assets, sell or otherwise dispose assets or incur subsidiary financial debt. The facility is not subject to any financial covenants. As of the balance sheet day the facility is undrawn.

The tables below analyse the Group's financial liabilities, lease liabilities and derivatives into relevant maturity groups based on their contractual maturities. The amounts disclosed are the contractual undiscounted cash flows including interest.

At 31 December 2023, MEUR	0 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Bond notes	-264.1	-21.4	-533.3	-471.6	-911.9	-2,202.3	-2,040.1
Financial trade and other payables	-97.8	-	-	-	-	-97.8	-97.8
Lease liabilities	-11.6	-11.6	-25.2	-10.3	-9.6	-68.3	-62.4
Gross settled - Swaps							
outflow	-10.2	-20.4	-30.6	-86.7	-562.8	-710.7	
inflow	0.0	21.4	21.4	64.1	504.4	611.3	44.0
Total	-383.7	-32.0	-567.7	-504.5	-979.9	-2,467.8	-2,156.3

At 31 December 2022, MEUR	0 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Bond notes	-20.6	-4.4	-525.0	-530.0	-918.8	-1,998.8	-1,893.0
Financial trade and other payables	-124.4	-	-	-	-	-124.4	-124.4
Lease liabilities	-10.7	-10.7	-27.0	-11.4	-14.9	-74.7	-66.9
Gross settled - Swaps							
outflow	-38.5	-10.6	-10.6	-31.8	-515.9	-607.3	-3.8
inflow	38.1	4.4	4.4	13.1	508.8	568.7	
Total	-156.1	-21.3	-558.2	-560.1	-940.8	-2,236.5	-2,088.1

Interest rate risk

Interest rate risk is the risk of a negative impact on the Group's income statement and cash flow due to changes in the market interest rates. To limit the effects of interest rate fluctuations, the average fixed interest term per currency, according to the Group's finance policy, shall be between 0.5 and 8 years.

The Group's main source of financing is bond notes issued as listed in the above section. All outstanding bond notes are denominated in EUR and has a fixed interest. The average duration of fixed interest as of 31 December 2023 was 4.0 years (4.3 years) and the average interest rate for 2023 was 1.84% (1.33%). A EUR/USD cross currency swap was entered into in June 2022 of 500 MEUR with maturity 2029. Going from fixed EUR interest (inflow)

to fixed USD interest (outflow) which increased the average interest rate to on average of 2.14% (1.65%). In 2023 the Group also entered a fixed to floating interest swap of 400 MEUR. A 1% parallel movement upward of the yield curve would increase interest expenses with MEUR 4 (-). According to the Finance policy the percentage of fixed interest shall be 50% -100%. The Group has interest bearing financial assets in the form of cash and cash equivalents, short term investments and receivables from parent company. Based on the average outstanding balances during the year, a one percentage point parallel movement upward of the yield curve would have increased the Group's interest income for the year by MEUR 5.5 (3.4).

24. Pledged assets, contingent liabilities and commitments

Credit and counterpart risk

Credit and counterparty risk refers to the risk that a counterpart in a transaction will be unable to fulfil its obligations and that this will create a loss for the Group. The Group is exposed to credit risks primarily through its balance of cash and cash equivalents, short-term investments, derivative instruments and through outstanding trade accounts receivables.

In order to manage credit risks, the Group's finance policy states that financial transactions may only be

conducted with approved counterparties having high credit worthiness. Counterparties shall have a rating equivalent to A- by Standard & Poor's, A2 by Moody's Investors Service, or better. The finance policy also puts limits for amounts at risk per counterparty which are monitored daily. The following table shows the credit risk exposure in cash and cash equivalents and short-term investments by Standard & Poor's rating category as of the balance sheet day.

MEUR	12/31/2023	12/31/2022
AAA	3.3	20.0
AA	76.3	89.2
A	464.4	226.2
Lower than A	4.5	7.9
	548.5	343.3

When trading with derivative instruments, the Group has entered into ISDA (International Swap and Derivative Association) netting agreements with its counterparties in order to further limit the counterparty risk. ISDA agreements contain enforceable master netting arrangements which allow assets and liabilities arising on separate derivative financial instruments to be set off and settled net in certain circumstances. No derivative balances have been set off in the balance sheet. If existing ISDA agreements would have been used as a basis to set off derivative assets and derivative

liabilities, reported net derivative assets in the balance sheet would have been unchanged (-).

The commercial credit risk is limited since the main part of the Group's sales is directed towards public hospitals/institutions. Regarding sales to private hospitals/institutions, no individual customer is considered to represent a significant part of the Group's sales. The maximum exposure regarding commercial credit risk equals the book value of the trade account receivables. Please refer to note 14 for the aging of trade receivables including a specification of reported allowance.

Pledged assets

The Group has outstanding capital insurances pledged to cover direct pension liabilities to current and past employees. The value of such capital insurances correspond to the payment to be made to each individual (with the exception of special payroll tax in some cases). The total value of such pledged capital insurances is MEUR 12.2.

The Group has no other assets pledged as of 31 December 2023 (2022: Nil).

Contingent liabilities

The Group is involved in various legal proceedings which individually are of non-material magnitude. At 31 December 2023 the Group assesses outstanding legal proceedings to represent a contingent liability of MEUR 25.6 (2022: MEUR 13.3).

In one of the Group's retirement benefit plans the Group has a mutual funding responsibility representing a contingent liability of MEUR 0.6 (2022: 0.6) as of 31 December 2023.

Commitments

Commitments for the acquisition of property, plant and equipment not recognised as liabilities amount to MEUR 7.2 (4.5) as of 31 December 2023.

25. Related party transactions

The Company's immediate parent company is Mölnlycke AB. Mölnlycke AB is to 98.9% owned by Rotca AB (a company controlled by Investor AB, the Company's ultimate parent company) and 1.1% by entities facilitating management's ownership. The Company has been a subsidiary of Investor AB since 1 December 2010. Investor AB is listed on Nasdaq OMX Stockholm.

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Trading transactions

During the year, Group entities entered into the following transactions with related parties that are not members of the Group:

MEUR	Sales of goods and services		Finance income and expenses	
	2023	2022	2023	2022
Parent company	-	-	10.2	0.4
Other subsidiaries of Investor AB	-	-	-	-
Associates of the Group and Investor AB	0.6	0.8	-1.2	0.8

The following balances were outstanding at the end of the reporting period:

MEUR	Receivables from related parties		Liabilities to related parties	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Parent company	258.3	104.8	-	-
Other subsidiaries of Investor AB	-	-	-	-
Associates of the Group and Investor AB	73.1	1.5	-	1.2

SEB is an Associated Company of Investor AB and is one of nine relationship banks participating in the financing of Mölnlycke Holding AB (publ) Group. See note 23 for further information about the Group's financing. Receivables from associates relates as of 31 December 2023 to a cash balance with SEB.

Please see note 16 for an explanation to the change in receivables/liabilities from parent company compared to prior year.

Other transactions

There have been no material transactions with related parties other than those disclosed elsewhere in these financial statements.

Compensation of key management personnel, MEUR	2023	2022
Short-term benefits	5.5	5.7
Post-employment benefits	0.8	0.7
Total	6.3	6.4

Key management personnel comprise the members of the Group's Executive leadership team.

26. Events after the balance sheet date

No significant events have occurred after the balance sheet date.

Definitions

Cash conversion, %

Operating cash flow in relation to EBITDA.

EBITDA

Earnings before interest, tax, depreciation, amortisation and impairment charges, excluding exceptional items.

EBITDA margin, %

EBITDA in relation to revenue.

Equity/Assets ratio, %

Shareholders' equity in relation to total assets.

Interest-coverage ratio

EBITDA in relation to Net interest expenses.

Net Debt/EBITDA ratio

Net interest-bearing debt in relation to EBITDA.

Net Debt/Equity ratio

Net interest-bearing debt in relation to equity.

Net interest-bearing debt

Interest-bearing liabilities including lease liabilities and fair value derivatives less cash, cash equivalents and short-term investments (receivables, parent company is excluded from the calculation of net interest-bearing debt).

Net interest expenses

Interest expenses less interest income.

Operating cash flow

EBITDA adjusted for changes in working capital and capital expenditures in PPE and Intangible Assets.

Operating margin, %

Operating profit in relation to revenue.

Organic sales growth, %

Net sales compared to prior year adjusted for changes in currency rates and acquired or divested businesses.

Working capital

Net balance of Inventory, Trade and other receivables and Trade and other payables excluding Accrued interest expenses and deferred considerations.

Signatures

Gothenburg, 21 March 2024

Karl-Henrik Sundström
Chairman of the Board

Zlatko Rihter
CEO and Board member

Christian Cederholm
Board member

Sharon James
Board member

Johan Malmquist
Board member

Leslie McDonnell
Board member

David Perez
Board member

Kristina Willgård
Board member

Aashima Gupta
Board member

Lars Axelsson
Employee representative

Niclas Flach
Employee representative

Our audit report was submitted on 21 March 2024

Deloitte AB

Hans Warén
Authorized Public Accountant

Independent auditor's report

To the Board of Directors of Mölnlycke Holding AB,
Corporate identity number 556693-6729

Opinion

We have audited the non-statutory consolidated financial statements of Mölnlycke Holding AB (the Company), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. The annual accounts of the Company are included on pages 53–86 in this document.

In our opinion, the accompanying non-statutory consolidated financial statements present a true and fair view, in all material respects, of the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards 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 ethical requirements that are relevant to our audit of the consolidated financial statements in Sweden and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the consolidated financial statements and that they give a fair presentation in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 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 consolidated 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.

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.

Gothenburg, 21 March 2024
Deloitte AB

Hans Warén
Authorized Public Accountant

Five-year overview

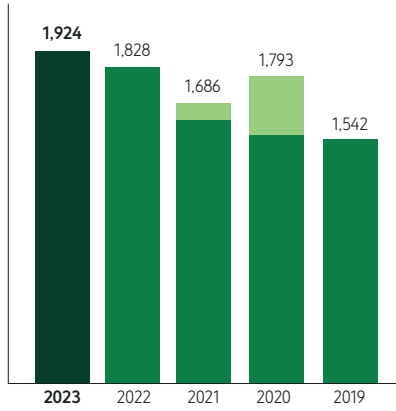
EUR million (unless otherwise stated)	2023	2022	2021	2020	2019
INCOME STATEMENT					
Revenue ¹	1,923.5	1,827.7	1,685.6	1,792.7	1,542.4
EBITDA	545.1	476.3	485.6	536.3	450.9
Depreciation, amortisation and impairment charges ²	-81.7	-84.5	-83.5	-81.3	-81.6
Operating profit	463.4	391.8	402.1	455.0	369.3
Net interest expenses	-16.1	-34.0	-30.9	-29.1	-33.0
Profit before tax	487.4	359.5	364.7	431.5	338.7
Profit for the year	393.5	279.3	285.3	338.0	261.0
FFO (Funds from operations)	430.5	367.7	382.0	389.9	332.1
BALANCE SHEET					
Goodwill and other intangible assets ²	2,703.2	2,724.8	2,763.2	2,789.0	2,854.0
Other non-current assets	440.0	387.0	365.1	349.5	342.7
Current assets excluding cash and short-term investments	949.8	810.0	637.2	785.6	815.5
Cash, cash equivalents and short-term investments	548.4	343.3	541.0	597.0	338.9
Total assets	4,641.4	4,265.1	4,306.5	4,521.1	4,351.1
Equity ²	1,981.4	1,735.2	1,536.1	1,794.0	1,948.8
Interest-bearing liabilities, incl. lease liabilities	2,102.5	1,959.9	2,086.5	2,089.2	1,809.8
Other liabilities ²	557.5	570.0	683.9	637.9	592.5
Total equity and liabilities	4,641.4	4,265.1	4,306.5	4,521.1	4,351.1
Working capital	343.9	327.5	240.2	193.4	190.0
Net interest-bearing debt	1,510.1	1,620.4	1,545.5	1,492.2	1,470.9

EUR million (unless otherwise stated)	2023	2022	2021	2020	2019
CASH FLOW					
EBITDA	545.1	476.3	485.6	536.3	450.9
Non-cash items in EBITDA	0.7	-6.8	-3.3	-1.8	-
Change in working capital	-21.0	-85.6	-34.0	-8.4	-8.1
Capital expenditures - PPE and Intangible Assets	-44.2	-69.9	-48.7	-38.1	-40.6
Operating cash flow	480.6	314.0	399.6	488.0	402.2
Acquisitions and divestments of subsidiaries	-0.3	-0.6	-0.3	-11.3	-66.9
Paid taxes	-71.9	-72.4	-116.7	-100.9	-66.7
Distributions to the owners of the Group	-300.0	-300.0	-250.0	-350.0	-424.8
Adjustment for change in accounting policy ²	-	-	-	-	-57.9
Other	-1.9	-15.9	-85.9	-47.1	-64.0
Increase (-)/decrease (+) in Net Debt	110.3	-74.9	-53.3	-21.3	-278.1
FINANCIAL INDICATORS					
Organic sales growth ¹	8%	8%	-6%	18%	4%
Operating margin	24%	21%	24%	25%	24%
EBITDA margin	28%	26%	29%	30%	29%
Net debt/EBITDA ratio	2.8	3.4	3.2	2.8	3.3
Cash conversion	88%	66%	82%	91%	89%
Net debt/Equity ratio	0.76	0.93	1.01	0.83	0.75
Equity/Assets ratio	43%	41%	36%	40%	45%
PERSONNEL					
Number of employees, FTE (full time equivalent)	8,427	8,775	8,315	7,910	7,790

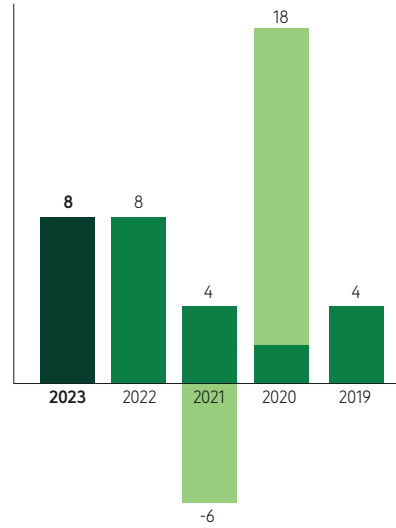
1. Revenue for 2021 & 2020 was positively impacted by one-off orders for staff clothing and protection. Excluding these one-off orders revenue amounted to EUR 1,618 million and the organic sales growth was 4% in 2021 and EUR 1,562 respectively 2% in 2020.

2. A restatement has been made of the Group's balance sheet as of January 1, 2020. This restatement goes back to 2007, but no restatement has been made in this Five-year overview of the financial statements for years prior to 2020.

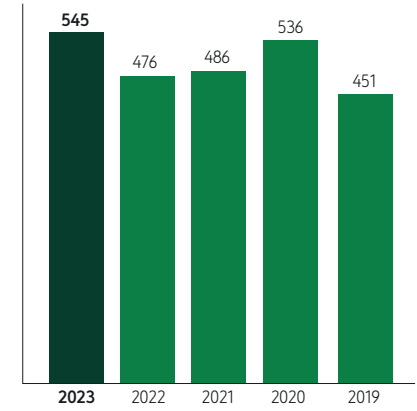
Revenue
EUR million



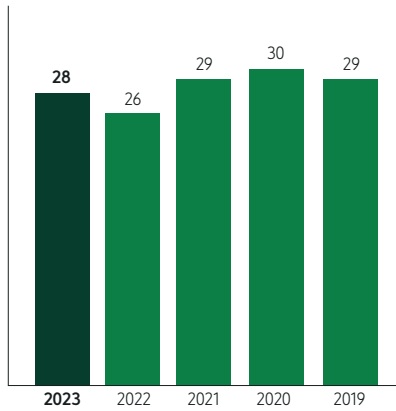
Organic sales growth
Constant currency, %



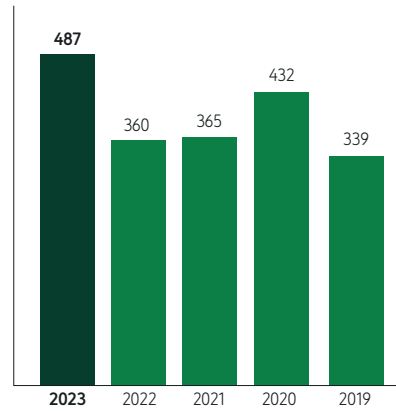
EBITDA
EUR million



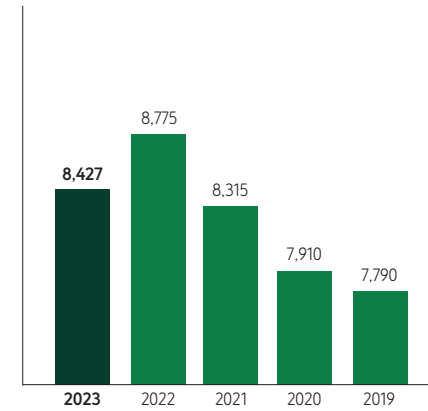
EBITDA margin
%



Profit before tax
EUR million



Number of employees
Full-time equivalent



Impact from the one-off orders for PPE sale

Sustainability

This section outlines Mölnlycke's sustainability performance in more detail. It explains the company's vision and approach to creating shared value for all stakeholders. It also reports on short- and longer-term targets and performance on key environmental, social and ethical indicators.

Sustainability roadmap 2030	91
Green mindset	93
Responsible relationships	107
Ethical business	116
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GRI content index	133
ESG fact sheet	137

Sustainability roadmap 2030



Mölnlycke's purpose to revolutionise care for people and planet clearly signals the company's commitment to use business as a force for good. Its strategic ambition to become a global leader in sustainable healthcare further demonstrates that sustainability is a key business driver for growth, innovation and productivity, and an essential part of Mölnlycke's employee value proposition.

Following a materiality analysis in 2021, Mölnlycke launched WeCare, an ambitious 2030 sustainability roadmap. Based on the Paris Agreement, and the UN Sustainable Development Goals, WeCare embeds social, environmental, and economic value for patients and healthcare providers across Mölnlycke's product and service offering, while directing how the company conducts its business in the short-, medium-, and long-term to create a sustainable, equitable and inclusive future.

WeCare centres around three strategic sustainability pillars: Green mindset, Responsible relationships and Ethical business. These pillars inform and direct Mölnlycke's business models, partnerships, resource management and innovation.

For each WeCare pillar, Mölnlycke has set ambitious short- and long-term targets. Progress is tracked and reported in accordance with the Global Reporting Initiative (GRI) standards. When no relevant GRI metrics are available, the company uses internal KPIs. See more in notes 1 and 2, as well as in the GRI content index and ESG fact sheet at the end of this report.

For additional information, visit: www.molnlycke.com



At Mölnlycke, we've made it our business to deliver sustainable and innovative solutions that bring long-term benefits for people and for the planet.

Caterina Camerani, VP Sustainability

WeCare Sustainability strategic pillars



For additional information, visit: www.molnlycke.com

Green mindset

Mölnlycke is transforming its business to decouple it from resource constraints. Mölnlycke is constantly innovating to offer its customers sustainable solutions while not compromising on the safety and quality of the company's products.

Targets

- Become a Net Zero company (Scope 1, 2 and 3) by 2050 at the latest
- 50% reduction of absolute Scope 1 and 2 GHG emissions by 2030 (compared to baseline 2021)
- 20% reduction of absolute Scope 3 GHG emissions by 2028 (compared to baseline 2021)
- 100% fossil-free electricity at all manufacturing sites (excl. joint ventures) and HQ by end of 2024, and active sourcing through 2030
- Zero waste to landfill at all manufacturing sites by 2030
- >95% of packaging to be recyclable and >80% of all packaging to be made of recycled (PCR¹) and/or renewable material by 2030²

Assess the sustainability profile of Mölnlycke's product portfolio² by 2025



Responsible relationships

Mölnlycke is achieving its vision of becoming a sustainability leader in its industry with a healthy, safe and engaged workforce which embraces diversity and inclusion. To create a positive societal impact, Mölnlycke is building mutually beneficial relationships with employees, customers and the people in its communities.

Targets

- Safety long-term target: zero injuries and harm
- <0.5 Lost Time Injury (LTI) rate by 2030
- Gender parity at people leaders all levels by 2025
- >5 nationalities in the Executive Leadership Team by 2025
- >4 in DE&I Engagement Index Score by 2030⁴
- >4 Engagement Index Score by 2025⁴
- >10,000 lives improved with global community support program by 2025



Ethical business

Mölnlycke is setting high standards of ethics and responsibility in its business. Mölnlycke is acting with integrity and care for human rights throughout its value chain.

Targets

- 100% of employees to receive annual training or awareness session within Ethics and Compliance by 2023⁵
- 100% of employees feel safe to report concerns without fear of retaliation by 2025



1. Post-Consumer Recycled.
 2. Target covering products produced by Mölnlycke, including contract manufactured and distributed products.
 3. According to the standardised categorisation methodology by World Business Council for Sustainable Development (WBCSD), adapted to be fit for purpose for a MedTech company. <https://www.wbcsd.org/Projects/Chemicals/Resources/Framework-for-portfolio-sustainability-assessments>
 4. In 2023 Mölnlycke changed and standardised the ways of measuring Employee Engagement Score. The results are measured on a scale of 1-5.
 5. The annual training session is offered to employees in scope, i.e. office and field employees with access to Mölnlycke's learning platform. Awareness session is offered to employees in production.

Green mindset

Mölnlycke is transforming its business to decouple it from resource constraints by creating a culture of care for material value, eliminating waste and reducing variable cost. The company's Net-Zero-by-2050 approach is a key accelerator for the WeCare 2030 sustainability roadmap and helps to increase competitiveness.

As part of Mölnlycke's sustainability ambition to transform the business to become a global leader in sustainable healthcare, the company constantly innovates with the aim to offer customers sustainable solutions while not compromising on the safety and quality of its products.



