


**Abbott Medical Danmark A/S  
Produktionsvej 14  
DK-2600 Glostrup**

**Business Registration No. 17 55 85 01**

**Annual report 2017**

The Annual General Meeting adopted the annual report on 26.06.2018

Chairman of the General Meeting



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Name: Ulrik Bangsbo Hansen

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**Please note that Danish decimal and digit grouping symbols have been used in the financial statements.**

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## *Entity details*

### **Entity**

Abbott Medical Danmark A/S  
Produktionsvej 14  
DK-2600 Glostrup

Central Business Registration No: 17 55 85 01  
Registered in: Glostrup  
Financial year: 01.01.2017 - 31.12.2017  
Established: 20.01.1994

### **Board of Directors**

Brian B. Yoor, Chairman  
Benjamin Edward Oosterbaan  
Björn Fredrik Anders Björnulfson

### **Executive Board**

Flemming Wærn Johannessen, Chief Executive Officer

### **Auditors**

Ernst & Young Godkendt Revisionspartnerselskab  
Osvald Helmuths Vej 4  
DK-2000 Frederiksberg

### **Bank**

Handelsbanken  
Danske Bank  
Bank National Paris, BNP

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## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Abbott Medical Danmark A/S for the financial year 01.01.2017 - 31.12.2017.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31.12.2017 and of the results of the Company's operations for the financial year 01.01.2017 - 31.12.2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Glostrup, 26.06.2018

### Executive Board



Flemming Wærn Johannessen  
Chief Executive Officer

### Board of Directors

Brian B. Yoor  
Chairman

Benjamin Edward Oosterbaan



Björn Fredrik Anders Björnulfsson

## **Independent auditor's reports**

### **To the owners of Abbott Medical Danmark A/S**

#### **Opinion**

We have audited the financial statements of Abbott Medical Danmark A/S for the financial year 1 January – 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

#### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

#### **Management's responsibilities for the financial statements**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 the financial statements:

## Independent auditor's reports

As part of an audit conducted in accordance with ISAs and 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the Management's review

Management is responsible for the Management's review.

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

## Independent auditor's reports

Based on the work we have performed, we conclude that the 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 of the Management's review.

Copenhagen, 26 June 2018

### **Ernst & Young**

Godkendt Revisionspartnerselskab

CVR-nr. 30 70 02 28



Christian Schwenn Johansen

State Authorised Public Accountant

MNE no.: mne33234

## **Management commentary**

### **Primary activities**

The company's activity is the sale of cardiologic medical implants and catheters, mainly produced by other companies within the Abbott Group.

### **Development in activities and finances**

The income statement for 2017 shows a profit of DKK 8.445.172 against DKK 5.365.148 last year, and the balance sheet at 31 December 2017 shows equity of DKK 91.609.713.

The result is affected positively by the sale of a product portfolio to Terumo, which resulted in a profit of DKK 5.534 thousand. Reference is made to note 1 in the financial statements.

### **Uncertainty relating to recognition and measurement**

Management evaluates that no particular uncertainties are related to recognition and measurement in connection with the presentation of the annual report.

### **Events after the balance sheet date**

No events have occurred after the financial year-end, which could significantly affect the company's financial position.

### **Outlook**

The company expects revenue at similar level compared to 2017. For 2018 it is expected that the revenue will be from DKK 180 – 190 mio and the results will be from DKK 0 - 5 mio.

### **Particular risks**

#### **Operating risks**

The company is not exposed to any special risks besides from what is normal to the business.

#### **Currency risks**

To a minor extent, we are invoiced in EUR, NOK, SEK and USD. We do not hedge any of these currencies.

### **Events after the balance sheet date**

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



## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B entities and elective choice of certain provisions applying to reporting class C entities). The accounting policies have been applied consistently with previous years.

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

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

### Income statement

#### Revenue

Revenue from goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Gross margin

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

#### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other operating income comprise of income from divestment of divisions/products.

Gains on the sale of intangible assets are recognised in the income statement under "Other operating income". Gains are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

#### Costs of sales

Costs of sales comprise the consumption of goods for resale and consumables for the financial year.

## Accounting policies

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### Other external expenses

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

Other external expenses also include research costs and costs of development projects that do not meet the criteria for recognition in the balance sheet.

### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for entity staff.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

### Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme, etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme, etc.

### Income taxes

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 entity is jointly taxed with other group entities. 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.

## Accounting policies

### Balance sheet

#### Property, plant and equipment

Plant and machinery, other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made based on the following estimated useful lives of the assets:

Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-10 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

For leasehold improvements, assets subject to finance leases and for assets lent to customers recognised as operational lease contracts, the depreciation period cannot exceed the contract period.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

#### Investments

Investments comprise of deposits and receivables from group entrises are presented as other receivables.

Investments are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

#### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

#### Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

#### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

#### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

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## Accounting policies

### Cash

Cash comprises cash in hand and bank deposits.

Balances in the group's cash pool scheme are not, due to the nature of the scheme, considered cash, but are recognised under 'Receivables from group entities'.

### Other payables

Other payables are measured at net realisable value.

