KCI MEDICAL ApS

Kay Fiskers Plads 10, 2300 København S

CVR no. 18 77 70 45

Annual report 2023

Approved at the Company's annual general meeting on 18 July 2024

Chair of the meeting:

....
Oliver Machholdt

Contents

Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of KCI MEDICAL ApS for the financial year 1 January - 31 December 2023.

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

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

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

I recommend that the annual report be approved at the annual general meeting.

Copenhagen, 18 July 2024
Executive Board:

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Anders Houmøller Bødker
Director

Independent auditor's report

To the shareholder of KCI MEDICAL ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of KCI Medical ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for opinion

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

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

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

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

Hellerup, 18 July 2024
PriceWaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Martin Lunden	Lone Vindbjerg Larsen
State Authorised Public Accountant	State Authorised Public Accountant
mne32209	mne34548

Management's review

Company details

Name	KCI MEDICAL ApS
Address, Postal code, City	Kay Fiskers Plads 10, 2300 København S
CVR no.	18 77 70 45
Established	1 September 1995
Registered office	Copenhagen
Financial year	1 January - 31 December
Executive Board	Anders Houmøller Bødker, Director
Auditors	PriceWaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44, 2900 Hellerup

Management's review

Business review

The Company's principal activities consist in sale and leasing of hospital equipment. The Company sells its products in Denmark only.

Financial review

The income statement for 2023 shows a profit of DKK 656,398 against a loss of DKK 332,185 last year, and the balance sheet at 31 December 2023 shows equity of DKK 93,951,245.

The company has taken over all of the activities related to the Healthcare segment within 3M as of 1st of November 2023.

Events after the balance sheet date

Effective of 1 April 2024, the company completed a Spin-off from 3M parent (who previously was the company's ultimate parent undertaking and controlling party) and is now an independent public company with the company's ultimate parent undertaking and controlling party as Solventum Corporation, a company listed at the New York Stock Exchange (NYSE:SOLV), with principal offices at 3M Center, Bldg. 275-6W-02 St.Paul, MN 55144-1000, United States of America. Copies of its group accounts, which include the Company, are available from https://investors.solventum.com.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2023	2022
	Gross profit/loss	5,457,844	-456,973
2	Staff costs	-2,630,414	0
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-2,164,213	0
	Profit/loss before net financials	663,217	-456,973
3	Financial income	204,482	35,729
4	Financial expenses	-24,808	-4,634
	Profit/loss before tax	842,891	-425,878
5	Tax for the year	-186,493	93,693
	Profit/loss for the year	656,398	-332,185
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	656,398	-332,185
		656,398	-332,185

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2023	2022
	ASSETS		
	Fixed assets		
6	**Intangible assets**		
	Goodwill	88,058,672	0
		88,058,672	0
7	**Property, plant and equipment**		
	Fixtures and fittings, other plant and equipment	258,099	0
		258,099	0
8	**Investments**		
	Deposits, investments	45,000	0
		45,000	0
	Total fixed assets	88,361,771	0
	Non-fixed assets		
	Receivables		
	Trade receivables	16,076,793	0
	Receivables from group enterprises	12,346,606	6,215,116
	Joint taxation contribution receivable	93,693	93,693
	Other receivables	45,000	0
		28,562,092	6,308,809
	Cash	102,275	1
	Total non-fixed assets	28,664,367	6,308,810
	TOTAL ASSETS	117,026,138	6,308,810

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	4,001,000	4,001,000
	Retained earnings	89,950,245	2,293,847
	Total equity	93,951,245	6,294,847
	Provisions		
	Deferred tax	11,483	0
	Total provisions	11,483	0
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Bank debt	50,819	0
	Trade payables	679,248	13,963
	Payables to group enterprises	15,594,806	0
	Corporation tax payable	175,010	0
	Other payables	6,563,527	0
		23,063,410	13,963
	Total liabilities other than provisions	23,063,410	13,963
	TOTAL EQUITY AND LIABILITIES	117,026,138	6,308,810

1 Accounting policies
9 Contractual obligations and contingencies, etc.
10 Security and collateral
11 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2022	4,001,000	2,626,032	6,627,032
Transfer through appropriation of loss	0	-332,185	-332,185
Equity at 1 January 2023	4,001,000	2,293,847	6,294,847
Transfer through appropriation of profit	0	656,398	656,398
Contribution from group	0	87,000,000	87,000,000
Equity at 31 December 2023	4,001,000	89,950,245	93,951,245

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of KCI MEDICAL ApS for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Basis of recognition and measurement

The financial statements have been prepared under the historical cost principle.

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery.

Gross profit/loss

The items revenue, cost of sales and external expenses have been aggregated into one item in the income statement called gross profit/loss in accordance with section 32 of the Danish Financial Statements Act.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Goodwill	7 years

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	5 years

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 7 years.

The goodwill has arisen as part of the acquisition of the Healthcare business from 3M.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Deposits, investments

Deposits are valued at cost.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Cash

Cash and cash equivalents comprise cash at bank.

Income taxes and deferred tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK	2023	2022
2	**Staff costs**		
	Wages/salaries	2,412,330	0
	Pensions	206,859	0
	Other social security costs	11,225	0
		2,630,414	0
	Number of employees at the balance sheet date	16	1
3	**Financial income**		
	Interest receivable, group entities	198,399	35,729
	Other financial income	6,083	0
		204,482	35,729
4	**Financial expenses**		
	Interest expenses, group entities	418	0
	Other financial expenses	24,390	4,634
		24,808	4,634
5	**Tax for the year**		
	Estimated tax charge for the year	186,493	-93,693
		186,493	-93,693

6 Intangible assets

DKK	Goodwill
Additions	90,206,444
Cost at 31 December 2023	90,206,444
Amortisation for the year	2,147,772
Impairment losses and amortisation at 31 December 2023	2,147,772
Carrying amount at 31 December 2023	88,058,672

7 Property, plant and equipment

DKK	Fixtures and fittings, other plant and equipment
Additions	274,540
Cost at 31 December 2023	274,540
Depreciation	16,441
Impairment losses and depreciation at 31 December 2023	16,441
Carrying amount at 31 December 2023	258,099

Financial statements 1 January - 31 December

Notes to the financial statements

8 Investments

DKK	Deposits, investments
Cost at 1 January 2023	0
Additions	45,000
Cost at 31 December 2023	45,000
Carrying amount at 31 December 2023	45,000

9 Contractual obligations and contingencies, etc.

The Company is jointly taxed with its parent, 3M A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes etc.

Other financial obligations

Other rent liabilities:

DKK	2023	2022
Rent liabilities	45,000	0

10 Security and collateral

The Company has not provided any security or other collateral in assets at 31 December 2023.

11 Related parties

Information about consolidated financial statements

Parent	Domicile
KCI UK Holdings Limited	C/O Irwin Mitchell LLP Riverside East, 2 Milsands, Sheffield, South Yorkshire, United Kingdom, S8 8DT

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Anders Houmøller Bødker
Direktør
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Oliver Machholdt **(CPR valideret)**
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