Targets	2022 outcome	2023 outcome	Trend
Become a Net Zero company (Scope 1, 2 and 3) by 2050 at the latest	10% reduction of GHG emissions across the entire value chain (Scope 1, 2 and 3) compared to 2021	20% reduction of GHG emissions across the entire value chain (Scope 1, 2, and 3) compared to 2021	➔
50% reduction of absolute Scope 1 and 2 absolute GHG emissions by 2030 (compared to baseline 2021)	11% reduction of Scope 1 and 2 absolute GHG emissions (compared to baseline 2021)	28% reduction of Scope 1 and 2 absolute GHG emissions (compared to baseline 2021)	➔
20% absolute Scope 3 GHG emission reduction by 2028 compared to 2021	7.5% reduction of Scope 3 GHG emissions compared to 2021	18% reduction of Scope 3 GHG emissions compared to 2021	➔
100% fossil-free electricity at all manufacturing sites and headquarters by end of 2024 and active sourcing through 2030	51% fossil-free electricity use	61% fossil-free electricity use* ⁶	➔
Zero waste to landfill at all manufacturing sites by 2030	86% waste diverted from landfill. Four zero manufacturing waste-to-landfill sites	83% waste diverted from landfill. Four zero manufacturing waste-to-landfill sites	➔
>95% of packaging to be recyclable and >80% of all packaging to be made of recycled (PCR) and/or renewable material by 2030	91% of packaging recyclable and 72% of all packaging made of recycled (PCR) and/or renewable material ⁷	90% of packaging recyclable and 75% of all packaging made of recycled (PCR) and/or renewable material ⁷	➔
Assess the sustainability profile of Mölnlycke's product portfolio ⁸ by 2025	A pilot Sustainable Product Portfolio Assessment (SPPA) conducted for ORS	Sustainable Product Portfolio Assessment (SPPA) conducted for BA OR Solutions and BA Antiseptics	➔

Relevant policies and position statements

- Sustainability policy
- Resource efficiency and circularity position statement
- Climate change position statement
- Hazardous substances position statement
- Life Cycle Assessment position statement
- Global travel and meeting policy

For additional information, visit: www.molnlycke.com



6. Including all manufacturing sites and the headquarters. 60% when including all manufacturing and non-manufacturing sites.
 7. Covering products produced by Mölnlycke, including contract manufactured and distributed products
 8. According to the standardised categorisation methodology by World Business Council for Sustainable Development (WBCSD).
 * Editorial note 11 April 2024: Fossil free electricity share in 2023 was 65.3%

Energy and greenhouse gas emissions

Recognising the profound and ongoing impacts of climate change on the global environment, society, and economic systems, Mölnlycke acknowledges the associated potential of disruptions to its operations, supply chain, customers, ecosystems, and local economies. In response, Mölnlycke committed in 2022 to transform into a Net Zero company by 2050 at the latest. By actively contributing to the development of a resilient low-carbon economy, the company addresses environmental concerns and strengthens its business for future challenges.

In 2023 the company's ambitious GHG emissions targets covering Scope 1, 2 and 3 were announced, taking 2021 as baseline. The targets are aligned with the Paris Agreement and approved by the Science Based Targets initiative (SBTi). When it comes to its own operations, the company is moving to 100% renewable electricity at full speed and is reducing its overall energy consumption. Across the value chain, Mölnlycke is engaging with strategic suppliers and developing sustainable solutions that help its customers reduce their GHG emissions.

The company's commitment to sustainability and its journey toward Net Zero are detailed further in this session, reflecting Mölnlycke's dedication to revolutionise care for people and the planet.

Risks and opportunities related to climate change are outlined in the Task Force on Climate-related Financial Disclosures Framework.

Science Based Targets initiative

Mölnlycke takes immense pride in being among the pioneering companies in its industry to have had its targets validated by SBTi. This endorsement underscores Mölnlycke's firm commitment to taking decisive action against climate change and positions the company as a catalyst for innovation within its supply chain and in collaboration with customers.

Specifically, Mölnlycke committed to:

- Reducing absolute Scope 1 and 2 GHG emissions by 50% by 2030 from a 2021 base year.

- Increasing active annual sourcing of renewable electricity from 23% in 2021 to 100% by the end of 2024 and continuing active annual sourcing of 100% renewable electricity through 2030.
- Reducing absolute Scope 3 GHG emissions from purchased goods and services (cat. 1), fuel and energy related activities (cat. 3), upstream transportation and distribution (cat. 4) and waste generated in operations (cat. 5) by 20% by 2028 from a 2021 base year.
- Having 63% of its suppliers by emissions covering purchased goods and services (cat. 1), capital goods (cat. 2), and upstream transportation and distribution (cat. 4) committed to the Science Based Targets Initiative by 2028.

Central to Mölnlycke's Net Zero approach is the ongoing innovation and development of sustainable solutions, offering its customers and their end-users solutions that not only meet their needs but also contribute to lowering their GHG emissions (see 'Sustainable Portfolio' section for details). The company's dedicated R&D team consisting of 271 individuals, as well as an innovation investment of EUR 5.2 million play a pivotal role in driving the development of sustainable products and services.

While Mölnlycke remains steadfast in its commitment to Net Zero, it's crucial to acknowledge that the company's growth plans, particularly in areas where sustainable materials or energy are not yet readily available, may result in short-term increases in GHG emissions, especially within Scope 3. However, thanks to the continuous development and rolling-out of its robust low-carbon transition action plan, Mölnlycke anticipates a significant reduction in its Scope 3 carbon footprint as the decade progresses.

Mölnlycke's Net Zero journey

Mölnlycke is taking action to limit climate change, encompassing not only its own operations (Scope 1 and 2) but also addressing emissions in its value chain (Scope 3), both upstream and downstream.

Key contributions to the company's Net Zero journey include:

- Implementing the company's comprehensive plan to transition to 100% fossil-free electricity across all manufacturing sites and headquarters by the end of 2024.
- Consistently decreasing the company's absolute energy consumption year-on-year through initiatives focused on energy efficiency, conservation programs at global locations, and exploration of fossil-free heat sources.
- Identifying and acting on the key levers for Scope 3 reduction: transition to renewable and recycled alternatives as substitutes for fossil-based materials, enhancing logistics performance through optimisation of transportation routes and use of lower-emission transport options, increased circularity of products and packaging, energy transition.
- Developing digital solutions to meet the growing demand for climate-smart products, enabling customers to reduce their emissions and material usage.
- Enhancing the overall environmental footprint of product formulations while ensuring consistent performance during customer application or transport.
- Providing customers with holistic information about products' footprint, including GHG emissions, using Life Cycle Assessment (LCA) methodology to support informed decisions.
- Encouraging supply chain partners to commit to the transition towards a low-carbon economy.
- Educating Mölnlycke's personnel, e.g. procurement and commercial workforce, on climate change.
- Implementing Mölnlycke's travel policy for all employees, focusing on reducing unnecessary travel and transitioning to more efficient and fossil-free transportation modes.

- Transparent reporting of GHG value chain emissions (Scope 1, 2, and 3) in accordance with the GHG Protocol (see Sustainability Note 2), to the SBTi and through the CDP climate questionnaire, ensuring transparency for all stakeholders.
- Performing rigorous sustainability assessments as part of investment requests. As of this year, an internal carbon price for investment decisions has been included, anticipating the impact of any future carbon pricing (see Sustainability Note 5).
- Including GHG emissions performance as part of the long-term incentive plan of Mölnlycke's top leaders to encourage long-term economic and shareholder value creation. As of 2023, this is measured as Scope 3 GHG emissions annual performance compared to the validated SBTi absolute reduction target.

Monitoring progress and driving continual improvement across every function is done using key performance indicators.

Greenhouse gas emissions

In 2023, Mölnlycke recorded a total of 523.0 kt CO₂ eq. in greenhouse gas (GHG) emissions across Scope 1, 2, and 3, a reduction of 64.7 kt CO₂ eq. (11%) compared to 2022 and a reduction of 131.6 kt CO₂ eq. (20%) compared to the baseline of 2021. The overall GHG emissions intensity (Scope 1, 2, and 3) also reduced from 9.4kg CO₂ eq/kg in 2022 to 8.1kg CO₂ eq/kg of sold products, representing a 15% decrease.

GHG emissions in own operations

To achieve the target of reducing its GHG emissions in its own operations by 50% (Scope 1 and 2) by 2030 compared to 2021, the company is working on two enablers: increasing the percentage of renewable electricity to 100% by the end of 2024 and reducing its energy intensity by 2% year on year, while at the same time not increasing its absolute energy consumption.

2023 saw a continued reduction in Scope 2 emissions, driven by the transition to fossil-free electricity at seven Mölnlycke sites, including a full year realisation at Mölnlycke's three most energy-intensive manufacturing facilities in Malaysia. In total, nine sites are utilising 100% fossil-free electricity, leading to an overall decrease of 8.72 kt CO₂ eq. in Scope 2. Together with an improved energy management resulting in a 3.3% decrease in overall energy consumption compared to 2022, this led to an absolute Scope 1 and 2 reduction by 28.7% in 2023 versus 2021 baseline. In relative terms, in 2023 Scope 1 and 2 emissions dropped to 1.2kg CO₂ eq/kg of manufactured product — an 11% and a 37% decrease in intensity compared to the previous year and the baseline respectively.

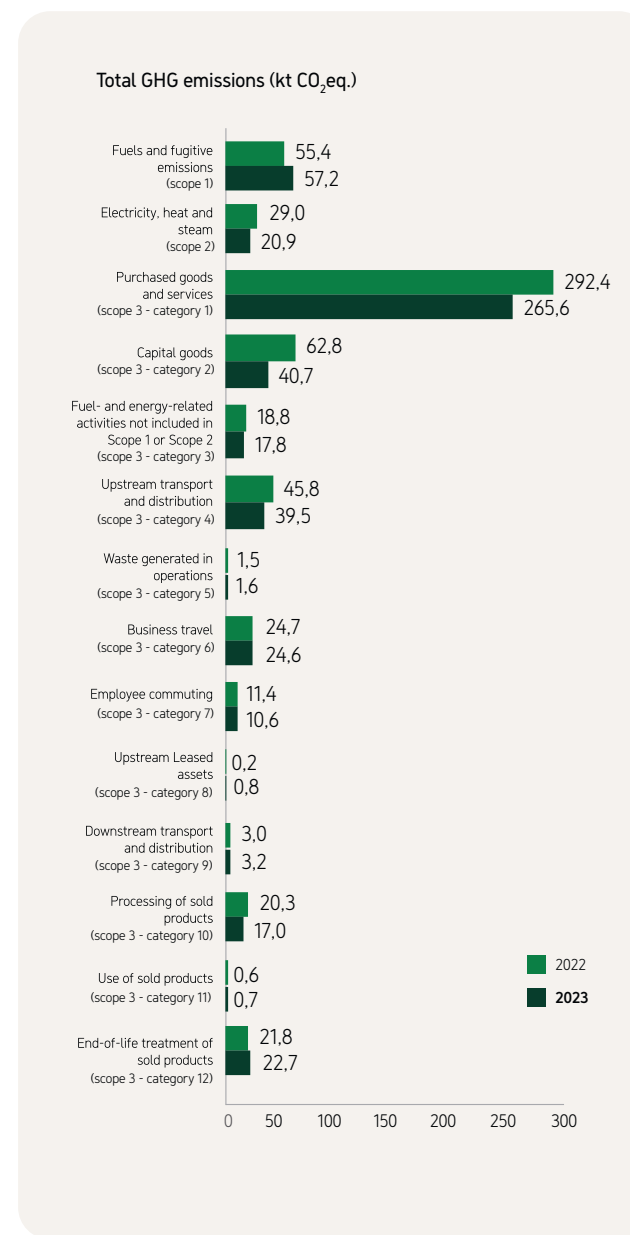
GHG emissions in full value chain

Mölnlycke works intensively towards reducing its GHG emissions encompassing the four Scope 3 categories below, which together stand for almost 70% of its overall emissions, by 20% by 2028:

- purchased goods and services (cat. 1)
- fuel and energy related activities (cat. 3)
- upstream transportation and distribution (cat. 4)
- waste generated in operations (cat. 5)

In setting this ambitious target, Mölnlycke has not only taken responsibility for the decarbonisation of its operations but also for encouraging its value chain partners to decarbonise theirs. This is also the most challenging GHG reduction target, as it sits outside the scope of the company's direct control.

In 2023, Scope 3 was 444.9 kt CO₂ eq. (or 85% of its total GHG emissions), 58.4kt CO₂ eq. (12%) down from 2022, driven by inventory stock usage, increased use of suppliers' specific data, material optimisation and waste reduction, optimisation of logistics flow (reduced air freight), and portfolio improvements, such as increased use of biobased plastics.



Upstream emission management

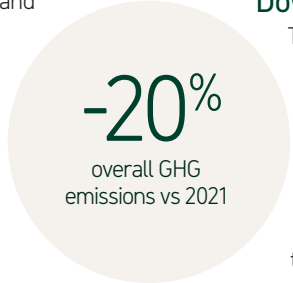
Throughout the year, Mölnlycke engaged with its top 200 suppliers, for example during a live webinar, to share its ambitions and discuss key impact areas for its suppliers, such as moving to renewable energy, reducing the use of fossil materials and fuels and committing to SBTi. The company is now working on collaborative opportunities with key suppliers to achieve further GHG emissions reduction across the entire value chain and move gradually from using industry averages to supplier-specific data.

By increasing reliance on renewable energy sources across all its sites, through e.g. the recently signed power purchase agreement (PPA) in the EU and an investment in solar power at its production sites, the company makes progress in reducing its emissions regarding electricity generation compared to traditional fossil fuels.

During 2023, Mölnlycke worked to optimise transportation routes and modes to reduce fuel consumption and emissions, in close collaboration with its transportation partners.

Downstream emission management

There's an increased demand for solutions that are less carbon intensive. Mölnlycke is continuously working on developing more sustainable solutions and is integrating GHG emission reduction considerations in internal plans and tooling. Recognising the heightened need for transparency in supplier relationships, Mölnlycke has enhanced its capabilities to provide GHG emission data as required. Internal teams have undergone training to effectively utilise this data in collaborative efforts with customers (see Note 5, 'Sustainable Investments').



Optimising transportation of goods

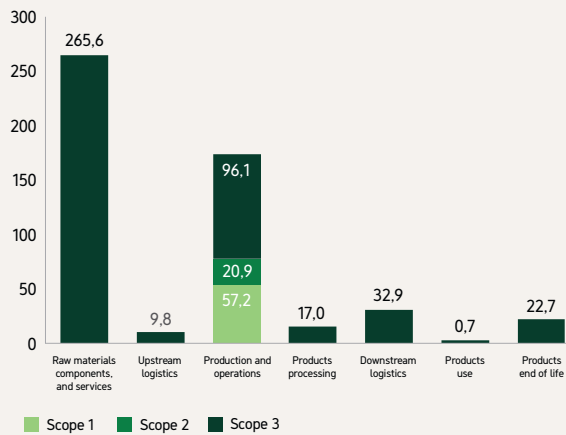
Reducing emissions from upstream transportation and distribution (Scope 3, category 4), customer satisfaction and close collaboration with suppliers are key components in everyday work of Mölnlycke global logistics.

During 2023, there was a high focus on implementing routing days in the USA and EMEA, to consolidate customer orders and thereby minimise the number of deliveries to the same customer. In the USA this has led to the possibility to transition from shared trucks to multi-stop full truckloads reducing greenhouse gas emissions, transportation damages, freight cost and transit time. In the period between July 2022 and July 2023, when significant changes were implemented, the estimated reduction in emissions for distribution in the USA was 20% and transport damages dropped by approximately 60%.

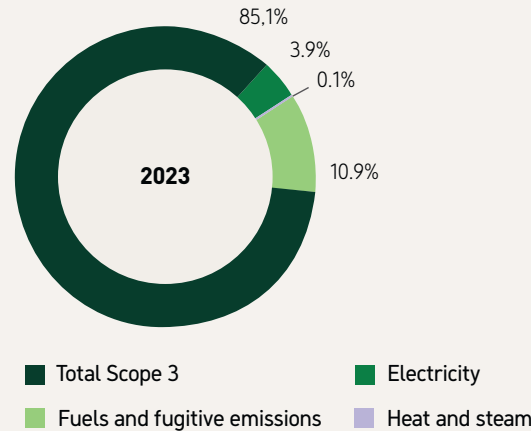
Another way to optimise the transportation of finished goods is to increase the share of direct flows between distribution centres instead of shipping via the main distribution centre. Two new direct flows have been implemented in 2023 where goods are now being shipped directly from the UK to Malaysia and from the UK to the USA instead of via Belgium, resulting in 12-15% less greenhouse gas emissions per flow, reduced cost and avoidance of unnecessary picking and loading. More direct flows are planned for other geographies in the future.

Finally, Mölnlycke-branded electric vehicles replaced diesel trucks for the distribution of products in the metropolitan area of São Paulo, Brazil.

Absolute cradle-to-grave GHG emissions across the value chain (kt CO₂eq).



Total Mölnlycke GHG emissions

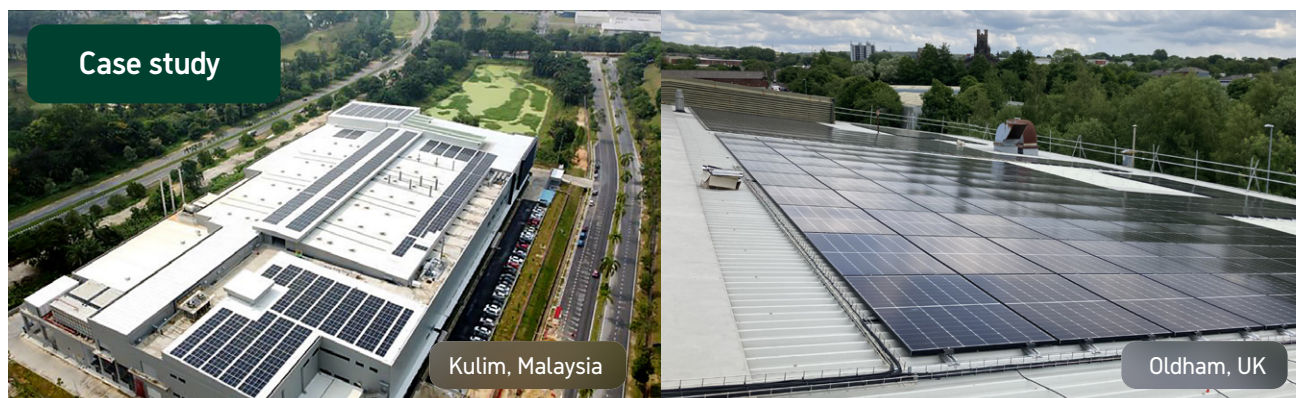
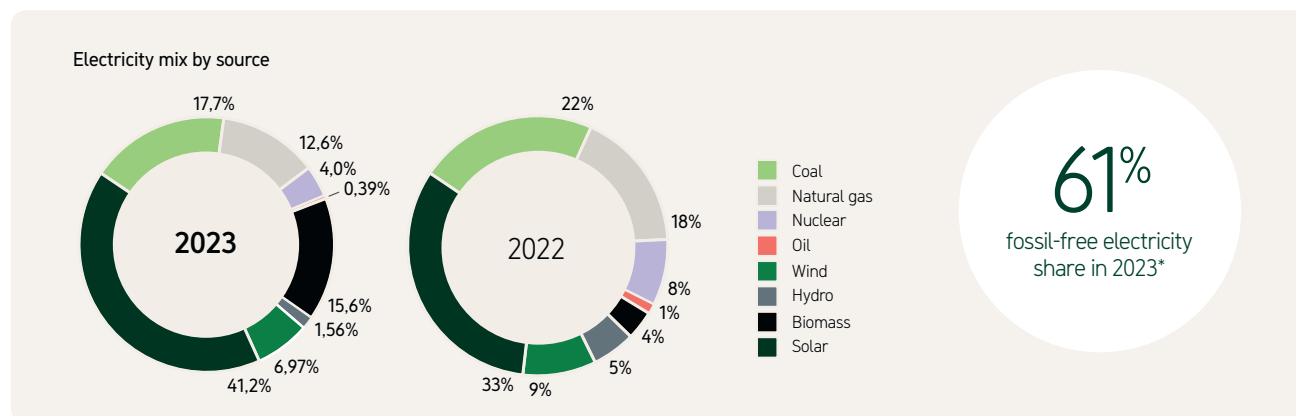


Transitioning to fossil-free electricity

Electricity plays a pivotal role, constituting approximately 30% of Mölnlycke's total energy consumption in its production activities. Recognising the significance of climate action, the company has strategically prioritised the optimisation of energy usage and the adoption of fossil-free electricity under its WeCare initiative. This strategic move aims to fortify the company's operations against future challenges and enhance its competitive edge.

Globally, fossil-free electricity accounted for 61% of Mölnlycke's total electricity usage in 2023*. This marks a substantial increase from the 23% share in 2021. Notably, nine sites within Mölnlycke now operate entirely on renewable electricity, contributing significantly to the reduction of Scope 2 emissions in 2023 compared to 2022 and propelling the company toward its ambitious target of achieving 100% fossil-free electricity by the end of 2024 - one of the near-term targets validated by SBTi.

The company is actively working to increase the share of renewable electricity from sources with higher additionality, such as solar power. During 2023, two additional facilities installed solar panels to support this crucial effort with several sites planned for 2024. Replacing EACs with Power Purchase Agreements (PPAs) and continuing the implementation of solar generation in regions with the highest production footprint is underway.



Further increase in the share of renewable electricity

2023 saw a major breakthrough in Mölnlycke's efforts to maximise on-site solar power opportunities to progress with the implementation of its 100% fossil-free electricity roadmap. This is an important enabler of the ambitious target to halve the company's Scope 1 and 2 GHG emissions by 2030 at the latest. Firstly, two sites in Malaysia completed installation of the solar panels, which are expected to account for 10% of annual electricity consumption in Malaysia. Secondly, the factory in Oldham, UK installed solar panels with the estimates to cover

12.4% of the site's consumption. Mölnlycke is also installing a comprehensive solar photovoltaic system on the rooftop of its two factories in Thailand.

Finally, as a way to contribute to increasing renewable power generation capacity in regions with the highest production footprint, such as Europe and Malaysia, Mölnlycke signed a virtual Power Purchase Agreements (vPPA) with Neoen for a wind farm in Finland also covering the factories in Belgium, Czech Republic and Denmark (35 GWh/y during 10 years). Another vPPA with a renewable energy generator in Malaysia is expected to be signed early 2024.

* Editorial note 11 April 2024: Fossil free electricity share in 2023 was 65.3%

Energy consumption

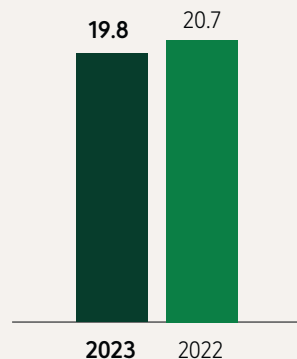
Reducing Mölnlycke's emissions from own operations (Scope 1 and 2) is aided by reducing the amount of energy the company consumes. Mölnlycke is committed to reducing its relative energy consumption by 2% year on year. In its commitment to enhancing energy efficiency, Mölnlycke aims to continually diminish reliance on finite energy resources, reducing environmental risks and enhancing its financial performance.

In 2023, Mölnlycke's total energy consumption reached 1.214.715 GJ, marking a 1.1% reduction from the previous year's consumption, despite the increase in production. The pie chart to the right shows the energy consumption by source and the detailed breakdown can be found in Sustainability Note 2, 'Energy use within the organisation'. In relative terms, in 2023, Mölnlycke celebrated a noteworthy accomplishment – a 4.3% reduction in intensity, decreasing from 20.7 megajoules per kilogram (MJ/kg) of produced product to 19.8 MJ/kg.

Also in 2023, each location within Mölnlycke has established annual targets for energy reduction. In tandem with Mölnlycke's systematic energy management which during 2023 focused on improvement projects such as shutdown management and LED installation, the company has actively undertaken initiatives to raise awareness, disseminate best practices, and enhance competency regarding energy conservation among all its employees. This has been realised through training programs and regular internal communication efforts.

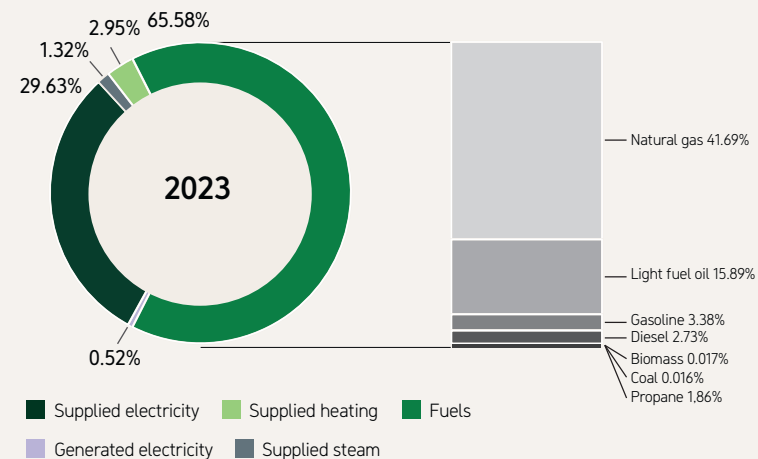
In 2023, Mölnlycke conducted a thorough energy audit at both of its sites in Czech Republic. The audit identified numerous energy reduction initiatives that are currently under review for implementation in 2024. By coupling these measures with the utilisation of energy from renewable sources, Mölnlycke has established an effective approach to mitigating the climate-related impacts associated with its production activities.

Company average energy intensity (MJ/kg of manufactured products)

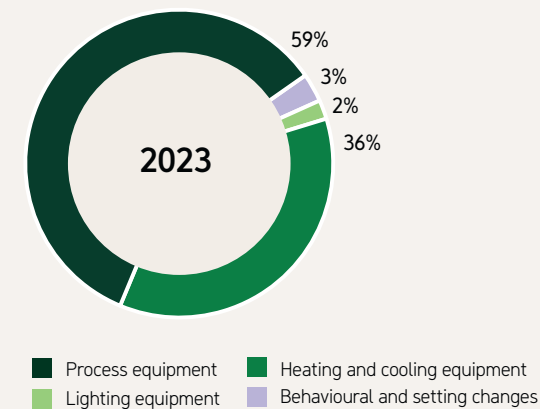


-4.3%
energy intensity per kg of product in 2023 vs 2022

Energy consumption by source



Reduction of energy consumption as result of conservation and efficiency measures, by category



Circularity and resource efficiency

Minimising pollution

Mölnlycke measures and reports emissions to air, land and water for those substances which might have an impact on people or the environment, such as CO₂, ethylene oxide (EtO) and hazardous and non-hazardous waste to relevant authorities. Even though it is limited, the company continuously measures the impact of EtO use at the production sites in Havirov, the Czech Republic, and Mikkeli, Finland, as well as by external partners during the sterilisation of products before they are delivered to the customers. In 2023, EtO emissions from combustion leakage in sterilisation processes amounted to total 132.2 kg, 39% higher than in 2022. This was due to an increase in the volume of products being sterilised during the course of the year. As part of Mölnlycke’s continuous pollution prevention journey, the company has been working to identify more efficient alternatives to reduce the impact of its sterilisation processes. In 2023, no incidents of non-compliance with environmental laws and regulations were identified.

In addition to Mölnlycke’s ambitious targets to reduce emissions and energy consumption, the company is committed to minimising waste from production processes and enhancing the efficient use of raw materials. This initiative not only benefits the environment and local communities but also proves advantageous for the business by reducing operational costs and ensuring the company’s continued license to operate.

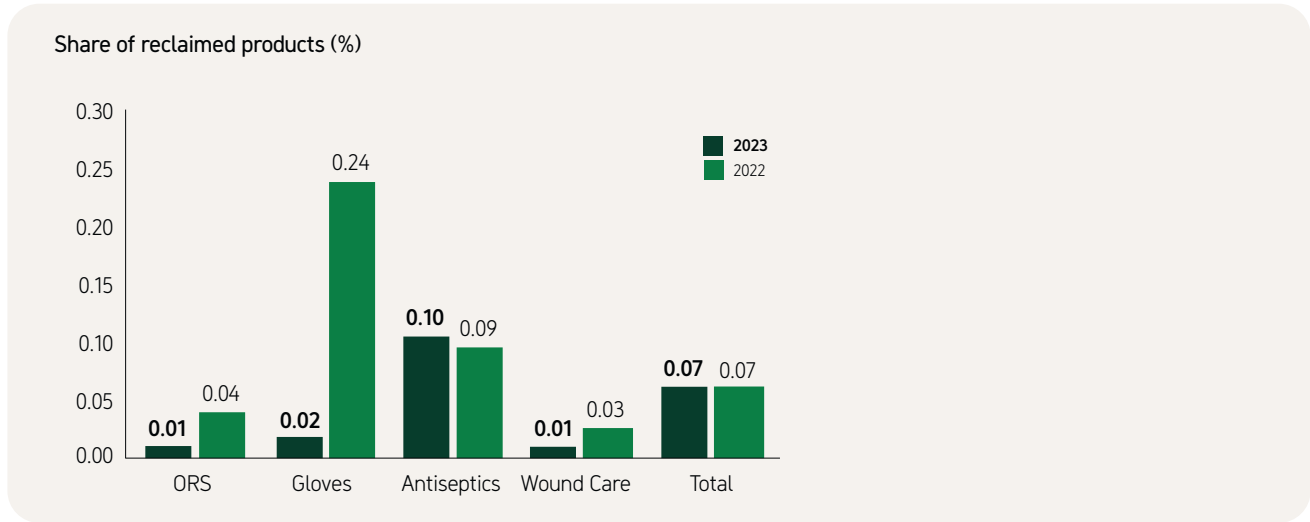
Mölnlycke’s target to decouple growth from increased material usage extends beyond conventional recycling practices. The company initiates this approach by limiting the necessity for recycling, emphasising a commitment to zero waste through the “right first time” principle, and repurposing and reclaiming materials.

The journey toward becoming a zero-waste company encompasses both material and water. Mölnlycke has set ambitious targets for achieving zero waste to landfill and reusing water at its most water-intensive sites by 2030. This includes the implementation of closed water loop systems across all production systems.

The company’s waste and water reduction management program is structured around:

- developing and implementing a leading integrated quality and environmental management system
- site-specific activities designed to prevent the creation of waste or excessive water consumption
- minimising landfill waste through proper segregation and disposal practices
- identifying alternative uses for materials that would otherwise be discarded.

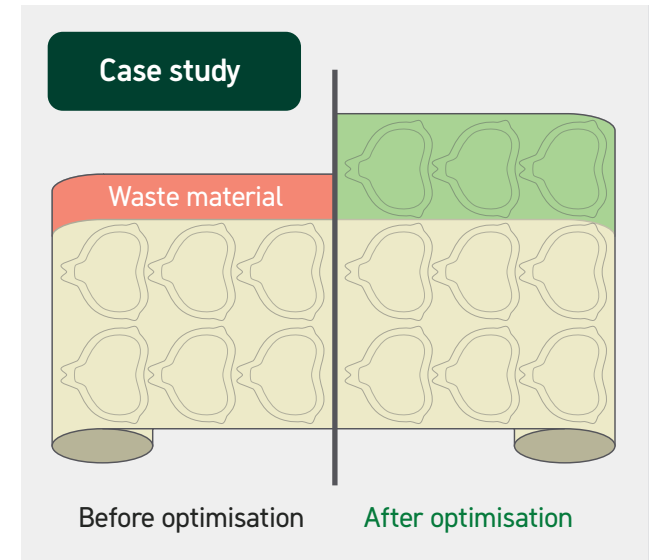
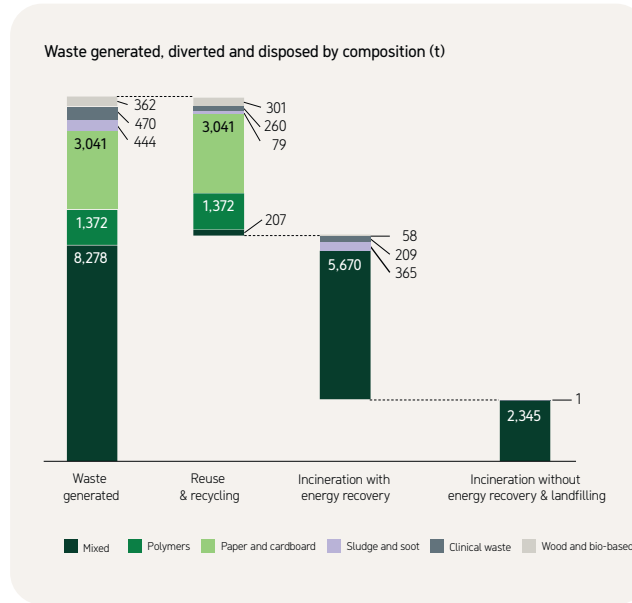
While the reclamation of products and packaging poses challenges due to order and product specificity, Mölnlycke monitors overall resource efficiency gains related to reclaims and continually strives for improvement. In 2023, 0.07% of products were reclaimed based on monetary value.



In 2023, the company produced a total of 13,967 tonnes of waste across its sites, reflecting a decrease of 2% compared to 2022 despite the increase in production. This decrease was primarily attributed to efficiencies and waste reduction initiatives within our production facilities. All waste generated, encompassing both hazardous and non-hazardous materials, is dispatched for off-site treatment through certified third-party entities.

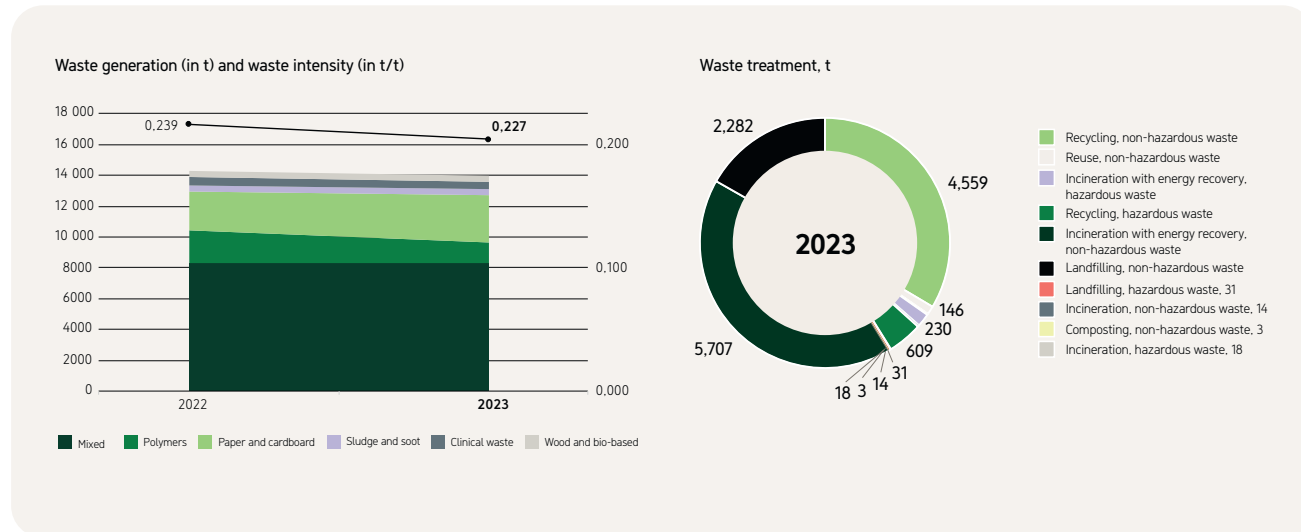
On top of the decrease in waste generation, waste intensity of production also witnessed a decline of 4.9%, primarily propelled by substantial waste reduction initiatives within the Gloves Business Area.

Over the course of the year, the company initiated new programs aimed at fostering circularity. This included the implementation of practices such as reusing process materials and recycling raw materials back into the production process at various facilities. Mölnlycke's sites collaborated to proactively eliminate waste by modifying machinery specifications and adjusting raw material criteria to enhance product yield, preventing unnecessary waste generation.



Manufacturing innovation reduces waste and resource streams

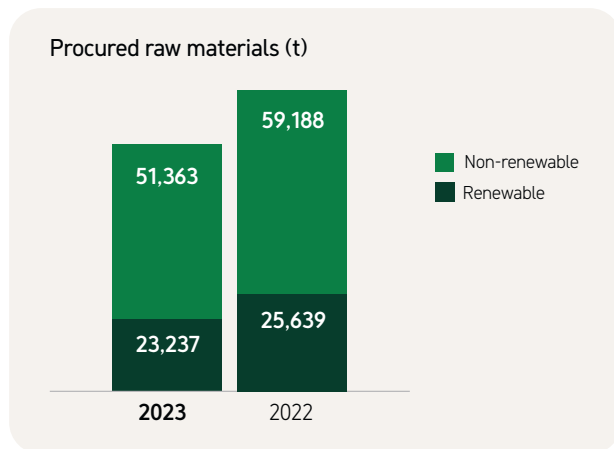
An important way to raise the sustainability profile of Mölnlycke's products is minimising waste generated by our production processes. The latest example of this type of manufacturing innovation is a cross-functional project between Wound Care Operations, Procurement and R&D departments, which resulted in re-engineering the dressings' manufacturing process in order to use up every bit of space on the wound pad roll. With the improved wide-cut process the factory in Maine reduced the amount of waste sent to landfill by 30 tonnes per month. The optimisation also increased the number of dressings produced from one roll by 50%. An additional benefit of the increased throughput from one roll was eliminating the need to transport the cardboard box for the roll every day.



Raw material use

Raw material is a critical aspect of Mölnlycke's decarbonisation journey. Mölnlycke has to cut the total demand for resources, and replace the rest with recycled and renewable resources with the lowest emissions possible. In 2023, the amount of raw materials and components procured for production was 74,600 tonnes. This was approximately 12% less than the previous year, despite the increase in production.

As part of the WeCare roadmap, Mölnlycke continuously strives to increase the share of biobased raw materials in its polymer use. Building on the success from 2022 in this area, Mölnlycke increased its procured amount of ISCC-certified material by almost five times, amounting to 72.6 tonnes. In 2023, 8.6% of all procured material was composed of certified renewable streams proven to come from responsibly managed sources (for example FSC or ISCC Plus certified). The majority of the renewable raw materials are used in packaging, or paper coating, as well as in the supply of natural fibres and natural latex. In total, 31% of all procured raw materials came from renewable streams, amounting to 23,237 tonnes, which is a slight increase from the 30% reported in 2022.



Water

Mölnlycke is dedicated to responsible water usage across all its production sites and offices, acknowledging the fundamental importance of a sustainable water supply to its business operations.

Water plays a crucial role in various activities, including raw material production, product manufacturing (such as foam production), cleaning, cooling, and sanitation for the company. Although Mölnlycke is not a high-intensity consumer of water resources, it acknowledges the potential impact its locations may have on local water bodies during extraction and discharge and therefore operates on a precautionary principle.

Continuous assessment of risks and water-related impacts is integral to Mölnlycke's approach. The company endeavours to minimise these impacts by:

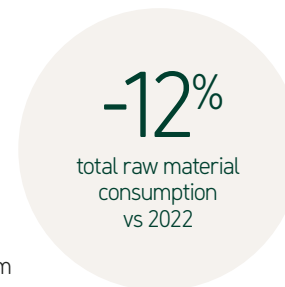
- implementation of robust maintenance practices and secondary containment measures at all factories
- prevention of spills of raw materials through proactive maintenance
- adherence to sound operational procedures
- ongoing training initiatives for employees and suppliers involved in raw material management.

While Mölnlycke's extensive geographical presence is a core strength, not all areas where the company operates exhibit the same long-term security and availability of fresh water. Though this is currently not an issue at any site, Mölnlycke acknowledges the potential of increased water stress over time to impact its business and communities. This consideration is particularly vital in regions with vulnerable communities, prompting Mölnlycke to go beyond traditional water efficiency and regulatory compliance.

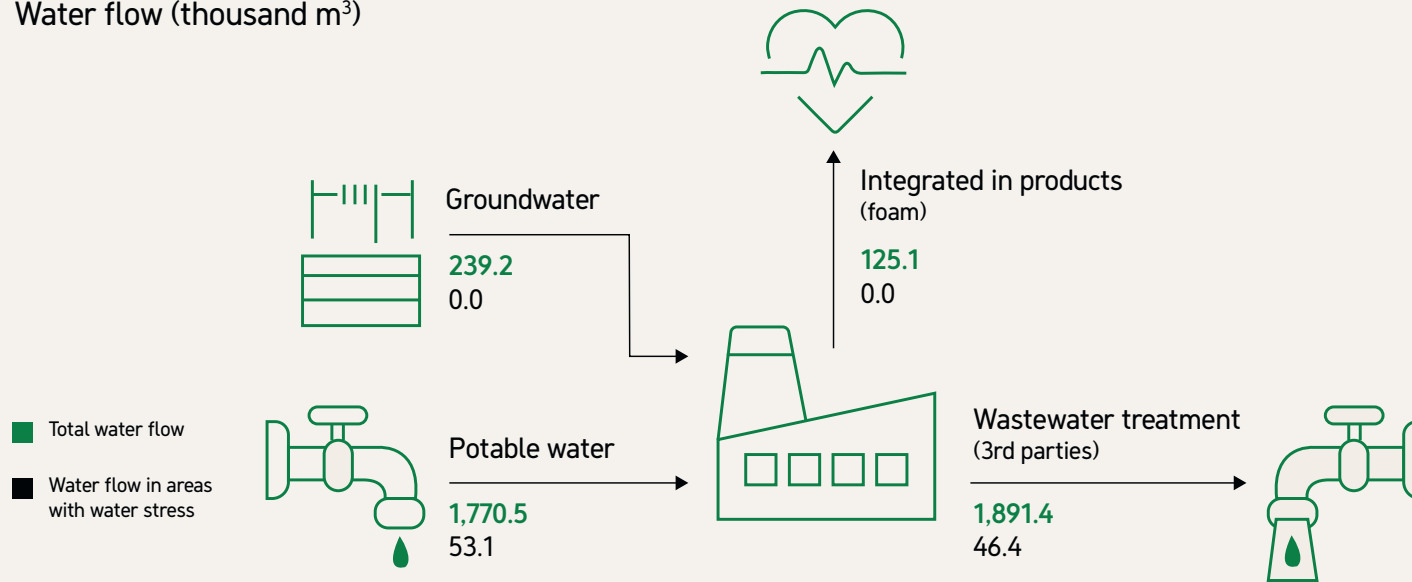
For each production site situated in areas of concern, Mölnlycke commits to developing tailored water action plans, addressing local contexts and outlining strategies for enhancing water conservation and reuse. For instance, the Business Area Gloves aims to establish a closed-loop process for water systems at all its sites and continually decrease water consumption. Additionally, all operational teams consistently exchange best practices for optimised water use in both routine and non-routine tasks. Mölnlycke places emphasis on educating and engaging employees in water conservation efforts.

Water intake

The company experienced an 8% decrease in its total water intake compared to 2022, primarily attributed to water saving initiatives in the Gloves Business Area. Most of this intake is sourced from third-party providers, predominantly municipal water supplies.



Water flow (thousand m³)



Water consumption

In terms of water consumption⁹, Mölnlycke’s overall water use is estimated to be moderate (125,100 m³). Water is consumed as an ingredient or component in products, such as foam, in two of Mölnlycke’s locations (Wiscasset and Mikkeli) which are not situated in water-stressed areas.¹⁰ Water is also consumed in canteens at various sites. No other water is consumed by the company.¹¹

Water discharge

Following usage, all sites discharge their water into municipal sewage systems. The majority of Mölnlycke’s sites exhibit limited environmental impact in their water discharge practices.

In the USA and Malaysia, water undergoes treatment to meet regulatory standards before being discharged into municipal sewers. Stringent controls, regulated by local permits and overseen by authorities, ensure compliance. Regular testing, mandated by local authorities, is conducted to adhere to all regulations. Each country establishes a minimum standard effluent discharge quality applicable to all industries, and Mölnlycke, while not imposing internal standards, collaborates closely with local environmental authorities to align permit requirements with the receiving waterbody’s characteristics. Mölnlycke maintains that, to the best of its knowledge, no priority substances of concern enter natural systems because of its water discharge.

All sites adopt a systematic approach, integral to the ISO 14001-certified environmental management system, to identify, document, and evaluate risks associated with water consumption and discharge. Actions are identified, evaluated, and implemented as necessary to prevent adverse water impacts. Regular follow-ups occur through annual reviews, and internal and external audits. Risks related to new equipment and processes undergo environmental assessments at all sites before implementation. The overall assessment concludes that the social, environmental, and financial impact of both water intake and discharge is limited.

9. Water consumption is defined as water used such that it is no longer available for use by the ecosystem or a local community.
 10. An area is considered a ‘water stress area’ when the ratio between withdrawal and supply is >40% based on the data from the World Resources Institute (WRI).
 11. See Note 1 and 2 at the end of the report.

Packaging

Mölnlycke is committed to reduce the environmental footprint of its packaging and have continued working together with suppliers, customers, recyclers and other partners to improve its packaging solutions.

Mölnlycke is tackling the challenge of developing recyclable and renewable primary packaging suitable for sterilisation while meeting sector-specific regulatory requirements. The company is actively engaging in investigations and activities with suppliers to develop recyclable fiber-based and mono-PE primary packaging materials. Furthermore, multiple initiatives concerning reducing packaging material, size, and weights are ongoing across all Business Areas. One example is the bifolding of gloves to decrease packaging material consumption, reducing CO₂ emissions and waste. This project is planned to commence implementation in 2024.

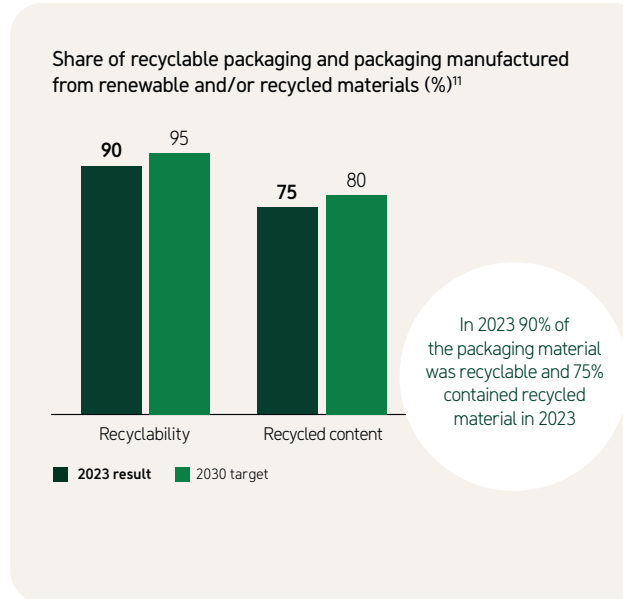
The majority of Mölnlycke's secondary and tertiary packaging solutions are recyclable and contain renewable and/or recycled material. Yet, activities are ongoing to increase the amount of recycled content even further and to support Mölnlycke's corporate target of 80% of non-plastic packaging to be FSC/PEFC-certified by 2030. One example is implementation of FSC-certified tertiary packaging for products manufactured in Mölnlycke's two Thai factories. Activities of this kind are ongoing in all Business Areas – many of these will be implemented during 2024. Other ongoing activities will result in reduced weights of tertiary packaging and/or optimised pallet fitting.

In 2023–2024, several product groups within the Antiseptics assortment undergo a process of change, due to change of contract manufacturer. As part of this process all tertiary packaging has been reviewed. Going forward, all new tertiary packaging for the Antiseptics products put on the EU market will be FSC-certified. The possibility of increasing the recycled content in the EU and USA products is also being investigated as part of this transition.

Additionally, Mölnlycke is reviewing the possibility to increase the use of renewable materials in plastic packaging and how to better enable recycling of plastic packaging materials.

During 2023, contract manufactured and distributed products were added to the packaging baseline. Due to the increased scope and improved data quality in the reporting methodology, the 2022 figures have been restated in the table below. Several packaging initiatives are ongoing, and a positive impact is expected in 2024. Even though we work actively with reducing the packaging footprint of our trays, they are not included in our packaging targets and baseline calculations at this date.

In 2023 90% of the packaging material (measured by weight) was recyclable and 75% contained recycled material.



Tackling medical waste by revolutionising OR procedure packs

In 2021, Dutch artist Maria Kojick posted an online film illuminating the issue with surgical waste. Mölnlycke reached out to the artist to continue the conversation. In an impactful campaign seen by 30 million viewers the company suggested the ways to address the problem. The Royal Liverpool and Broadgreen University Hospital in the UK switched from individually supplied and wrapped medical devices to customised pre-packed and surgery-specific Mölnlycke ProcedurePaks® and in this way reduced the volume of associated packaging waste by up to 90% (around 2.6 tonnes) helping the Trust fund operating the hospital to reduce its carbon footprint by five tonnes.¹² Additional benefits included theatre throughput increase of 47%, as well as staff time savings corresponding to £175,000 per year.

12. https://www.molnlycke.com/SysSiteAssets/master-and-local-markets/documents/master/surgical-documents/procedure-trays/royal_liverpool_broadgreen---environmental-study.pdf

Sustainable portfolios

Mölnlycke is actively engaged in promoting a circular economy, incorporating circular practices throughout its entire value chain. Mölnlycke recognises the transformative possibilities across every facet of its business with a collaborative focus on providing its customers with the most sustainable solutions to help decarbonise healthcare.

In 2023 the company invested in carrying out Life Cycle Assessments for products including Mepilex® Border Flex, Mepilex Border Sacrum, HiBiScrub®, HiBiClens®, OP Towels and surgical gowns, accounting for 30.3% of the Mölnlycke portfolio in terms of net sales. The company also takes action to manage harmful substances in advance of legislation, futureproofing Mölnlycke's products against changes in regulations and always safeguarding patients' safety. Customers and end users have accessible and adequate information about the positive and negative environmental and social impacts of Mölnlycke's products and services and how to dispose of the products at their end of life. In 2023, no non-compliance with regulations and/or voluntary codes was identified.

Sustainable Product Portfolio Assessment (SPPA)

In 2022, Mölnlycke adapted the standardised categorisation methodology, Sustainable Product Portfolio Assessment, from the portfolio framework tool developed by World Business Council for Sustainable Development (WBCSD) as fit for purpose for a MedTech company.

Mölnlycke's 'leading solutions' are products that offer significant sustainability benefits for customer over mainstream alternatives in the market, while providing the same or better functionality.¹³

The sustainability benefits of Mölnlycke's 'leading solutions' can include one or more of the following:

- lower GHG emissions and improved energy efficiency
- more efficient use of natural resources
- lower waste
- less packaging
- improved inclusiveness
- improved health and wellbeing.

Mölnlycke also assesses that a given 'leading solution' does not have adverse effects on any other criteria. Information from the portfolio analysis is being used to support product portfolio planning through the company's marketing and innovation processes. It also helps the company to engage with customers on sustainability and product safety. By considering a holistic view of the product portfolio from a sustainability perspective, Mölnlycke will continue to drive growing acceptance of more sustainable solutions in its markets.

In 2022, the company initiated a pilot for the assessment of its sustainable product portfolio, which was fully implemented by the Business Areas OR Solutions and Antiseptics in 2023. The assessed portfolios account for 13.4% of total company revenue. This expansion underscored the positive outcomes of Mölnlycke's ongoing efforts to enhance product design. In 2023, the 'Leading' category comprising products that offer measurable sustainability performance improvements for customers generated 5.8% of the total revenue in the assessed portfolio.



Engaging in a Sustainable Product Portfolio Assessment (SPPA) provides us with a profound understanding of the sustainability embedded in our portfolio. This not only empowers us to guide customers towards sustainable choices but also enriches our insights for the continuous evolution of resilient and sustainable solutions.

Erik van Campenhout,
Commercial Director EMEA/APAC/ Global Business Development and Global Marketing, Antiseptics

13. For more information see Sustainability Note 15

As the company continues to integrate eco-design principles and sustainability criteria into its product design, this measure of customer value is expected to increase over time. Products in the 'performer' category meet customers' needs and are on a par with mainstream alternatives.

The 'transitioner' category includes substances that have been identified as potentially concerning by various stakeholders, including governments, NGOs, customers, and public groups. Through Mölnlycke's priority substance program, the company manages these hazardous substances and encourages the use of safer, more sustainable products.

In 2024, Mölnlycke will establish a long-term target for the 'leading products' category to support the evolution of its sustainable portfolio.

30.3%

of Mölnlycke portfolio
in terms of net sales
covered by Life Cycle
Assessment

Case study



Reducing waste with Mepilex® Border Post-Op

Designing devices with longer service life compared to previous devices, and educating customers in using them for longer is an important aspect of Mölnlycke's gradual transition into the circular business model.

One example is Mölnlycke's Mepilex® Border Post-Op, which is clinically proven to be safely used for up to 14 days after the surgery.¹⁴ What this means in clinical practice is that the dressing can be removed only when it's necessary, i.e. when the sutures or staples are removed from the healed wound. As the majority of post-operative wounds heal within this timeframe, in reality very few dressing changes are required. In contrast, conventional post-operative dressings often need several changes¹⁵ - with the associated consumables to perform a sterile or aseptic dressing change added to the medical waste generated.

Advanced dressings with prolonged lifespan can contribute to minimising dressing-related waste and, consequently, also greenhouse gas emissions associated with product disposal. However, for this to happen, a change to clinical praxis and protocols is often required.

The standard protocols including the use of island dressings vary between geographies and even hospitals, but in some cases they recommend daily dressing changes, mostly driven by the surgeon's wish to inspect the wound.

Finally, island dressings like Mepilex Border Post-Op are showerproof, which eliminates the need to use plastic bags or tape to protect the dressing when taking a shower, as is often the case when using non-barrier dressings, which further reduces waste.

14. Van Overschelde P, et al. Undisturbed wound healing; a single centre retrospective study investigating patient reported outcomes and clinical validity of extended dressing wear time for incisional healing following orthopaedic surgery. The ARCTIS study. Journal of Wound Care, 2024

15. Bredow J. et al. Evaluation of Absorbent Versus Conventional Wound Dressing. A Randomized Controlled Study in Orthopedic Surgery. Deutsche Arzteblatt International, 2018.



BARRIER® Primary Plus ISCC Surgical Gowns

In 2023 Mölnlycke launched one of its 'leading solutions', ISCC-certified BARRIER Primary Plus Surgical Gown, as the first step in the company's efforts to expand the ISCC certification to staff clothing. The gown has 14% lower CO₂ eq emissions in comparison to the non-ISCC certified BARRIER Primary Plus. The transport and dispenser boxes for these gowns are constructed from cellulose wood material from FSC-certified sources. Other FSC-certified gowns include BARRIER Classic Surgical Gown.



BARRIER® Universal ISCC Mayo Stand Cover across all ProcedurePak® trays

A notable milestone is the introduction of the BARRIER ISCC Mayo Stand Cover - another Mölnlycke's 'leading solution' across all ProcedurePak® trays, underscoring Mölnlycke's commitment to decarbonising healthcare. The sustainability benefits of BARRIER ISCC Mayo Stand Cover include total weight reduction exceeding 20%, 14% bio-based materials, 21% of the PE-tube containing bio-based material, and a 15% reduction in CO₂ eq. in comparison to the Mölnlycke non-ISCC-certified equivalent product.



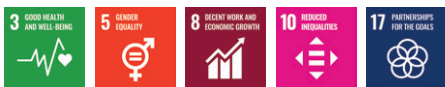
Mölnlycke ProcedurePak® tray component

Mölnlycke's tray organiser made from FSC-certified pulp offers a sustainable alternative to traditional plastic organisers by reducing customers' dependency on fossil materials and ensuring that the forests are managed sustainably, allowing for continuous regeneration.



Responsible relationships

Mölnlycke is achieving its vision of becoming a sustainability leader in its industry with a healthy, safe and engaged workforce which embraces diversity and inclusion. To create a positive societal impact, Mölnlycke is building mutually beneficial relationships with employees, customers and the people in its communities.



Targets	2022 outcome	2023 outcome	Trend
Safety long-term target: zero injuries and harm <0.5 Lost Time Injury (LTI) rate by 2030	2.1	1.3	➔
Gender parity for people leaders at all levels by 2025	44%	47%	➔
>5 nationalities in the Executive Leadership Team by 2025	5	5	➔
>4 Employee Engagement Index Score ¹⁶ by 2025	80%	3.8	➔
>4 Diversity, equity and inclusion Engagement Index Score by 2030	Will start to measure in 2024	Will start to measure in 2024	N/A
>10,000 lives improved with global CSR program by 2025	Cleft care centre in Cebu start of construction	290 lives improved with global CSR program ¹⁷	➔

Relevant policies and position statements

- Sustainability policy
- Occupational Health and Safety position statement
- Procurement policy and Supplier standard including Code of Conduct
- Global travel and meeting policy
- Community support policy
- Diversity, equity and inclusion position statement
- Human rights position statement

For additional information, visit: www.molnlycke.com

16. In 2023 Mölnlycke changed and standardised the process of measuring Employee Engagement Index Score, with the score being calculated on a scale of 1 - 5 rather than in percentage.
 17. The trend for the target is considered positive as 2022 was mostly devoted to setting up the infrastructure for the cleft centre. The achievement of 2022 is the first surgical mission in Cebu.

Employees

Mölnlycke recognises that making its employees thrive is an integral part of being sustainable. Focusing on engagement and fostering an inclusive environment are key when it comes to creating shared value.

Diversity, equity and inclusion

Mölnlycke strives to create an inclusive and equitable workplace where the power of diversity is consistently recognised, leveraged and celebrated. Mölnlycke recognises that the diversity of its workforce fuels creativity, fosters innovation, and enhances the overall problem-solving capabilities. It also provides better insights into the needs of Mölnlycke’s customers and patients, which in turn enables providing them with more inclusive solutions.

Mölnlycke empowers and supports Employee Resource Groups (ERGs), where employees come together to support a cause through sharing their experiences, providing mentorship, and advocating for a positive change. These groups are expected to expand in 2024.

Recognising the significance of the impact the company can have in promoting diversity, equity and inclusion in its business partnerships, Mölnlycke sets specific requirements for its suppliers (see our Supplier Code of Conduct for details). Mölnlycke acknowledges that all employees have the right to equitable compensation, benefits, and opportunities for development and advancement. To achieve this, internal processes are subject to continuous analysis and feedback sharing.

Actions taken by Mölnlycke during 2023 to strengthen diversity, equity and inclusion included:

- establishing the Global DE&I Council comprised by senior executive leaders to define and drive DE&I strategy

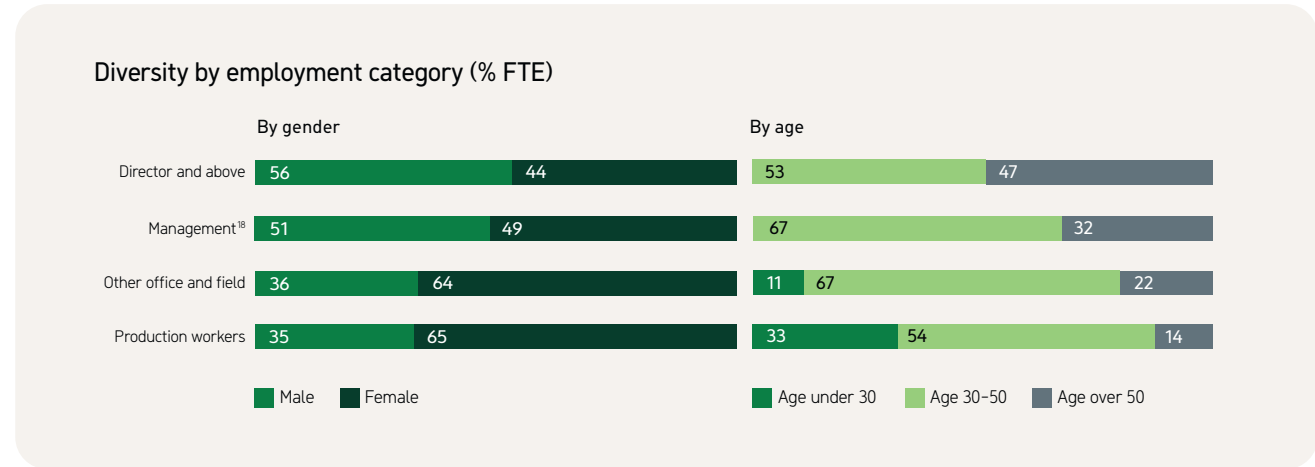
- increasing awareness about Mölnlycke’s vision and position on DE&I through continuous communications to all employees
- continued efforts to identify and eliminate unconscious bias in the company’s people processes
- enhanced efforts to listen to employees, e.g. through the launch of Mölnlycke Pulse bi-annual global employee engagement survey including DE&I focus area
- strengthening leadership diversity through inclusion of gender balance review in Mölnlycke’s annual talent reviews.

On 31 December 2023, there were five different nationalities and six female members out of eleven represented in the Executive Leadership Team. Progress on gender distribution across different grades has also been made with females currently constituting 47% of all people leaders in 2023. For detailed break down by

employment category see diagram below. Moreover, Mölnlycke has broadened its focus to include additional types of diversity, as well as equity and inclusion.

Mölnlycke diversity key performance indicators are communicated to the Executive Leadership Team monthly and to the Board annually. Employees are kept informed and engaged through continuous internal communication. At the end of 2023 Mölnlycke had a total of 8,427 employees (FTE). See Sustainability Note 14 for details.

For additional information, visit: www.molnlycke.com

18. Management level includes both people leaders and individual contributors.



Employee Resource Groups to nurture the culture of inclusivity

Being able to be fully express yourself at work is essential for employee's wellbeing and engagement and has become an important consideration for employment. Mölnlycke recognises that diversity of its workforce is a competitive advantage. The company encourages and provides a framework for Employee Resource Groups (ERGs) – networking and professional development groups based on shared characteristics or background. Mölnlycke employees in the USA created ERGs such as the Professional Women Alliance, African American Resource Group, Veterans, and Be You (an LGBTQ+ community). The activities of these communities focus on raising awareness and improving equity, inclusivity and a sense of belonging for its members. Moreover, the ERGs run various educational activities supporting professional growth, e.g. inspiring guest lectures related to talent development or providing opportunities for members to develop new skills. ERGs fulfill an important networking role as members can meet colleagues in a cross-functional context. Depending on the nature of the specific ERG, some of them also organise community service activities or raise funds for local charity organisations supporting people with similar backgrounds. One example is the fund-raiser organised by BeYou in support of The Trevor Project – an organisation which provides crisis intervention and suicide prevention services for all youth.

Employee engagement

Listening to Mölnlycke's employees and seeking continuous feedback is one of the company's ways to futureproof its business through enhancing a sense of purpose and belonging. Building on an external benchmark and the insights from the organisation, in 2023 Mölnlycke launched a new approach to employee engagement – Mölnlycke Pulse.

Mölnlycke Pulse revolves around creating a direct and dynamic connection with all employees. Its goal is to conduct ongoing surveys to gauge the sentiments and perspectives of Mölnlycke's employees systematically. Apart from a more general culture-related survey it also includes targeted check-in surveys on critical topics conducted at critical moments, e.g. onboarding and offboarding surveys. As an integral part of Mölnlycke Pulse, the annual Culture Survey from previous years has been replaced by a bi-annual Engagement Survey with a new set of questions including an enhanced focus on DE&I, health and well-being, as well as effectiveness of Mölnlycke's people leaders.

In 2023, Mölnlycke achieved a global response rate of 92% and an overall engagement score of 3.8 (1-5) which is in line with other companies across all industries. Being a result of the major change in approach to employee listening, the score is not fully comparable with the past year's one. Yet, it constitutes a solid baseline that will enable measuring drivers of engagement and pro-actively utilising them to implement specific actions. The areas which scored highest in the first Mölnlycke Pulse survey were a) relationship with managers and colleagues (4.0), and b) clarity on goals and achievements (3.9).



Mölnlycke will also continue to address improvement opportunities linked to well-being and health as this is important and meaningful for Mölnlycke's employees, as demonstrated by a huge employee engagement in the global campaign in support of the World Mental Health Day. Important themes of the campaign were breaking the taboo around mental health, as well as educating employees and society in general about ways to get help and support.

As a result of employee engagement with this event, Mölnlycke pledged a donation to the World Federation of Mental Health to help them in their continued work to make mental health a universal human right for all.

Empowering future leaders

Mölnlycke aims to build a bench of leaders that will fuel growth, and this requires diligent assessment and planning. The company runs an annual structured process to assess talents and ensure that succession plans are realistic and diverse. This includes talent reviews at local, regional, Business Area and Corporate Functions' level to make sure that all perspectives are covered, and the process is fair.

In 2023, the company completed succession planning for all roles at manager level and above. Following talent assessments and succession planning, solid actions are in place to prepare leaders for their next roles.

Case study

A career that matters

Mölnlycke believes new skills can be learned relatively quickly, but the knowledge of the business is built incrementally over the years and is equally important as showing the right attitude. For this reason, the company invests in internal talents by offering a workplace where you can own your career and professional development while being provided with opportunities to experience different roles and develop through various leadership programs.

Ylva Lindgren, Global Director Digital Enablement, is one example of what Mölnlycke career development might look like. Her journey at Mölnlycke dates back to 2001, when she supported implementing SAP at Mölnlycke. Her success in the roll out, can-do attitude, as well as her natural people leadership skills were noticed and several years later she took up a role of Team Lead Customer-to-Cash. Soon, her team grew to forty people and with Mölnlycke’s decision to offshore a part of the SAP-related work to India, she was now running a global team with all the cross-cultural challenges that this set up might present. During that part of the journey she was also offered an opportunity to participate in the Global Leadership Development Program before starting her maternity leave.

In 2019 Ylva was offered a regional role of IT Director for Americas and relocated to the United States together with her family. Since 2023 Ylva runs the Digital Enablement pillar of Mölnlycke’s digital transformation.



What distinguishes Mölnlycke as a workplace is a strong sense of purpose that all employees share, which in turn is the main driver for all the innovation and creativity that sits within these walls. Working with these driven and talented colleagues is a major source of inspiration for me every day.

Ylva Lindgren,
Global Director Digital Enablement

Employee development

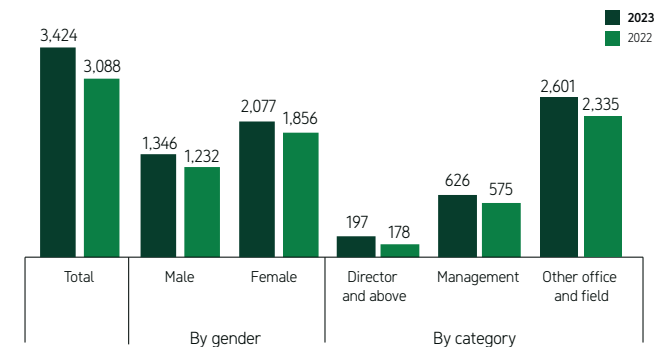
At Mölnlycke meaningful career and personal development conversations are essential to creating an engaged and successful workforce. In 2023 the company developed and launched a new Career & Development Framework which includes:

- a career and personal development workbook that provides a step-by-step reflection guide to support employees and people leaders in preparing for and conducting career and personal development conversations
- a development toolbox that provides a list of development actions aimed at inspiring employees and people leaders when building a personal development plan.

The company also carries out talent reviews to identify employees for further development and ensure the potential of key talents in the organisation is unlocked. During 2023, a number of leadership programs with customised content based on employee level and career stage covering topics such as developing personal leadership, incremental innovation leveraging the team, managing and leading change has been implemented.

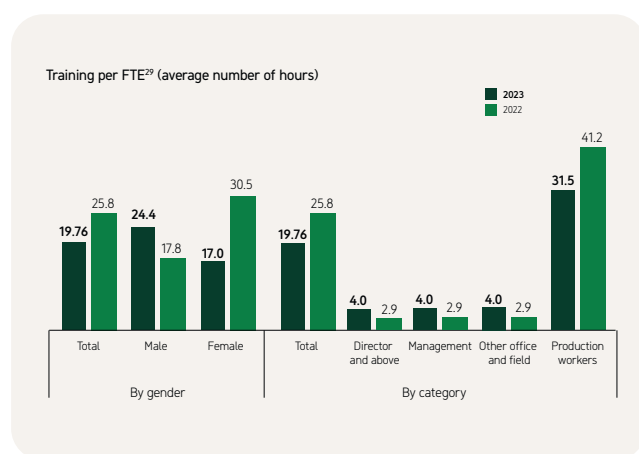
In 2023, 113 leaders graduated from these programs. In 2024, the focus will shift to reviewing the content of the programs to ensure it remains aligned with the leadership skills needed to implement Mölnlycke’s strategy and vision.

Number of employees who received a regular performance and career development review



Employees can launch 360-degree feedback surveys to collect feedback from different stakeholders. This helps them to reflect on how other stakeholders see them, build on their strengths and focus on development areas.

There are also plenty of opportunities for employees to gain more experience through project assignments, expanding roles or responsibilities, changing roles, and exposure to leadership. In 2023, Mölnlycke filled 61% of positions at manager level and above and 70% of positions at director level with internal talents.



Capability building

In 2022 Mölnlycke developed a global capability model including a comprehensive list of capabilities. In 2023 each Business Area and Corporate Function continued to deliver skill trainings in respective areas that address capability gaps.

However, a systematic assessment of current proficiency against the desired level is crucial to identify gaps and then deliver relevant learning opportunities to address them.

The slight decrease in the total number of training hours per employee in 2023 compared to 2022 was mainly due to the decrease in optional training hours.

Occupational health and safety

Mölnlycke places a strong emphasis on fostering a culture of care for its colleagues, with safety serving as the cornerstone. The company is dedicated to achieving zero injuries and harm by maintaining high standards in Occupational Health and Safety (OHS) performance and capability.

To reinforce its safety culture, Mölnlycke invests in visible safety leadership programs, global employee training initiatives and engagement programs. The integrated Environment, Health and Safety (EHS) management system play a crucial role in this effort, driving continual improvement through global safety standards, root cause analysis, regular training in a variety of safety topics, annual improvement plans and internal and external audits. Compliance assurance is a top EHS priority, ensuring Mölnlycke's license to operate and business continuity in a dynamic regulatory environment.

Mölnlycke's EHS management system adheres to the ISO 45001 standard and undergoes regular audits by an accredited body ensuring continued certification. Mölnlycke aims to achieve 100% ISO 45001 coverage across all manufacturing sites and headquarters in 2024.

Assessment and mitigation of risks and hazards are integral to Mölnlycke's approach. The company employs tools and processes for hazard recognition, including risk assessments for machinery, chemicals, organisational and social change management, and non-routine work.

All locations have a process of hazard observation and the observation numbers are reported on a monthly basis. 6406 total observations were recorded in 2023 - this is a 14% increase compared to 2022. The overarching safety principle is 'stop'. This gives all employees the empowerment to remove themselves from work situations that they believe could cause injury or ill health. Mölnlycke has developed policies and procedures to ensure concerns raised by employees are investigated confidentially. Furthermore, Mölnlycke does not tolerate retaliation against employees raising their concerns in

good faith, supporting or participating in investigations or H&S committees. Personal health information is not permitted to be used for any unfavourable treatment of workers. Any instance of unfavourable treatment or retaliation should be reported to the Ethics Hotline.

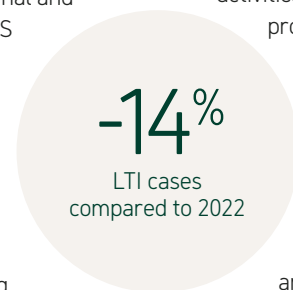
Building on its commitment to OHS excellence, Mölnlycke launched a four-year program in 2022, spanning to 2026. The program focuses on people safety, process safety, health and wellbeing, and people and physical security. Key initiatives delivered in 2023 include enhancing safe behaviours, embedding Mölnlycke's safety principles, which aim to reinforce safe behaviour across all manufacturing and non-manufacturing activities, continuation of specialised manual handling programs, a global safety day and a review of global security policies.

Mölnlycke fosters a culture that encourages and empowers every employee to play a part in cultivating a positive OHS environment. Health and safety committees, comprising managers, employees with safety responsibilities, work councils, and employee representatives, are established at all manufacturing sites and

headquarters. These committees serve as platforms for inclusive consultation and active participation in discussions related to OHS systems, evaluation and improvement. The company promotes organisational learning through monthly global EHS team meetings and best practice sharing.

The company maintains occupational health and well-being programs across all locations, offering services such as private healthcare, physical exams, psychological services and voluntary programs to support a healthy lifestyle and address substance abuse.

In 2023, Mölnlycke reported zero fatalities as a result of work related injury or ill health, either among Mölnlycke employees or contractors. The coordinated focus on safety has begun to yield results. The company achieved a significantly reduced LTI, or recordable injury, frequency rate of 1.3 ppm¹⁹, with a total of 25 incidents, representing a 14% reduction from 2022 in number of cases, primarily due to the continued implementation of the OHS

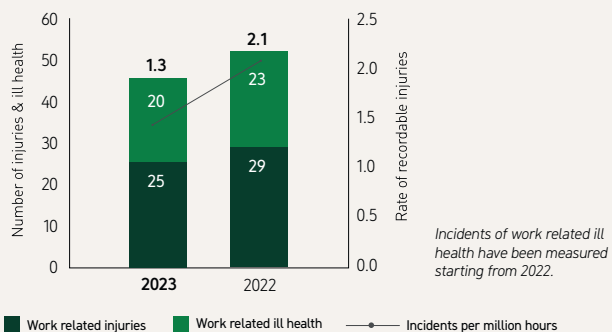


19. The rate of injuries per number of hours worked calculated on one million working hours. Total number of hours worked in 2023 was 18,759,975.

excellence program. The company also realised similar success in reducing the number of ill health²⁰ cases by 13% from 2022, with a total of 20 cases. 36% of Mölnlycke's manufacturing locations have been lost-time-injury free for more than a year. Common causes of injuries were machinery and manual handling resulting in pinched fingers, bruises and sprains. With regards to ill health, these were most commonly due to repetitive motions. All of the incidents were investigated and preventive measures taken to reduce the risks in future operations. The company remains on course to achieve its ambitious 2030 LTI target of 0.5 ppm through continued focused implementation of its OHS excellence program.

Safety walks by site leaders, which are designed to prevent incidents and foster a positive safety culture, exceeded targets, reaching 96% completion against the plan in 2023.

Work related injuries and ill health (number and rate)



Forging safety excellence at Mölnlycke Thailand

Mölnlycke's coordinated focus on safety is yielding results and is getting acknowledged. The Chonburi plant in Thailand has been awarded a bronze medal in the category 'Zero Incidents' by Thailand Institute of Occupational Safety & Health (TOSH) (a public body under the supervision of Thailand's Ministry of Health) in recognition of zero occurrence of Lost Time Injuries (LTI) during four million hours of production. The rating gets

progressively better with the growing number of years with no injuries registered with TOSH and the plan is to maintain the same level of safety in the coming years.

The award is a result of continual educational activities run by Mölnlycke Thailand related to occupational health and safety. One example of this type of initiatives is the 'Live Sustainability Week' in September 2023, which celebrated 1,285 days (Chonburi plant) and 480 (Bangplee plant) LTI-free days.

20. Defined in GRI disclosure 403-10 as including acute, recurring, and chronic health problems caused or aggravated by work conditions or practices, such as musculoskeletal disorders, skin and respiratory diseases, diseases caused by physical agents (e.g., noise-induced hearing loss, vibration-caused diseases), and mental illnesses (e.g., anxiety, post-traumatic stress disorder). This disclosure covers, but is not limited to, the diseases included in the ILO List of Occupational Diseases.

Suppliers

Supply chain partners who share Mölnlycke's values are fundamental to support a secure and sustainable supply of products to the company's customers.

Sustainable procurement

As a global company and purchaser, Mölnlycke is in a position to influence environmental, ethical and social conduct among its suppliers. Mölnlycke sees its suppliers as true business partners and works closely with them to create value and support continuous improvement and delivery of shared goals. The company is committed to building long-term relationships with its suppliers and demonstrate leadership through clearly communicating the sustainability objectives outlined in Mölnlycke sustainability roadmap 2030 - WeCare, as well as in the Supplier Code of Conduct. Mölnlycke's Sustainable Procurement Framework sets the governance structure for the company's sustainability efforts related to procurement and supplier management, and it includes for example policies, strategies, reporting and training.

Supplier Code of Conduct

The Mölnlycke Supplier Code of Conduct outlines the minimum requirements for Mölnlycke's suppliers with regards to human rights, working conditions and business ethics. It aims to ensure that suppliers comply with rules and regulations, provide safe working conditions for their employees, respect fair business ethics practices, amongst other issues.

The Supplier Code of Conduct is incorporated in Mölnlycke's Supplier Standard, which also includes requirements on quality and environment, and contractually applies to all direct material suppliers, e.g. suppliers of raw materials or components, as well as logistic suppliers and indirect suppliers having a critical impact on finished products or Mölnlycke business operations. Suppliers are expected to follow the principles and requirements set out in the Code of Conduct, and apply and communicate the requirements to their own supply chain. Mölnlycke has a contractual right to conduct audits to assure compliance with the Supplier Code of Conduct and reserves the right to discontinue

any relationship should a business partner violate, fail to correct or have a pattern of violating the requirements.

New suppliers acknowledge the Code as part of Mölnlycke's requirements in the work instructions and for evaluation and approvals of new suppliers. In 2023, 100% of Mölnlycke's direct material suppliers acknowledged the Supplier Code of Conduct.

Empowering sustainable supply chains with Sedex

In 2023, Mölnlycke joined Sedex, the world's largest data platform for sharing supply chain assessment data and results, which enables more effective and data-driven environmental, social and governance (ESG) outcomes.

As a Sedex member, Mölnlycke will further develop and align its requirements and ways of working with recognised auditing standards and tools, such as the SMETA (Sedex Member Ethical Trade Audit) four-pillar audit - a comprehensive on-site audit with the full sustainability scope, including human rights, working conditions, health and safety, environment and business ethics. Mölnlycke has now started to request SMETA audits to be systematically conducted for suppliers exposed to high sustainability risk. The basis for the risk evaluation is the Sedex Risk Assessment tool, Radar. The risk assessment is focusing on country, sector and site activity. Mölnlycke is continuously screening new suppliers using the Radar Risk Assessment tool as per the requirements in our work instruction for evaluation and approval of new Suppliers.

In 2023, Mölnlycke also conducted a full risk assessment on the complete supplier base to identify suppliers operating in high-risk environments and created an action plan for mitigating potential risks in its supplier base. The risk screening covered approximately 16,000 suppliers spread over 80 countries. The output of the risk assessment demonstrated that approximately 50 suppliers are exposed to potential high sustainability risks based on the countries where different commodities are sourced from. In the next phase Mölnlycke will assess each supplier's site-specific conditions and business criticality, and enrol suppliers in our sustainability audit program.



Partnering for progress: advancing supply chain sustainability

Mölnlycke acknowledges the pivotal role its suppliers play in addressing the issue of Scope 3 GHG emissions, which constituted 85% of the company's absolute emissions in 2023, as well as their role in making a positive societal impact. Therefore, in order to strengthen Mölnlycke's partnership with suppliers, a global digital webinar 'Partnering for progress' took place on 20 November 2023. Approximately 200 of Mölnlycke's strategic suppliers were invited. The event's purpose was to familiarise Mölnlycke's suppliers with the company's sustainability roadmap and ways of working, and encourage closer collaboration to collectively unlock the opportunities that a shift to a more sustainable economy entails. During the event Mölnlycke also advocated for and stressed its commitment to increase supply chain transparency in order to mitigate any potential risks involved in the supply chain. The webinar ended with a call to action for suppliers to join the journey to Net Zero and make commitments through the Science Based Targets initiative.

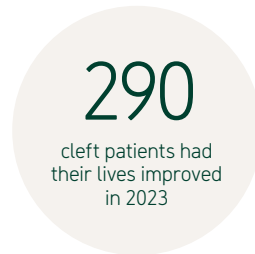
Community support

Mölnlycke always considers the long-term impact of its actions on society – whether through helping people to heal or supporting the communities it serves. Giving back is embedded in the company’s culture, through its partnership with charity organisations and the fundraising and volunteering efforts of its employees, all sharing a vision to create a sustained positive societal impact.

Healthcare system enhancement

Mölnlycke’s collaboration with Operation Smile dates back to 2004 and has evolved as the company progressed in its journey towards becoming a leader in sustainable healthcare.

In 2021, Mölnlycke committed to a long-term initiative, Cebu10000, aimed at establishing a cleft care centre of excellence in Cebu, the Philippines in partnership with Operation Smile. This program shows that Mölnlycke’s commitment extends beyond mere financial contributions and includes providing expertise in infection prevention for healthcare professionals, facilitating their eligibility for higher healthcare education, supplying essential Mölnlycke products required for cleft lip and palate (CLP) surgery, and overseeing logistics management to ensure continuous access to Mölnlycke solutions at the centre. Aligned with its charity partner, Mölnlycke envisions a comprehensive approach to cleft care, anticipating a transformative impact on the lives of at least 10,000 children and young adults in the Philippines in the first three years of the centre’s operations. The inauguration of the cleft care centre of excellence is expected in early 2024. Mölnlycke employees actively engage in fundraising activities to enhance the overall hospital experience at the centre for young patients and their families. See Notes 10.



Emergency response to the earthquake in Turkey and Syria

Following the disastrous earthquake in the region in February 2023, Mölnlycke initiated coordinated efforts to bring relief to the victims of this natural disaster. The company’s wound care product donation with a market value of EUR 73,000 facilitated by our long-term partner distributor in Turkey included mostly Mepilex® Border, Mepilex® Border Ag, Mepilex® Lite, Meplix® Transfer and it made a real difference for the injured. On top of that, Mölnlycke also donated EUR 25,000 to its NGO partner ‘Save the Children International’ and the donation was earmarked for the programme that the NGO runs in Syria.

Finally, Mölnlycke employees also raised nearly EUR 3,000 to help get life-saving supplies for the youngest victims of the disaster through ‘Save the Children International’.

Case study

The first Cebu Surgical Medical Program

In September 2023 the first Surgical Medical Program in Cebu, the Philippines was conducted by Operation Smile as a proof of concept of the Cebu10000 program. Six Mölnlycke volunteers assisted in the program, the result of which was 61 cleft surgeries conducted and the lives of 61 families changed dramatically for the better.

An important aspect of the Cebu1000 program and establishing the cleft centre of excellence to serve as a hub for the whole country is raising the level of competence of the local healthcare professionals. For this reason the three surgical procedure days were preceded by infection prevention training in the 'train the trainer' concept for 21 healthcare professionals who will be manning the Cebu cleft centre of excellence. The training was conducted by Mölnlycke clinical specialists together with Operation Smile medical volunteers. The demand for the training was high as nurse education is hardly formalised in the Philippines and every certification positively affects the chances on the job market.



It's an amazing experience to be a part of. The youngest patients are often not aware themselves of the impact the surgery has on their lives, but to see the change in their parents' faces when they see their babies after the surgery is something that will stay with me forever.

Aileen Santos,
Territory Manager Gloves Australia

Case study

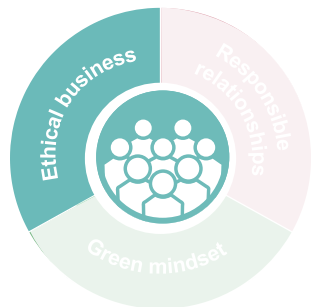
Mölnlycke Master Chef 2023 in support of Operation Smile

In June 2023 Mölnlycke employees were showcasing their culinary skills presenting the diversity of their favourite local dishes from all over the Mölnlycke globe. The campaign raising awareness on the importance of proper nutrition for surgical outcomes generated an immense engagement among employees with forty six cook-along sessions submitted in the competition. It culminated in the Mölnlycke digital cookbook, which was then used to raise funds for Operation Smile. The total impact of the fund raiser corresponded to the cost equivalent of 16 number of cleft surgeries.



Ethical business

Mölnlycke is setting high standards of ethics and responsibility in its business. Mölnlycke is acting with integrity and care for human rights throughout its value chain.



Targets	2022 outcome	2023 outcome	Trend
100% of employees to receive a training or awareness session on ethics and compliance by the end of 2023 ²¹	98.3% of employees trained on ethics and compliance	98.7% of employees trained on ethics and compliance	➔
100% of employees feel safe to report concerns without fear of retaliation by 2025	75% of employees feel safe to report concerns without fear of retaliation	67% of employees feel safe to report concerns without fear of retaliation	➔

Relevant policies and position statements

- Group policy framework
- Group business ethics compliance policy
- Anti-corruption policy
- Ethics Hotline policy
- Anti-retaliation policy
- Guideline competitor contacts
 - global competition law
- Guideline distributor contacts
 - global competition law
- Competition law policy
- Trade compliance policy
- Sustainability policy
- Meeting and venue policy
- Position statement on fair competition
- Position statement on human rights
- Distributor Code of Conduct

For additional information, visit: www.molnlycke.com



21. The annual training session is offered to employees in scope, i.e. office and field employees with access to Mölnlycke's learning platform. The awareness session is offered to employees in production.

Building an integrity mindset

Mölnlycke is committed to building a strong culture of compliance where all employees understand and are empowered to apply business integrity behaviours.

The company adheres to the UN Global Compact Ten Principles in an effort to reduce corruption and bribery in all their forms throughout its value chains, including third party risk management. This is implemented by making ethics and compliance a priority and setting up a solid compliance framework with all associated initiatives as detailed below.

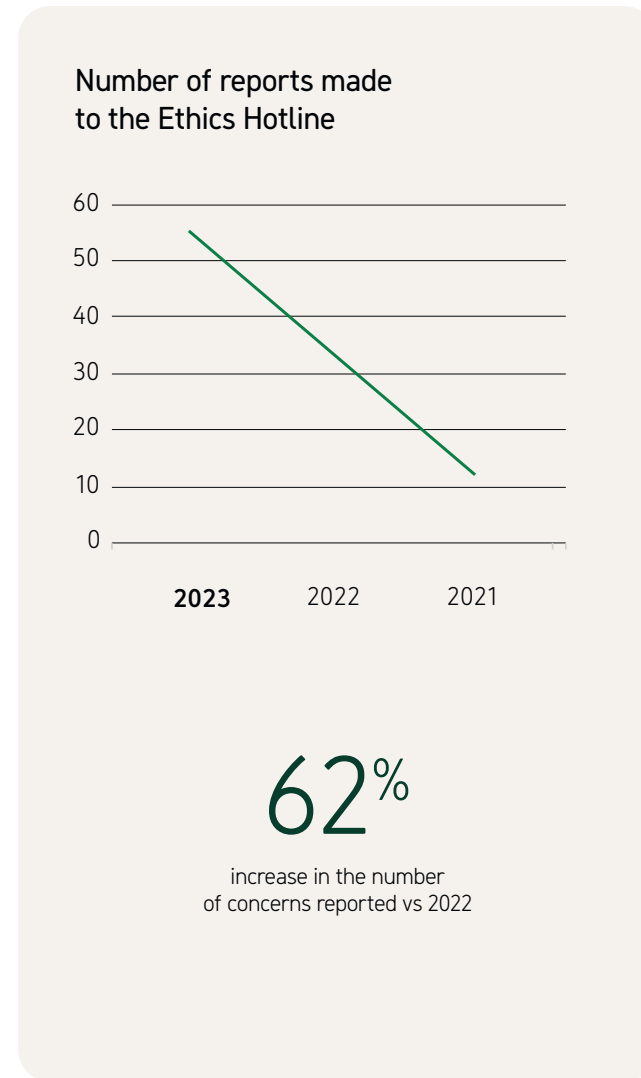
With its Code of Conduct Mölnlycke formulates its commitment to comply with laws and regulations and to be an ethical company in the broader frame of international commitments such as the UN Global Compact Ten Principles. The Code of Conduct outlines requirements towards all employees, as well as provides them with guidance. The new update will be launched in January 2024 with reinforced training activities.

Mölnlycke is on a journey to further strengthen and develop its compliance program. In 2023 a risk assessment focusing on ethics and compliance has been conducted globally to improve understanding of the risks the company might be exposed to in the different markets where it operates. The assessment has been conducted at country and regional cluster level through an online-survey and subsequent comprehensive risk workshops with the management teams. The risk assessment resulted in a clearer picture of the global compliance risk environment, and helped to align Mölnlycke's ethics and compliance priorities across internal stakeholders and management. In 2024, the risk assessment will be updated and further refined by increasing the number of survey participants and broadening the scope to include additional risk areas.

During 2023, the company regularly raised awareness on business ethics and compliance risks and challenges through communication and training activities, including the annual Code of Conduct training for its office and sales employees. In 2023,

98.7% of these employees completed the training. The training session on raising concerns was conducted for all employees, including employees in production. In addition, several thematic trainings were conducted on competition law/dawn raid, due diligence requirements, gifts and hospitality, complemented by local trainings provided by regional compliance officers and managers.

All concerns are investigated by dedicated personnel. A total of 55 reports were received and investigated. This constitutes an increase compared to the 34 cases received in 2022 indicating a stronger reporting culture. The majority of cases, 56% was related to employee relations and the second largest categories, 18% of reports, concerned misuse of corporate assets. 21,8% of cases we found to be substantiated or partially substantiated, 38,1% were unsubstantiated and the remaining cases were deemed out of scope or are still under investigation. No legal actions for corruption, anti-competitive behaviours, anti-trust, and monopoly practices were taken against Mölnlycke in 2023.



Case study

Empowering employees to raise concerns

Employees at Mölnlycke are continuously encouraged to raise concerns and report misconduct. Acting upon the 2022 score in the annual culture survey, Mölnlycke decided to conduct a company-wide awareness campaign during the first half of 2023. The aim was twofold: to encourage employees to speak up and to ensure that employees in positions of responsibility are better prepared to receive employees' concerns.

Live sessions were held with managers, People Partners and Business Ethics Representatives with the aim to share best practice and explain the process behind investigating and addressing concerns. Around 800 employees attended these live sessions and many got to participate actively through role-plays and exercises showcasing typical dilemmas in receiving concerns.

Although as a result of the campaign an increase in the number of cases occurred in 2023 (55 cases) in comparison to previous years (e.g. 34 cases in 2022), the question concerning confidence to raise concerns scored lower than in 2022 with 67% of employees declaring the confidence.

Therefore the focus of 2024 will be to continue the efforts to create awareness and understanding on the importance of speaking up through an e-learning for employees as well as implementing systematic training for managers and functions who are likely to receive concerns. It will also include more regular transparent and open communication on investigation processes and follow-up, including how Mölnlycke works to prevent retaliation.



There is value in leaders receiving the concern with genuineness. The training that was offered to all Mölnlycke leader's during this year was a reminder of the importance of the leader's attention and care towards the employee who comes forwards, irrespective of the issue that is brought up. It is an essential reminder.

Nitesh Ahuja, Regional VP Commercial ORS APAC & GM Singapore

We are building an environment where all our colleagues feel empowered to share their opinions and concerns without fear of retaliation or ridicule. Our 'speak-up culture' develops trust, drives creativity and innovation, helps proactivity, and fosters inclusivity. The campaign brought structure and consistency in our approach across the organisation and we will continue to train our people and invite feedback.

Jean-Christophe Guillou, Vice President,
Global Operations and Sourcing, Gloves



Third party risk management

Within the medical device industry, interaction with distributors is essential to reach customers across different markets and geographies. These relationships can expose Mölnlycke to ethics and compliance risks, such as bribery and corruption. In order to further reduce this risk and strengthen the reliability of our business relations, Mölnlycke continued enhancing its third party management program in 2023 with additional guidance and support to ensure that third parties are working in alignment with Mölnlycke's values. The purpose of the program is to ensure compliance with business ethics standards and increase efficiency when working with third parties. Where deficiencies are identified, Mölnlycke will support its distributors in achieving the improvements needed for a sustainable business relationship.

During 2023 Mölnlycke has put a lot of effort executing on this target. The following has been achieved:

- New automated screening solutions were integrated into the due diligence solution, which means the screening will be automatic for distributors based in high risk countries. The screening is dynamic.
- New distributor Code of Conduct was launched and is available for the distributors that lack their own compliance procedures and documents.

Respecting human rights throughout the value chain

Mölnlycke operates in line with the UN Guiding Principles on Business and Human Rights. It defines human rights as the internationally recognised human rights including labour rights as stated in the International Bill of Human Rights and in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. Mölnlycke is committed to protect and respect human rights across all its activities and relationships. This commitment is formalised through the Human Rights position statement.

Mölnlycke raises awareness about human rights issues through its Code of Conduct and its sustainability policy. In 2023, 98.7% office and field employees completed the company's Code of Conduct training. During 2024 Mölnlycke will work towards developing additional tools and material to raise employees' awareness about human rights and related issues.

Mölnlycke expects its partners to act in the same responsible and ethical way. Human rights and modern slavery issues are included in Mölnlycke's Distributor Code of Conduct and its due diligence assessment. In addition, the company's Supplier Code of Conduct underlines the requirements concerning responsible business operations and respect for human rights in the supply chain. Mölnlycke's expectations in this area were also communicated to almost 200 suppliers in the global supplier webinar (see section 'Suppliers').

To further strengthen its commitment to respecting and promoting human rights, a Human Rights Committee was established in 2023. The role of the committee is not only to

oversee the progress on this dedicated program but also to make decisions in human rights-related dilemmas that might originate in the company's value chain. The committee is composed of Executive Leadership Team members and supported by the Business Ethics Compliance function. During 2024 Mölnlycke plans on further enhancing its management of human rights by conducting dedicated impact assessments to gain more detailed understanding of how it impacts human rights of affected persons.

Employees of Mölnlycke are also invited to raise any suspected violation of human rights by using the defined reporting channels for raising concerns. All of Mölnlycke stakeholders can also raise questions or concerns relating to potential and current adverse human rights impacts by either using the Ethics Hotline or the dedicated email address humanrights@molnlycke.com. Mölnlycke will investigate all reported concerns, and if any adverse human rights impacts are discovered, the company will act accordingly and without delay. Wherever relevant, the company will offer remedy. In 2023 no human rights-related concerns were received. Mölnlycke has zero tolerance for any type of discriminatory behaviours and harassment, human trafficking or forced labour. Clear management procedures are in place in all countries where the company operates to ensure that employees are treated fairly, according to ethical standards, and in accordance with applicable regulations. Mölnlycke works in close collaboration with unions and local representatives to continuously ensure safe and respectful workplaces.

Notes to company sustainability information

1. Reporting principles

Mölnlycke's 2023 Integrated Annual Report covers the year ended 31 December 2023. The comparative information covers the year ended 31 December 2021 and 2022. This report has been prepared in accordance with Global Reporting Initiative (GRI), in addition to the Taskforce on Climate related Financial Disclosures (TCFD) framework. Assurance procedures on the reporting of the Group's energy use within the organisation and Greenhouse Gas emissions in Scope 1 and 2 for the year 2023 have been performed by the Group's auditor. The independent auditor's limited assurance report on specified sustainability information is presented on page 132.

Water

Volumes of water withdrawal are collected from the internal systems of environmental reporting. Data is collected and aggregated by the environmental management responsible at each site. When water withdrawal data was not available – which is predominantly the case for small sales offices – estimations are made based on the floor area of the offices. While four sites (sales offices in Croatia, United Arab Emirates, Chile, and a joint venture in Saudi Arabia) were excluded from the reporting due to lack of data, they are not expected to contribute more than 1% of the total company impact.

As of this year, more robust data reporting showed water to be consumed as an ingredient or component in products, such as foam, at the sites in Wiscasset, US and Mikkeli, Finland, in

addition to employees related consumption. In Wiscasset and Mikkeli water consumption in products is measured through meters. At some sites, process water is evaporated in cooling systems. Estimation of the evaporated water was not possible and therefore excluded from water consumption. Water storage is not applicable. It is further assumed that the wastewater discharge is equal to water withdrawal minus water consumption, if applicable.

Baseline water scarcity level for each of the reported locations was collected on 18 December 2023, from the Aqueduct Water Risk Atlas, with information from the World Resources Institute. The data is an annual average and is taken to represent water scarcity levels for both 2022 and 2023 data. Water stress is defined in terms of the ratio of total yearly water withdrawal to the amount of available renewable water supply. An area is considered a 'water stress area' when the ratio between withdrawal and supply is either high (40–80%) or extremely high (>80%), based on the data from the World Resources Institute.

All withdrawn water (own withdrawn groundwater and water from municipal or other external water supplies) is considered fresh water, which is defined as containing in total <1000 mg/L of dissolved solids. Untreated wastewater is similarly defined as water with >1000 mg/L of dissolved solids. For wastewater treated by Mölnlycke prior to discharge, the type of water is defined based on the local regulations.

Waste

Data on generation and treatment of operational waste is collected from the internal systems of environmental reporting. Data is collected and aggregated by the environmental management responsible at each site. The data covers generated operational waste per fraction, classification (hazardous or non-hazardous), destination and treatment type. When data is not available – which is predominantly the case for small sales offices – estimations are made based on the floor area of the offices. All generated waste is then assumed to be general (unsorted) non-hazardous waste, in consideration with the activities of the sites. For four sites (sales offices in Croatia, United Arab Emirates, Chile, and a joint venture in Saudi Arabia), no data collection was possible. These are excluded from the reporting, while not expected to contribute together more than 1% of the total company impacts. Waste diverted from disposal includes reuse and recycling (total 5,317 tonnes), and waste disposed include incineration with energy recovery, incineration without energy recovery, and landfilling (total 8,283 tonnes).

Energy

Data on energy consumption is gathered from internal environmental reporting systems. Data is collected and aggregated by the environmental management responsible on the sites. The data covers fuel and other energy use in GJ, broken down by energy type and source. Fuel and electricity is

marked as renewable whenever certificates of origin are available or contractual relations for lease postulate a renewable energy source. Primary data is gathered on self-generated electricity. When data is not available – which is predominantly the case for small sales offices – estimations are made for energy demand based on the floor area and the region of operation with the use of literature and publicly available statistics. While four sites (sales offices in Croatia, United Arab Emirates, Chile, and a joint venture in Saudi Arabia) were excluded from the reporting due to lack of data, they are not expected to contribute more than 1% of the total company impact.

Conversion factors for energy use are retrieved from Sphera 8.9.2. Energy intensities are calculated based on sales volumes in kg. All energy sources, consisting of fuel, electricity, heating and steam, are included in the calculation of the energy intensity ratio. Only energy consumption within the organisation is accounted for in the energy intensity calculations.

For reductions in energy consumption, primary data on conservation and efficiency initiatives is gathered from the sites, including the amount, the type of energy included, and calculation method. Calculations are based predominantly on reduction of installed power of equipment and direct measurement. Part of the calculations is based on internal expert estimations of the savings. The baseline for the reductions is 2021, as this is the most recent year following Mölnlycke's launched strategy.

Minimising pollution

Emissions of ethylene oxide (ETO) in sterilisation are calculated by the sterilisation performance management. The used amount of ETO is multiplied by the normative ETO catalyst effectiveness rate. Reporting is on the level of inventory; no emission factor is applied.

Materials use

Material use data includes raw materials used in production as well as materials of procured semi-finished goods and contract manufacturing. Data on raw materials, semi-finished products, components, and contract manufacturing is collected from the

procurement system based on the invoicing information and complemented by the data from the master database on weight per unit. The information is validated and complemented by the data by business areas procurement representatives, including the base material per article. All materials are marked as renewable or non-renewable based on expert judgement, taking the base material into consideration. For any procurement data where the composition of materials was not clear, it is assumed to be non-renewable.

Occupational Health and Safety (OHS)

Primary data is gathered on the occurrences of work-related injuries and work-related illness for all employees. It is assumed that no commuting transport has been arranged by the organisation, therefore commuting incidents are not included in the injuries. The rates of injuries per number of hours worked are calculated on one million working hours.

Risk assessments are reviewed following non-routine triggers such as changes in operating procedures or equipment; incident investigations; worker complaints or referrals; changes in workers or workflow; results of surveillance of work environment and worker health, including exposure monitoring (e.g., exposure to noise, vibration, dust). A hierarchy of controls is applied to reduce hazards, with a focus on machinery guarding and manual handling, addressed through site-specific procedures, training, and continuous identification efforts. Each manufacturing location has a dedicated EHS professional who ensures this process of risk assessment is carried out and the results of risk assessments validated.

Training needs are assessed during local and global annual planning processes and consider aspects such as compliance obligations, site specific hazards and as a result of incident analysis. Workers receive health and safety training free of charge and during paid working hours and the effectiveness of training is evaluated through a variety of means, including assessments, observations and practical application. Additionally, the company promotes organisational learning through monthly global EHS team meetings and best practice sharing.

Mölnlycke tracks OHS performance through monthly reporting on Lost Time Injury (LTI) rates and work-related ill health incidents. The company, reports KPIs for both injuries and ill health, maintaining thorough data quality checks and adheres to national legislation in reporting incidents to local authorities. During 2023, the company has purchased and implemented a new cloud-based reporting solution, which provides manufacturing locations and head office with superior EHS investigation locally, and reporting capabilities on a corporate level. Local EHS professionals and the central sustainability team work in the system to collect EHS data periodically for analysis and publication across business areas and countries on corporate level and use in both internal and external reporting.

Employment

Primary data is gathered on the number of employees (both in headcount and FTE) by region and by BA. Reporting on FTE is provided at the end of reporting period, unless specified otherwise. The total number of FTE per 31 Dec 2023 (employees including students) was 8,427. Additionally in 2023, Mölnlycke had 241,6 FTE (Office & Field and Production), in employee equivalent positions. Additional primary data on the FTE by gender, by employment contract and by employment type was gathered. Moreover, primary data on the breakdown by gender and age per employee category is provided in FTE. All employment numbers are reported as for the end of the year.

The number and rate of new hires and employee turnover are calculated based on permanent, white-collar employees only. The total number of hours worked, used in the calculation of the injuries and ill health rates, was 12,387,407 in 2021, 14,016,568 in 2022, and 18,759,975 in 2023.

Retention rate

Primary data is gathered on the number of employees (headcount) by gender that were entitled to parental leave, the number that took parental leave, the number that returned from parental leave, and the number that were still employed 12 months after their return from parental leave.

The return-to-work rate is calculated based on the number of employees that was due to return during the reporting period after having taken a parental leave.

The retention rate is calculated based on the number of employees that returned from parental leave in the prior reporting period.

Training and carrier development

Primary data is given for the amount of training hours by gender and by employee category. This data is primarily based on mandatory trainings, which are tracked for white collar employees only. Moreover, part of the training data is not divided by gender, hence the calculated averages by gender are not representative. Some information reported in Mölnlycke Annual and Sustainability report 2022 is subject to restatement, and the reader is advised to consult this report for current information on these. The reasons for the difference is a change in the calculation methodology, i.e. on sites where gender-specific data is not available, an average was used instead of excluded. Total restatement effect: 1% (total training hours), 48% (male), 10% (female), 2% (production employees).

Primary data is provided for the amount (headcount) of employees who received a performance or career development review by gender and by employee category.

The percentage of employees who received their review is calculated based on employees eligible for a review. An example of ineligibility for performance reviews is if people only start late in the year. Moreover, data is only available for office and field employees (white collar employees).

2. Greenhouse gas (GHG) emissions methodology and assumptions

The 'Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard' is used for GHG footprint calculations, as well as for the respective emissions intensities.

Scope	Category	Methodology
Scope 1		See the methodology on Energy.
Scope 2		See the methodology on Energy.
Scope 3	Category 1: Purchased goods and services	Calculation of emissions from purchased goods (raw materials, components, spare parts) is based on primary procurement data. Masses and materials of the articles retrieved from the internal systems or manually, and validated by Business Area representatives. Extrapolations are made when data was not available. Procurement of consumables for own office operations are outside of the scope, and assumed to be not significant. Calculation of emissions from withdrawn water is based on the primary reported data on water consumption from the sites. When data is not available (predominantly, small sales offices), estimations are made based on the floor area of the offices. Calculation of emissions associated with purchased services is based on the primary data on the spent financial resources per service type.
	Category 2: Capital goods	Calculation of emissions associated with capital goods is based on the primary data on spent financial resources per type of capital goods; internal expert judgements are applied to define the shares of personnel and project management costs per spent category.
	Category 3: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	Calculation of emissions associated with Fuel- and Energy-Related Activities not included in Scope 1 or Scope 2, is based on the primary reported data on energy consumption from the sites. When data on the consumed amounts is not available (predominantly, small sales offices), estimations are made based on the floor area of the offices and region of operation. When primary data on the energy source is not available, assumptions are made based on the region of operation.
	Category 4: Upstream transport and distribution	Calculation of emissions associated with the transport of raw materials to the production sites and intracompany transport is based on the primary logistics data on the transported masses, distances and modes of transportation. Calculation of emissions associated with purchased warehousing services is based on the primary data on the leased warehousing capacities in pallets by type, and primary data or expert assumptions on average duration of storage, cooling share and energy consumption. Calculation of emissions associated with logistics of the products to processing and first tier customer, is based on the aggregation of the emissions reported by the logistics services providers.
	Category 5: Waste generated in operations	Calculation of emissions from treatment of operational waste is based on the primary data from the sites on generated operational waste per fraction, destination and treatment type. Transportation of the waste-to-waste treatment is included, with assumptions on distances and modes of transport. Calculations of emissions from wastewater treatment is based on the primary data on water discharge. When data on water discharge is not available, conservative assumption of equivalence of water withdrawal and discharge is taken. When data is not available (predominantly, small sales offices), estimations are made based on the floor area of the offices.

Scope	Category	Methodology
Scope 3	Category 6: Business travel	Calculation of emissions associated with business travel is based on the primary data on the spent financial resources in business travelling, including transport by mode and accommodation.
	Category 7: Employee commuting	Calculation of emissions associated with employee commute is based on the primary data on the number of employees and the regional expert estimation of the average distances and modes of commute of the employees.
	Category 8: Upstream leased assets	Calculation of emissions associated with upstream leased assets (operational lease) is based on the primary data on the spent financial resources per leased asset type.
	Category 9: Downstream transport and distribution	Calculation of emissions associated with the transport of sold products from the customer to the final user, is based on the primary data on the volumes of sales, and assumptions on the transportation modes and distances (local supply chain assumed).
	Category 10: Processing of sold products	Calculation of emissions associated with processing of products on-site and by third parties include emissions associated with product sterilisation, and are based on the primary data on the volumes sent to sterilisations by type of sterilisation, and expert assumptions on the emissions and energy consumption per batch of processing.
	Category 11: Use of sold products	Calculation of emissions associated with the use of products is based on the primary data on sales of the products expected to have considerable energy and material inputs in use, or generating emissions. Energy consumption of products in use is estimated with conservative assumption of full power capacity use, with global average electricity mix. Emissions of products in use are estimated based on provided formulations and relevant substances content.
	Category 12: End-of-life treatment of sold products	Calculation of emissions associated with the end of life of sold products is based on the primary data on sales of products by region. Material composition of the products is assumed analogous to the procurement of goods. End of life scenario assumes incineration with energy recovery for products sold in EMEA region, and incineration without energy recovery for products sold elsewhere. Transportation of the waste to waste treatment is included, with assumptions on distances and modes of transport.
	Category 13: Downstream leased assets	Mölnlycke does not lease assets to third parties.
	Category 14: Franchises	No franchises are issued by Mölnlycke.
Category 15: Investments	Mölnlycke does not act as an investor (excluding operational investments considered in other scopes and categories), nor provides financial services.	

The year 2021 is taken as the base year for the calculations of total Scope 1, 2 and 3 GHG emissions. This provides the SBTi-recommended harmonised baseline year for all three GHG emission scopes. Equity share is chosen as consolidation approach for emissions.

The emission factors used are sourced from the life cycle accounting emission factors derived from the databases Ecoinvent 3.8 and EXIOBASE.

Emission factors are chosen and/or derived for the most relevant temporal and geographical reference, or the closest to it when relevant references were not available.

Included greenhouse gases are defined by the IPCC AR6 methodology, based on a 100-year timeframe. Biogenic CO₂ emissions are excluded from the assessment scope.

Reduction of GHG emissions is calculated based on the collected data on reduction of energy consumption as a direct result of conservation and efficiency initiatives, with the use of the emission factors and assumptions used in the overall corporate carbon footprint calculations. 2021 is taken as the base year for calculations, as the most recent and relevant for reporting. No significant secondary effects are expected nor included in the calculations. Offsets are excluded from the calculations of reduction.

Some information reported in Mölnlycke Annual and Sustainability report 2022 is subject to restatement, and the reader is advised to consult this report for current information on these. The reasons for the restatement are improved data availability and quality, and corrections of an error made in the previous report.

1. Energy consumption from natural gas and biofuels, year 2022. Total restatement effect: +0.01% and +0.8% respectively.

2. Scope 1 GHG emissions and emissions intensity, year 2022. Total restatement effect: +2.2% regarding Scope 1 GHG emissions +1.5% regarding total GHG emissions within the organisation -2.6% regarding GHG emissions intensity for Scope 1 and 2

3. Scope 3 GHG emissions and emissions intensity, year 2022. Total restatement effect: -0.9% regarding Scope 3 GHG emissions -0.6% regarding Total GHG emissions cradle-to-grave -0.8% GHG emissions intensity, cradle-to-grave.

4. Renewable materials in procurement, year 2022. Total restatement effect: a -9.9% regarding weight of renewable materials in procurement b -6.9% regarding percentage of renewable materials in procurement.

3. Energy use within the organisation

The following table reflects energy consumption within the organisation in 2022 and 2023, in GJ.

	2023	2022
Natural gas	596,484	590,858
Light fuel oil	193,010	119,566
Gasoline	41,106	37,954
Diesel	33,147	39,208
Coal	197	188
Propane	22,617	17,084
Total non-renewable fuels	796,561	894,858
Biomass	212	236
Total renewable fuels	212	236
Total fuels	796,774	805,094
Generated electricity	6,258	4,535
Supplied electricity	359,951	368,162
Supplied steam	16,045	42,288
Supplied heating	35,898	13,215
Total supplied energy	411,895	423,665
Total energy	1,214,715	1,228,668

4. Biodiversity

While biodiversity and land use aspects may not currently feature as primary material topics, Mölnlycke acknowledges that healthy societies, resilient economies and thriving businesses rely on nature. Therefore, in 2023 Mölnlycke became one of the 1,400 companies signing the Business for Nature call for action on

governments to adopt policies to reverse nature loss in this decade. Among the primary drivers of biodiversity, Mölnlycke recognises the significant impact of climate change on biodiversity within its value chain. Therefore, the company is actively working to mitigate its climate change impact and promote biodiversity conservation throughout its entire value chain, covering own operations, supply chain, product portfolio, and community engagement.

Own operations

The company implements sustainable practices within their facilities to minimize ecological footprint and contribute to local biodiversity conservation. Gloves production sites are located in Malaysia, an area of significant biodiversity value, according to the IUCN. As these areas are crucial for the conservation of diverse ecosystems, species, and ecological processes, Mölnlycke remains dedicated to exploring the materiality of biodiversity and land use. At the same time, the company continues to promote circular economy, reusing water at all their most water intensive sites and is continuously delivering on their Zero waste to landfill target.

Supply chain

Mölnlycke promotes responsible sourcing practices to ensure the supply chain aligns with biodiversity and resource conservation goals. The sustainability performance of Mölnlycke’s suppliers is managed through assessments carried out by SEDEX and on-site audits. Suppliers in scope are based on country and/or category risk.

Mölnlycke’s top suppliers in terms of GHG Scope 3 upstream emissions are invited to contribute to the company’s Scope 3 engagement target according to the recently validated science-based targets.

Mölnlycke’s decision-making process incorporates biodiversity considerations when transitioning to renewable, bio-based materials. This is ensured by carefully selecting materials that are sourced in a way that minimizes disruption to ecosystems or habitat loss, reinforced by recognized certification schemes such as the Forest Stewardship Council (FSC) and the International Sustainability & Carbon Certification (ISCC).

Product life cycle

The company’s dedication to biodiversity extends throughout the life cycle of their products. The company’s commitment to the Net Zero Science-Based Targets Initiative (SBTi) forms the foundation for delivering sustainable solutions to their customers. For a large part, the company’s sustainable product portfolio is aimed at reducing GHG emissions, as well as waste and packaging, both of which have an indirect impact on biodiversity.

Community engagement

Recognizing their societal role, the company actively engages in community initiatives that support biodiversity preservation and environmental stewardship, especially in Malaysia.

During 2024 Mölnlycke will intensify its work on biodiversity, including performing a materiality assessment to identify material impacts, dependencies, risks and opportunities in relation to biodiversity in their Gloves value chain. The location of Gloves operations in Malaysia, a region renowned for its high biodiversity, will help the company in making a meaningful contribution towards the global goal to halt and reverse nature loss by 2030.

5. Sustainable investments

Mölnlycke acknowledges the importance of its investment decisions not only for the company but for the progress of the healthcare industry and society at large. By moving towards sustainable solutions in technologies the company applies and the products it offers, Mölnlycke mitigates its future risks, creates new business opportunities, and advances the field of healthcare. Therefore, for the past two years, a sustainability assessment has been included as an integral part of the company’s investment request and product development processes. Following two main investments goals, product development and assets acquisition, Mölnlycke approaches its sustainable investment strategy in two channels.

In the first direction, Life Cycle Assessment (LCA) shapes the company’s main approach to sustainability in product

development. LCA results on products are regularly used in support of engagement activities with customers on their sustainability commitments, and discussions with customers help to understand their current product performance needs. The assessment analyses the life cycles of products or manufacturing processes in a holistic approach from raw materials sourcing, product manufacture and use, to disposal or recycling. It follows the ISO 14040:2006 and 14044:2006 standards for environmental Life Cycle Assessment. The environmental impact is assessed in a range of categories, such as climate change, eutrophication, acidification, ozone depletion and photochemical ozone creation. The assessment helps to ensure that the prudent management of natural resources and the environment provides the foundations for Mölnlycke's sustainable business growth. It assists in building stakeholder engagement for improved outcomes and supports Mölnlycke's commitment to meet the growing needs of its customers for sustainable products while guaranteeing patient safety. Moreover, early identification of the points of attention and the development stage helps reduce the risks of impacts and potential financial implications of corrections later. The growing importance of the LCA resulted in its solid place in the company's Sustainable Product Portfolio Assessment (SPPA) (see the 'Sustainable portfolios' section of this report).

To enhance transparency in sustainability at the product level Mölnlycke has expanded its workforce by bringing on board a dedicated Life Cycle Assessment (LCA) expert and investing in a widely used software for LCA assessments. During 2023 the company increased the LCA coverage on its products globally for a total 30.3% of the company's products in term of net sales, an increase compared to last year, together with continuing customers and suppliers' engagement to monitor the benefits of the approach and advance as needed.

As the second direction of sustainable investments, sustainability is addressed in investment requests. Since this year, Mölnlycke has sustainability assessments in place for all material investment projects. This implies a duty to highlight those parts of investments with potentially significant negative impacts early in the process, or that create a positive

environmental and societal impact and to summarize the sustainability conclusions that should be included in the investment requests to Mölnlycke Executive Leadership Team (ELT) and Board of Directors, when applicable. The assessment entails a thorough review of potential environmental and social aspects, such as climate change impact, energy consumption, water consumption, legislative development, health and safety, toxicity, biodiversity, and the impact on the sustainability performance of Mölnlycke's product portfolio are also included in the assessment, considering the risks and hotspots of the most material impacts, and suggesting alleviation measures. All the company's significant investments in 2023 included sustainability assessment in alignment with Mölnlycke's investment request policy.

Also as of this year, Mölnlycke has implemented an internal carbon price for its most significant investment decisions. The internal price of carbon implemented is uniform and static and set to a relatively high level, 100€/t, to internalise potential future costs of carbon in the long term. It enables the management to arbitrate between different options, to choose the most virtuous and efficient ones to achieve the goals of Net Zero by latest 2050. Mölnlycke's suppliers and customers might be impacted by carbon pricing, which creates both risks and opportunities. For example, the company can mitigate the carbon cost impact for their customers by offering sustainable solutions (see 'Sustainable portfolios' section of this report).

6. Local procurement

Local procurement practices are monitored at Business Area level. For the BA OR Solutions, 25% of the annual purchasing value is spent on local suppliers, while for the BA Wound Care, this percentage amounts to 32%. For both BAs, local suppliers are defined as suppliers located in the same country as our BA manufacturing sites. For the BA Gloves, 94% of the procurement budget is spent on suppliers local to the operations, with the definition of local supplier to be from an Asian region. Significant

operations are considered to be manufacturing operations. The indicator is not relevant for BA Antiseptics due to outsourced production.

7. Data and intellectual property

The purpose with Intellectual property rights (IPR), generally and for Mölnlycke, is to share innovations in exchange for time-limited exclusivity. This implies a positive impact with regards to the economy via exclusivity, legal risk mitigation, and for the environment through technical progress. More specifically, via Mölnlycke's IPR, Mölnlycke can safeguard return of investment, enabling Mölnlycke to continuously strive towards better and more sustainable products and services.

Mölnlycke has no specific policies for data or IPR with regards to economy, environment or people, but relevant topics and their management are reported in the Mölnlycke Sustainability policy. IPR policies for Mölnlycke and respective Business Area are applicable. Mölnlycke have implemented a governance model ensuring that the company takes necessary actions at relevant business gates, such as Freedom-to-operate (FTO) investigations, IPR filing activities and continuous competitor surveillance. No negative impact issues relating to IPR, data for economy, environment or people have been identified during 2023.

8. Ethical clinical research

All clinical research activities at Mölnlycke are conducted in accordance with ethical principles that have their origin in the Declaration of Helsinki, and that are consistent with Good Clinical Practice and the applicable regulatory requirements.

All clinical research activities at Mölnlycke are either governed by the company's Clinical Evidence Policy or Investigator Initiated Studies (IIS) Policy. These policies derived their purpose and scope from applicable Good Clinical Practice (GCP) standards and regulations (e.g. ISO 14155, EU Medical Device Regulation, Code of Federal Regulations Title 21 Parts pertaining to human research) including internationally accepted guidance and codes of conducts (e.g. Medical Device Coordination Group (MDCG), AdvaMed Code of Ethics, MedTech EU).

The Declaration of Helsinki is the cornerstone of Mölnlycke's clinical research standard operating procedures such as, but not limited to, the following examples:

- Procedure, Supporting Quality Improvement Projects
- Work Instruction, Supporting Quality Improvement Projects
- Procedure, Clinical Case Studies and Generating Clinical Case Reports
- Work Instruction, Clinical Case Studies and Generating Clinical Case Reports
- Procedure, Investigator Initiated Studies (IIS)
- Procedure, Clinical Investigation Plan and its amendments
- Procedure, Subject Information and Informed Consent Form
- Procedure, Safety Reporting in Clinical Investigations
 - Post market.

Mölnlycke has a Quality Management System in place that oversees compliance (to prevent or mitigate negative impact) to ethical research such as but not limited to:

- Safety Reporting, Designated Complaints Unit, Investigational Site Selection, Monitoring and Closure; Data Management; Fair Market Valuation assessment with the company's external research collaborators
- Regular Employee trainings on relevant procedures (could be part of a remediation or mitigation of impact)

- External research collaborators trainings (could be part of a remediation or mitigation of impact).

Positive impacts mean completing clinical studies on time, high quality clinical data collected used by business stakeholders to release or maintain Mölnlycke products in the market that are safe, timely, and leading to a cost-effective outcome.

Assessment of effectiveness is continual with, for example, Post Market Surveillance (PMS), Clinical Evaluation Report (CER), Clinical Investigation Report CIR, resulted in no repeated audit findings and no FDA warning letters.

9. Healthcare compliance

Mölnlycke manufactures, markets, sells and distributes medical devices and products to Health Care Professionals (HCPs) and Health Care Organisations (HCOs) globally. As part of this industry, Mölnlycke is acutely aware of the importance to ensure that interaction with HCPs and HCOs are conducted in strict compliance with the regulations and with overall principles to protect the independence of the HCPs and HCOs and ultimately the interest of the society. Therefore, Mölnlycke abides by the best practices of the medical device industry when it comes to healthcare compliance and the general principles as fleshed out in the Code of Ethical Business Practice adopted by MedTech Europe, the European industry association representing the medical technology industry:

- Principle of Image and perception
- Principle of Separation
- Principle of Transparency
- Principle of Equivalence
- Principle of Documentation

Mölnlycke's Business Ethics Compliance and Medical & Scientific Affairs teams are collaborating to ensure that policies and procedures are in place and implemented in the daily activities. They also ensure the organisation is fully trained.

10. Community support

Mölnlycke's CSR policy is designed to support the company's active role in the community. By donating time, products and funds, Mölnlycke helps improve the lives of patients and supports those who care for them. Following, working within the community also enables Mölnlycke's business and the organisations it supports to remain sustainable. Over the years, many requests for donations to good causes at a local level have been received. Mölnlycke has guidelines in place to ensure its community support is appropriate. Following these guidelines, the organisations to be supported should be in the medical field, work to improve patients' lives, to improve medical staff protection, or to increase the level of knowledge in the medical field, providing credible and measurable results. The initiatives must also be in line with AdvaMed or Eucomed guidelines. Mölnlycke aims to be a good neighbour and contribute to the well-being of communities. To do so, the company is working closely with them to create positive social impact of its business activities, address any concerns about its operations and enhance the benefits it is able to bring. No negative impacts on local communities were identified in 2023 as a result of the company's yearly assessment.

11. Strategic fiscal governance

The table below provides information on the creation and distribution of economic value and provides a basic indication of how Mölnlycke has created wealth for stakeholders. Operating costs include cost of sales, selling costs, administrative costs, research and development costs, net other operating income and expenses and share of profit in joint ventures, deducted for employee wages and benefits. Costs and payments to providers of capital include dividends and group contributions distributed as well as interest expenses. Costs for direct taxes to governments reflect the current income tax expense for the year.

		2023	2022
EUR million		Total	Total
Direct economic value generated	Revenue	1,923.5	1,827.7
	Revenues from financial investments	24.1	2.0
	Sales of assets	0.0	0.0
Economic value distributed	Operating costs	-972.6	-979.6
	Employee wages and benefits	-488.2	-456.4
	Costs and payments to providers of capital	-220.8	-152.8
	Costs for direct taxes to governments	-98.5	-74.6
	Community investments	-0.3	-0.4
Economic value retained		167.2	165.9

12. Responsible taxation approach

Mölnlycke acknowledges taxes as an important part in its dedication to achieve sustainable and responsible growth. Mölnlycke strives to pay a proper amount of tax in relation to its profits in the countries where Mölnlycke is doing business.

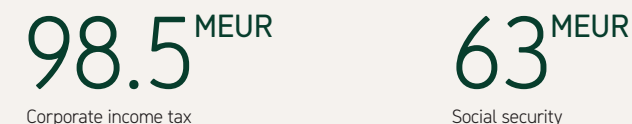
Mölnlycke's tax strategy, applicable to the entire Mölnlycke Group, aligns with Mölnlycke's overall business strategy. Mölnlycke shall manage its tax matters in the light of its commercial objectives and long-term sustainability targets. Recognizing the importance of taxes as a significant part of corporate responsibility, Mölnlycke embraces its role to make a positive impact and bring value to the countries and societies where it operates by contributing with tax revenue.

Mölnlycke has a documented Tax Policy in place for handling taxes across its operations with focus on tax compliance and efficiency. The aim of the Tax policy is to define the key roles and responsibilities related to taxes. The purpose is also to outline fundamental principles for tax compliance, tax risk management and tax governance. The Tax policy is approved by the Board of Directors.

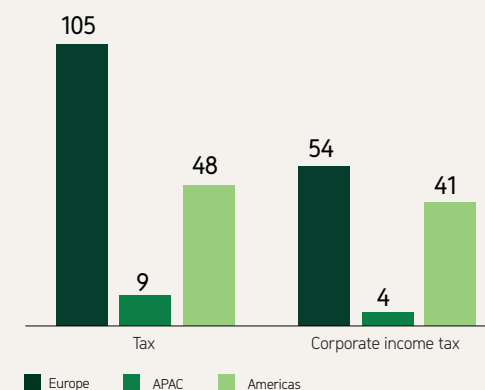
The Group Tax Director annually reports to the Audit Committee, a part of the Board of Directors, regarding Mölnlycke tax policy matters, updates on tax regulations and the main challenges Mölnlycke might face within the tax area. In addition, the Group Tax Director reports monthly to a Tax Committee, including the CFO, Group Controller and Group Treasurer. The Tax Committee serves to update the organization on significant tax matters as well as an internal decision forum for tax-related questions.

Mölnlycke's effective tax rate in 2023 was 19%, stated as a percentage of consolidated profit before tax.

Reported taxes by type



Reported taxes by region (MEUR)



13. Stakeholder management

Stakeholder input is key for Mölnlycke to understand its operating environment and is fundamental to the development of its strategic approach and business plans.

Through meaningful engagement with the different stakeholders, Mölnlycke is further improving and delivering on the WeCare roadmap and reaching its sustainability vision to transform its business to become a global leader in sustainable healthcare.

Mölnlycke engages with a wide range of stakeholders on a regular basis through workshops, fairs, and other dialogue events, building on its understanding of important societal issues. Mölnlycke's stakeholder network includes both primary as well as secondary stakeholders. Despite not sharing direct financial ties, Mölnlycke considers secondary stakeholders to have the same stake in an organisation, as do primary stakeholders. By making all stakeholders equitable, Mölnlycke's business approach of creating shared value for all its stakeholders will be achieved.

For each stakeholder group, a key topic of engagement has been identified and Mölnlycke continues to be actively involved to guarantee its voice is heard, and is dedicated to translating their input into meaningful company approaches.

Based on the feedback received in 2023, a list of main focus areas for continuous action and communication has been defined. All of these topics are managed within Mölnlycke's sustainability roadmap WeCare.

Reinforced safety and security

Recognising the imperative to enhance safety within Mölnlycke's facilities, the Board and employees expressed the importance of continuing to implement the comprehensive company-wide

occupational health and safety excellence management program. This initiative supplements Mölnlycke's existing product safety program, reinforcing the company's dedication to consistently applying the highest safety standards across all activities and sites.

In response to the outcomes of an internal audit conducted in 2023, Mölnlycke has proactively implemented measures to enhance people security across the organization. Acknowledging the significance of a robust security framework, the company has introduced a comprehensive People Security Policy and corresponding procedures at both the corporate and site-specific levels.

The People Security Policy outlines fundamental principles and commitments to ensure the well-being and security of employees, contractors, and visitors throughout Mölnlycke's operations. Simultaneously, site-specific procedures have been customised to address unique security considerations and operational nuances at individual locations.

In its role as a business partner, Mölnlycke screens and monitors its business partners through formal processes, of which health and safety is an integral part of the process.

Influence through advocacy

Mölnlycke's employees and the Board urged the company to actively participate with policy makers on innovative healthcare initiatives and value based healthcare. For this reason, Mölnlycke has increased its active engagement in the advocacy efforts of industry and trade associations related to the ongoing development and implementation of such schemes on both a regional and national level.

Authoritative and fact-based communication regarding the sustainable benefits of Mölnlycke's product portfolio

Mölnlycke's customers, the Board, the ELT and Mölnlycke's R&D and commercial organisations brought to the company's attention

that there is a need for further enhancing Mölnlycke's value proposition by making sustainability an explicit differentiator – part of the Mölnlycke's brand.

Following the pilot within the Business Area ORS, Mölnlycke expanded the scope of SPPA, including the full portfolio within Business Area Antiseptics and ORS in 2023.

By prioritising innovation towards developing 'Sustainable solutions' – Mölnlycke's solutions with clear sustainability benefits that outperform the market, the company enhances its value proposition and gives customers choice and competitive advantage through its sustainable product portfolios. Mölnlycke drives growth by understanding how to build a better business, with solutions for environmental and social needs, as outlined by the SDGs. This ensures the delivery of products and solutions that are fit-for-purpose in the markets the company wants to lead.

To support the data-driven approach and sustainability benefits demonstration, Mölnlycke accelerated its Life Cycle Assessment studies during 2023, with screening studies and several third-party reviewed studies.

Net Zero

Mölnlycke is engaging with several stakeholders, such as customers, suppliers, the Board and industry peers on climate mitigation and adaptation issues. In 2023 the SBTi validated Mölnlycke's near-term emission reduction targets. The company's approach to operationalise this commitment includes topics such as product design for energy efficiency or GHG emission reduction, energy management in business and manufacturing operations, alternative biobased raw materials and renewable energy, green logistics and industry collaboration to influence climate policy.

Suppliers

Topics: Partnership, sourcing, business ethics, innovation, value creation, GHG emission reductions

Engagement: Regular business review meetings with BA Procurement Directors and material category team, Innovation days

Employees and unions

Topics: Safe and secure work environment, wellbeing, engagement, customers, talent management

Engagement: Annual engagement survey, day-to-day communications, meetings on a regular basis with employee representatives and unions

Shareholders

Topics: Strategies, objectives, policies and plans, financial and sustainability performance, risk management

Engagement: Board, Audit Committee and Remuneration Committee regular meetings throughout the year. Sustainability Committee monthly meetings and Sustainability half-yearly review meetings with the ELT

Industry partners

Topics: Industry challenges, technology, developments and new solutions, circularity, recycling, patient safety and business ethics

Engagement: Industry associations and initiatives meetings, partnership engagements



Government and regulators

Topics: Product safety, compliance with legal and regulatory requirements, taxes, competition issues, social and economic concerns

Engagement: On a continuous basis via MedTech Europe or directly during public consultations and at local site level, relating to country legislation

Communities and NGOs

Topics: Partnership, access to healthcare, infection prevention, wound care, product training, employee engagement, gift in kind

Engagement: On a continuous basis led by Corporate Sustainability Director, educational activities, missions and events

Customers

Topics: Sustainable healthcare, value based procurement, GHG emissions, waste, packaging, digitalization, business ethics, distributor due diligence and training

Engagement: On a regular basis online or in-person meetings led by the BA representatives and supported by the Sustainability function supported by the Sustainability or Compliance functions

Media

Topics: Key business developments, how sustainability is integrated into Mölnlycke's business strategy, Net Zero commitment, certification schemes

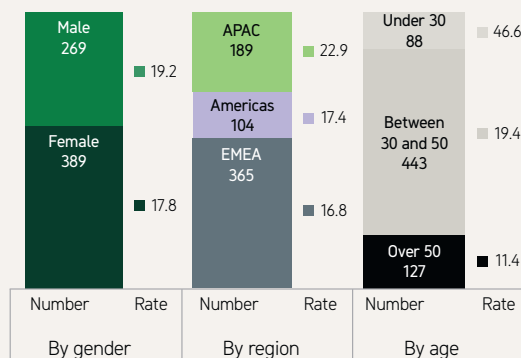
Engagement: Continuous engagement with Communications VP

14. Employees

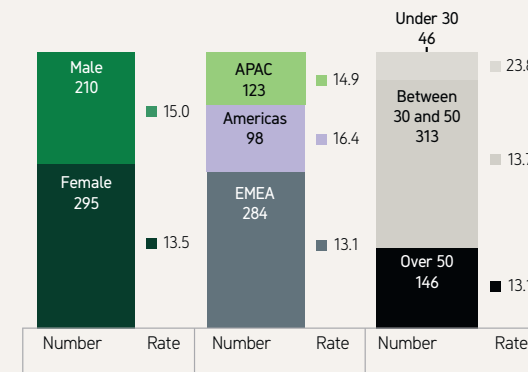
New hires and turnover

Data on the breakdown of employees' turnover and new hires is reported below with partial omission of production employees due to limited data availability. The company is working to enhance the metrics for the next reporting period. For new hires, the rate (%) represents the amount of people of a considered group hired during the period divided by the total number of active, permanent office and field employees on the last day of the period. Similarly, the turnover rate (%) represents the amount of people of a considered group leaving the company within the period divided by the total number of active, permanent office & field employees on the last day of the period.

New hires (number and rate %), white collar employees only



Turnover (number and rate %), white collar employees only



Collective bargaining agreements

The percentage of employees covered by collective bargaining agreements decreased from 45,1% in 2022 to 34,4% in 2023. This decrease is due to a different interpretation of what a collective bargaining agreement is. If the interpretation had remained as for 2022, we would only see a 0,4% decrease. Overall, working conditions and terms where no collective bargaining agreement are in place are based on local laws and legislations, as well as industry collective bargaining agreements.

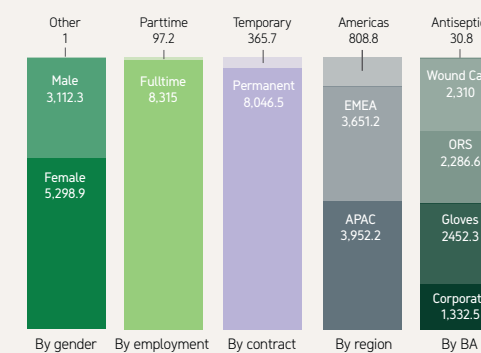
Parental leave

The number of employees entitled to parental leave was 7,484 in 2023, of which 4,550 females, 2,933 males and 1 with undeclared gender. The numbers of employees that made use of parental leave or returned from parental leave are shown in the chart below.

Parental leave by gender (number employees)



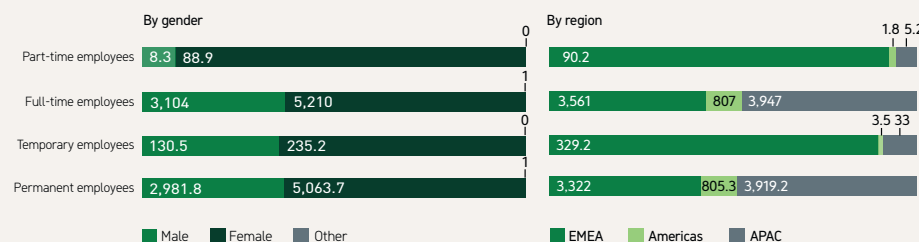
Employees distribution by categories (FTE)



Benefits

During 2023, Mölnlycke provided additional benefits to full-time employees, such as, but not limited to, medical insurance, car allowance, short- and long-term disability coverage and scholarships at its locations in the US and China. For all other significant Mölnlycke locations (more than 100 employees as of 31 December 2023), full-time employees do not receive additional benefits compared to temporary or part-time employees.

Employment per type (FTE)



Occupational health & safety (OH&S)

Risk assessments are reviewed following non-routine triggers such as changes in operating procedures or equipment, incident investigations, worker complaints or referrals, changes in workers or workflow, results of surveillance of work environment and worker health, including exposure monitoring (e.g. exposure to noise, vibration, dust). A hierarchy of controls is applied to reduce hazards, with a focus on machinery guarding and manual handling, addressed through site-specific procedures, training, and continuous identification efforts. Each manufacturing location has a dedicated EHS professional who ensures this process of risk assessment is carried out and the results of risk assessments validated.

Training needs are assessed during local and global annual planning processes and consider aspects such as compliance obligations, site-specific hazards and incident analysis. Workers receive health and safety training free of charge and during paid working hours and the effectiveness of training is evaluated through a variety of means, including assessments, observations and practical application. Additionally, the company promotes organisational learning through monthly global EHS team meetings and best practice sharing.

Mölnlycke tracks OHS performance through monthly reporting on Lost Time Injury (LTI) rates and work-related ill health incidents. The company, reports KPIs for both injuries and ill health, maintaining thorough data quality checks and adheres to national legislation in reporting incidents to local authorities. During 2023, the company has purchased and implemented a new cloud-based reporting solution, which provides manufacturing locations and headquarters with superior EHS investigation locally, and reporting capabilities on a corporate level. Local EHS professionals and the central sustainability team work in the system to collect EHS data periodically for analysis and publication across business areas and countries on corporate level and use in both internal and external reporting.

15. Sustainable Product Portfolio Assessment framework

The company's portfolio approach promotes the use of safer and more sustainable products in all stages of the value chain. Mölnlycke's responsibility stretches to the whole life cycle, from sourcing, transportation, manufacturing through to customer use and end of life. The company assesses the sustainability performance of all products and builds sustainability thinking into its innovation process through sustainable design insights and eco-design tools. The assessment work is based on ISO standards 14040/44, the internationally established and recognised frameworks that specify requirements and provide guidelines for Life Cycle Assessment.

Mölnlycke segments its product portfolio into the following three categories to reflect the sustainability risks and opportunities.

- **'Leading solutions'** – solutions that deliver clear sustainability benefits for Mölnlycke's customers. Solutions are assessed across their lifecycle and benchmarked against current market mainstream applications, making it a moving target. These solutions match the standard offerings in all respects and either exceed or are comparable to them in at least one of the following sustainability parameters: GHG emissions and energy efficiency; use of natural resources; waste; packaging; inclusiveness; health and wellbeing, without adverse effects throughout the value chain.
- **'Performers'**: these are solutions which meet the needs of Mölnlycke's customers and patients and have no immediate positive or negative impact in terms of sustainability.

- **'Transitioners'**: these are solutions which have known sustainability risks, including substances that have been highlighted as being of concern by some stakeholders such as governments, NGOs, customers and public groups. Mölnlycke's hazardous substance program takes a systematic approach to the identification, expert review and management of all hazardous substances used in its products. Only when safe use of a hazardous substance can be demonstrated it can remain in use. The process includes reduction, restriction and phase-out when they can be substituted with safer and sustainable alternatives.

Independent auditor's limited assurance report on specified sustainability information

To Mölnlycke Holding AB,
corporate identity number 556693-6729

Introduction

We have been engaged by the Board of Directors and Executive Management of Mölnlycke Holding AB to undertake a limited assurance engagement of selected information as presented in the annual report for 2023 consisting of energy use within the organisation and Greenhouse Gas emissions in Scope 1 and 2 for the year 2023 ("Reporting"), as presented in the annual report on page 95 respectively page 122-124.

Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report

The Board of Directors and the Executive Management are responsible for the preparation of the Reporting in accordance with the applicable criteria, as explained on page 133-134 in the annual report, and are the parts of the Sustainability Reporting Guidelines published by GRI (Global Reporting Initiative) related to 302-1 Energy consumption within the organisation, 305-1 Direct (Scope 1) GHG emissions and 305-2 Energy indirect (Scope 2) GHG emissions, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of the Reporting that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Reporting based on the limited assurance procedures we have performed. Our engagement is limited to historical information presented and does therefore not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Reporting, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Mölnlycke Holding AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, the conclusion of the procedures performed does not express a reasonable assurance conclusion. Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Reporting.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Reporting, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Gothenburg, 21 March 2024
Deloitte AB

Hans Warén
Authorized Public Accountant

GRI content index

Statement of use Mölnlycke Holding AB (publ), corporate ID number 556693-6729, has reported in accordance with the GRI Standards for the period 01.01.2023–31.12.2023.

GRI 1 used GRI 1: Foundation 2021.

GRI Sector Standard not applicable.

Disclosure	GRI standard /Other source	Page in the report	Omission reason
2-1 Organizational details	GRI 2: General Disclosures 2021	p.4	
2-2 Entities included in the organization's sustainability reporting		p.66 unless specified otherwise in Sustainability note 1	
2-3 Reporting period, frequency and contact point		p.3, p.120	
2-4 Restatements of information		p.123	
2-5 External assurance		p.120, 132	
2-6 Activities, value chain and other business relationships		p.113-115, p.128-129	
2-7 Employees		p.108-111, p.121-122, p.130	
2-8 Workers who are not employees		p.121	
2-9 Governance structure and composition		p.36-40	
2-10 Nomination and selection of the highest governance body		p.38	
2-11 Chair of the highest governance body		p.38	
2-12 Role of the highest governance body in overseeing the management of impacts		p.38	
2-13 Delegation of responsibility for managing impacts		p.38-40	
2-14 Role of the highest governance body in sustainability reporting		p.38-39	
2-15 Conflicts of interest		p.38	
2-16 Communication of critical concerns		p.117, p.119, p.128-129	
2-17 Collective knowledge of the highest governance body		p.38	
2-18 Evaluation of the performance of the highest governance body			p.38

Disclosure	GRI standard /Other source	Page in the report	Omission reason
2-19 Remuneration policies		p.38-39	
2-20 Process to determine remuneration		Omitted	Confidentiality constrains: Information omitted due to privacy reasons
2-21 Annual total compensation ratio		Omitted	Confidentiality constrains: Information omitted due to privacy reasons
2-22 Statement on sustainable development strategy		p.7, p.16, p.91	
2-23 Policy commitments		p.16, p.93, p.107, p.116	
2-24 Embedding policy commitments		p.16, p.92	
2-25 Processes to remediate negative impacts		p.39-40 p.128-129	
2-26 Mechanisms for seeking advice and raising concerns		p.117-119, p.128-129	
2-27 Compliance with laws and regulations		p.117, p.119, p.125-126	
2-28 Membership associations		p.16	
2-29 Approach to stakeholder engagement		p.128-129	
2-30 Collective bargaining agreements		p.130	
3-1 Process to determine material topics	GRI 3: Material Topics 2021	p.16, p.91	
3-2 List of material topics		p.16, p.91	
3-3 Management of material topics		p.16, p.39-40	

Environmental governance	GRI standard /Other source	Page in the report	Omission reason
3-3 Management of material topics (*in application to all identified material topics in environmental pillar)	GRI 3: Material Topics 2021	p.16, p.39-41, p.93	
Energy and greenhouse gas emissions			
3-3 Management of material topics	GRI 3: Material Topics 2021	p.16, p.39-41, p.94-96	
302-1 Energy consumption within the organization	GRI 302: Energy 2016	p.94, p.98, p.120-121, p.124	
302-2 Energy consumption outside of the organization		Omitted	Information of acceptable certainty level is not available. The company is investigating possibilities of reporting the disclosure, planning to conclude in the next reporting period
302-3 Energy intensity		p.98	
302-4 Reduction of energy consumption		p.98	
305-1 Direct (Scope 1) GHG emissions	GRI 305: Emissions 2016	p.94-96	
305-2 Energy indirect (Scope 2) GHG emissions		p.94-97	
305-3 Other indirect (Scope 3) GHG emissions		p.94-96	
305-4 GHG emissions intensity		p. 95	
305-5 Reduction of GHG emissions		p. 95-96	
201-2 Financial implications and other risks and opportunities due to climate change	GRI 201: Economic Performance 2016	p.42, p.46	
Water consumption			
3-3 Management of material topics	GRI 3: Material Topics 2021	p.16, p. 39-41, p.101	
303-1 Interactions with water as a shared resource	GRI 303: Water and Effluents 2018	p.101-102	
303-2 Management of water discharge-related impacts		p.102, p.120	
303-3 Water withdrawal		p.101, p.120	
303-4 Water discharge		p.102, p.120	
303-5 Water consumption		p.102, p.120	

Waste and circularity	GRI standard /Other source	Page in the report	Omission reason
3-3 Management of material topics	GRI 3: Material Topics 2021	p.16, p. 39-41, p.92, p.99, p.120	
306-1 Waste generation and significant waste-related impacts	GRI 306: Waste 2020	p.99-100	
306-2 Management of significant waste-related impacts		p.99-100	
306-3 Waste generated		p.100	
306-4 Waste diverted from disposal		p.100	
306-5 Waste directed to disposal		p.100	
Raw material use			
3-3 Management of material topics	GRI 3: Material Topics 2021	p.16, p.39-41, p.99, p.101, p.121	
301-1 Materials used by weight or volume	GRI 301: Materials 2016	p.101	
301-2 Recycled input materials used		Omitted	Information of acceptable certainty level is not available. The company is investigating possibilities of reporting the disclosure, planning to conclude in the next reporting period. Information on recycled content in packaging is provided on p.109
301-3 Reclaimed products and their packaging materials		p. 99	
Pollution prevention			
3-3 Management of material topics	GRI 3: Material Topics 2021	p.16, p.39-41, p.99	
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	GRI 305: Emissions 2016	p.99, p.121	Emissions of only ETO are reported. Other emissions metrics (NOx, SOx, POP, etc) are found not material: omission due to inapplicability
Relationship with customers			
3-3 Management of material topics	GRI 3: Material Topics 2021	p.15, p.104-105, p.128-129	
Rate of service complaints to total deliveries	Own KPI	p.99	

Decent, safe employment	GRI standard /Other source	Page in the report	Omission reason
3-3 Management of material topics	GRI 3: Material Topics 2021	p.16, p. 39-41, p.92, p.107, p.121-122	
401-1 New employee hires and employee turnover	GRI 401: Employment 2016	p.130	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		p.130	
401-3 Parental leave		p.130	
403-1 Occupational health and safety management system	GRI 403: Occupational Health and Safety 2018	p.111-112, p.131	
403-2 Hazard identification, risk assessment, and incident investigation		p.111-112, p.131	
403-3 Occupational health services		p.111	
403-4 Worker participation, consultation, and communication on occupational health and safety		p.117-118, p.138	
403-5 Worker training on occupational health and safety		p.111-112, p.131	
403-6 Promotion of worker health		p.111	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		p.111-112, p.128-129, p.131	
403-8 Workers covered by an occupational health and safety management system		p.111	
403-9 Work-related injuries		p.111-112	
403-10 Work-related ill health		p.112	
404-1 Average hours of training per year per employee	GRI 404: Training and Education 2016	p.111, p.122	
404-2 Programs for upgrading employee skills and transition assistance programs		p.109-111	
404-3 Percentage of employees receiving regular performance and career development reviews		p.110	
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	GRI 407: Freedom of Association and Collective Bargaining 2016	p.130 (operations) Omitted (suppliers)	Information of acceptable certainty level for suppliers is not available. The company is investigating possibilities of reporting the disclosure, planning to conclude in the next reporting period.

Decent, safe employment	GRI standard /Other source	Page in the report	Omission reason
408-1 Operations and suppliers at significant risk for incidents of child labor	GRI 408: Child Labor 2016	p.119 (operations) Omitted (suppliers)	Information of acceptable certainty level for suppliers is not available. The company is investigating possibilities of reporting the disclosure, planning to conclude in the next reporting period.
409-1 Operations and supplier at significant risk for incidents of forced or compulsory labor	GRI 409: Forced or Compulsory Labor 2016	p.119 (operations) Omitted (suppliers)	Information of acceptable certainty level for suppliers is not available. The company is investigating possibilities of reporting the disclosure, planning to conclude in the next reporting period.
Diversity, equity and inclusion			
3-3 Management of material topics	GRI 3: Material Topics 2021	p.16, p.39-41, p.92, p.107, p.108-109	
405-1 Diversity of governance bodies and employees	GRI 405: Diversity and Equal Opportunity 2016	p.108	
405-2 Ratio of basic salary and remuneration of women to men		Omitted	Confidentiality constrains: disclosure concerns data privacy aspects
406-1 Incidents of discrimination and corrective actions taken	GRI 406: Non-discrimination 2016	p.117	
Supporting communities			
3-3 Management of material topics	GRI 3: Material Topics 2021	p.16, p. 39-41, p.92, p.107, p.114-115, p.126, p.129	
413-1 Operations with local community engagement, impact assessments, and development programs	GRI 413: Local Communities 2016	p.114-115	
413-2 Operations with significant actual and potential negative impacts on local communities		p.126	

Data and intellectual property rights	GRI standard /Other source	Page in the report	Omission reason
3-3 Management of material topics	GRI 3: Material Topics 2021	p.125	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	GRI 418: Customer Privacy 2016	p.117	
Ethical clinical research			
3-3 Management of material topics	GRI 3: Material Topics 2021	p.125-126	
Topic specific disclosure	Own KPI	Omitted	Information unavailable. Mölnlycke is investigating suitable metrics, planning to conclude in the next reporting period.
Strategic and fiscal governance			
3-3 Management of material topics	GRI 3: Material Topics 2021	p.53, p.127	
201-1 Direct economic value generated and distributed	GRI 201: Economic Performance 2016	p.13, p.127	
201-4 Financial assistance received from government		p.127	
Ethical, compliant business			
3-3 Management of material topics	GRI 3: Material Topics 2021	p.16, p. 39-41, p.92, p.116, p.117	
205-1 Operations assessed for risks related to corruption	GRI 205: Anti-Corruption 2016	p.117, p.119	
205-2 Communication and training about anti-corruption policies and procedures		p.117	
205-3 Confirmed incidents of corruption and actions taken		p.117	
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	GRI 206: Anti-competitive Behavior 2016	p.117	
Advancing healthcare performance			
3-3 Management of material topics	GRI 3: Material Topics 2021	p.126	
417-1 Requirements for product and service information and labeling communications	GRI 417: Marketing and Labeling 2016	p.103-105, p.124-126	
417-2 Incidents of non-compliance concerning product and service information and labeling		p.104	
417-3 Incidents of non-compliance concerning marketing		p.104	
Sustainable innovation and development			
3-3 Management of material topics	GRI 3: Material Topics 2021	p.110-112, p.132-133, p.139	
LCA portfolio coverage	Own KPI	p.111, p.133	

Responsible taxation approach	GRI standard /Other source	Page in the report	Omission reason
3-3 Management of material topics	GRI 3: Material Topics 2021	p.135	
207-1 Approach to tax	GRI 207: Tax 2019	p.135	
207-2 Tax governance, control, and risk management		p.135	
207-3 Stakeholder engagement and management of concerns related to tax		p.137	
207-4 Country-by-country reporting		Omitted	Information currently unavailable. To be submitted to the Swedish Tax Office later in 2024.

Sustainable investments

3-3 Management of material topics	GRI 3: Material Topics 2021	p.16, p.39-41, p.92, p.93, p.103-105, p.124-125, p.128-129, p.131	
Proportion of sustainable investments to undergo sustainability assessment	Own KPI	p.125	

Sustainable partnerships

3-3 Management of material topics	GRI 3: Material Topics 2021	p.113, p.119, p.129	
204-1 Proportion of spending on local suppliers	GRI 204: Procurement Practices 2016	p.125	
308-1 New suppliers that were screened using environmental criteria	GRI 308: Supplier Environmental Assessment 2016	p.113	
308-2 Negative environmental impacts in the supply chain and actions taken		Omitted	Information of acceptable certainty level for suppliers is not available. The company is investigating possibilities of reporting the disclosure, planning to conclude in the next reporting period.
414-1 New suppliers that were screened using social criteria	GRI 414: Supplier Social Assessment 2016	p.113	
414-2 Negative social impacts in the supply chain and actions taken		Omitted	Information of acceptable certainty level for suppliers is not available. The company is investigating possibilities of reporting the disclosure, planning to conclude in the next reporting period.

ESG fact sheet

Indicator	Unit	2023	2022	2021	% change 2022-2023
Green mindset					
Energy					
Fuels consumption within the organization	TJ	796,8	805,0	823,8	-1%
Supplied energy	TJ	411,9	423,7	440,4	-3%
Total energy consumption	TJ	1 214,9	1 228,6	1 268,9	-1,1%
Energy intensity	MJ/kg of product	19,8	20,7	22,0	-4,3%
Share of renewable energy in the electricity mix	%	61	51	23	+20%
Emissions					
Scope 1 GHG emissions	ktCO ₂ eq	56,2	55,4	55,4	+3%
Scope 2 GHG emissions	ktCO ₂ eq	20,3	29,0	53,3	-28%
Total GHG emissions within the organization	ktCO ₂ eq	78,1	84,4	108,6	-7,5%
GHG emissions intensity, Scope 1 and 2	kgCO ₂ eq/kg of product	1,2	1,4	1,9	-11%
Scope 3 GHG emissions	ktCO ₂ eq	444,9	503,3	546,0	-12%
Total GHG emissions cradle-to-grave	ktCO ₂ eq	523,0	587,7	654,6	-11%
GHG emissions intensity, cradle-to-grave	kgCO ₂ eq/kg of product sales	8,1	9,4	10,2	-15%
VOC emissions (EtO)	kg	132,2	96,5	88,0	+37%
Waste					
Total waste generation	kt	14,0	14,3	13,9	-2%
Hazardous waste generation	kt	1,3	1,5	2,1	-16%
Waste generation intensity	kg/kg of product	0,227	0,239	0,241	-5%
Waste sent to open loop recycling	kt	5,2	5,5	5,8	-5%
Waste sent to incineration with energy recovery	kt	5,9	5,9	5,1	+1%
Waste sent to landfilling	kt	2,3	1,9	2,0	+20%
Waste sent to mass incineration	kt	0,0	0,1	0,2	-70%

Water³³					
Total water withdrawal	1000m ³	2 062,8	2 243,3	2 180,3	-8%
Water withdrawal in areas with water stress	1000m ³	53,1	27,8	33,4	+91%
Water consumption	1000m ³	125,1	0,8	0,8	+14968%
Total water discharge	1000m ³	1 937,8	2 242,5	2 179,5	-14%
Water discharge in areas with water stress	1000m ³	46,4	27,8	33,4	+67%
Management systems					
Share of manufacturing sites with ISO14001/ISO50001 certifications	%	93	93	79	0%
Sustainable solutions and investment					
Recyclable packaging	%	90	91	-	-1%
Post-consumer recycled or renewable material content in packaging	%	75	72	-	+4%
Renewable materials in procurement	%	31	30	28	+3%
Share of portfolio covered by LCA (share based on net sales)	%	30,3	10	-	+219%
Share of investments covered by sustainability assessment	%	100	60	-	+66%

33. Improved data quality in 2023, see Sustainability Note 1.

Indicator	Unit	2023	2022	2021	% change 2022-2023
Responsible Relationship					
Employees					
Total employees	FTE	8427,0	8 502,0	8 005,0	-1%
Share of female employees	% FTE	63	63	64	0%
Share of female employees in people leader positions	% FTE	47	47	-	0%
Turnover rate	%, FTE	14,1	13,6	12,4	+4%
New hires rate	%, FTE	18,3	18,5	14,3	-1%
Engagement score (participation)	# (%)	3.8	4	-	-5%
Occupational health and safety					
Total high-consequence injuries	#	0.0	0.0	0.0	0%
Total recordable injuries among employees (lost-time incidents)	#	25.0	29.0	20.0	-14%
Rate of recordable injuries per 1 mln hours worked	-	1,3	2,07	1,61	-37%
Total work-related illness	#	20,0	23,0	-	-13%
Sustainability in the supply chain					
New direct material suppliers assessed on social and environmental criteria	%	100	100	100	0%
Share of direct material suppliers who are signatories of the Mölnlycke Supplier Standard or equal requirements	%	100	100	100	0%
Share of procurement budget allocated to local suppliers:					
- Operational Room Solutions	%	25	35	-	-29%
- Wound Care		32	21	-	+52%
- Gloves		94	57	-	+65%
Community impact					
Lives improved through partnership with Operation Smile	#	290	200	-	+45%
Donations (gifts in kind)	M€	0.3	0.2	0,2	50%

Indicator	Unit	2023	2022	2021	% change 2022-2023
Ethical Business					
Integrity mindset					
Share of white collar employees trained in Mölnlycke's Code of Conduct including human rights policies and procedures	%	98,7	98,3	-	0,4%
Cases reported through the whistleblowing reporting tool	#	55	34	12	+62%
Governance bodies					
Total people on Executive Leadership Team	Head counts	11	9	10	+22%
Female members on Executive Leadership Team	#	6	5	5	+20%
Nationalities represented on Executive Leadership Team	#	5	5	6	0%
Governance body oversight of the sustainability agenda	Y/N	Y	Y	Y	-
Frequency of Board update on ESG issues	Frequency	Half-yearly	Half-yearly	Half-yearly	-
Board oversight of climate strategy	Y/N	Y	Y	N	-

Find out more at www.molnlycke.com

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