**Income statement for 2017**

	<u>Notes</u>	<u>2017</u> <u>DKK</u>	<u>2016</u> <u>DKK</u>
Gross margin	1	32.263.351	28.339.844
Staff cost	2	(21.328.799)	(21.597.598)
Amortisation, depreciation and impairment losses	3	(42.197)	(60.294)
<b>Gross profit/loss</b>		<b>10.892.355</b>	<b>6.681.952</b>
Other financial income	4	947.516	938.430
Other financial expenses	5	(215.138)	(9.368)
<b>Profit before tax</b>		<b>11.624.733</b>	<b>7.611.014</b>
Tax for the year	6	(3.179.561)	(2.245.866)
<b>Profit for the year</b>		<b>8.445.172</b>	<b>5.365.148</b>

**Balance sheet at. 31.12.2017**

	<u>Notes</u>	<u>2017</u> <u>DKK</u>	<u>2016</u> <u>DKK</u>
<b>ASSETS</b>			
<b>Fixed assets</b>			
Plant and machinery			
Other fixtures and fittings, tools and equipment		46.255	28.624
Leasehold improvements		44.100	67.100
		<u>90.355</u>	<u>95.724</u>
<b>Property, plant and equipment</b>			
<b>Investments</b>			
Receivables from group companies		69.313.600	69.311.000
Other receivables		192.854	188.352
		<u>69.506.454</u>	<u>69.499.352</u>
		<u>69.596.809</u>	<u>69.595.076</u>
<b>Total Fixed Assets</b>			
<b>Non-fixed assets</b>			
<b>Receivables</b>			
Trade receivables		25.860.984	39.410.151
Receivables from group enterprises		0	938.262
Deferred tax assets		1.590.096	1.522.760
Income tax receivable		589.528	589.528
Other Receivables		48.000	48.000
Prepayments		10.416	277.031
		<u>28.099.024</u>	<u>42.785.732</u>
		<u>24.642.914</u>	<u>12.633.388</u>
<b>Cash</b>			
		<u>52.741.938</u>	<u>55.419.120</u>
<b>Total non-fixed assets</b>			
		<u>122.338.747</u>	<u>125.014.196</u>
<b>Assets</b>			

**Balance sheet at 31.12.2017**

	<u>Notes</u>	<u>2017</u> <u>DKK</u>	<u>2016</u> <u>DKK</u>
Share capital		500.000	500.000
Retained earnings		<b>91.109.713</b>	82.664.541
<b>Equity</b>		<b>91.609.713</b>	<b>83.164.541</b>
<b>Current Liabilities</b>			
Trade Payable		621.735	2.190.418
Payables to group enterprises		11.273.784	18.305.800
Income tax payable		1.406.898	33.162
Other payables		17.426.617	21.320.275
<b>Current liabilities other than provisions</b>		<b>30.729.034</b>	<b>41.849.655</b>
<b>Liabilities other than provisions</b>		<b>30.729.034</b>	<b>41.849.655</b>
<b>Equity and liabilities</b>		<b>122.338.747</b>	<b>125.014.196</b>
Appropriation of profit	7		
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		
Ownership	10		
Consolidation	11		
Events after the balance sheet date	12		

## Statement of changes in equity for 2017

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
<b>Equity at 1 January 2016</b>	500.000	77.299.393	77.799.393
Transfer, see " note 7 Appropriation of profit	0	5.365.148	5.365.148
<b>Equity at 1 January 2017</b>	500.000	82.664.541	83.164.541
Transfer, see " note 7 Appropriation of profit	0	8.445.172	8.445.172
<b>Equity at 31 December 2017</b>	<b><u>500.000</u></b>	<b><u>91.109.713</u></b>	<b><u>90.609.713</u></b>

	<u>2017 DKK</u>	<u>2016 DKK</u>	<u>2015 DKK</u>	<u>2014 DKK</u>	<u>2013 DKK</u>
<b>Changes in share</b>					
Share capital beginning of year	500.000	500.000	500.000	500.000	500.000
Increase of capital	0	0	0	0	0
<b>Share capital end of year</b>	<b><u>500.000</u></b>	<b><u>500.000</u></b>	<b><u>500.000</u></b>	<b><u>500.000</u></b>	<b><u>500.000</u></b>

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
<b>Share capital</b>			
Ordinary shares	1.000	500	500.000



## Notes

### 1. Gross margin

During 2017, the Company has divested a products portfolio to Terumo. The sale resulted in a net gain of DKK 5.534 thousand, which has been recognised as other operating income.

	<u>2017</u> <u>DKK</u>	<u>2016</u> <u>DKK</u>
<b>2. Staff costs</b>		
Wages and salaries	19.105.962	19.500.935
Pension costs	2.127.207	2.025.338
Other social security costs	95.630	71.325
	<u>21.328.799</u>	<u>21.597.598</u>
	<u>2017</u>	<u>2016</u>
Average number of full-time employees	<u>21</u>	<u>22</u>

Remuneration has not been paid to the Board of Directors in the financial year. Management remuneration is not disclosed in accordance with the exemption clause in section 98b of the Danish Financial Statements Act.

	<u>2017</u> <u>DKK</u>	<u>2016</u> <u>DKK</u>
<b>3. Amortisation, depreciation and impairment losses</b>		
Depreciation on property, plant and equipment	42.197	60.294
	<u>42.197</u>	<u>60.294</u>

## Notes

<b>4. Other financial income</b>	<b>2017</b>	<b>2016</b>
	<b><u>DKK</u></b>	<b><u>DKK</u></b>
Financial income from group enterprises	943.248	938.262
Currency translation adjustments	4.268	168
	<b><u>947.516</u></b>	<b><u>938.430</u></b>
<b>5. Other financial expenses</b>	<b>2017</b>	<b>2016</b>
	<b><u>DKK</u></b>	<b><u>DKK</u></b>
Other interest expenses	213.669	9.368
Currency translation adjustments	1.470	0
	<b><u>215.138</u></b>	<b><u>9.368</u></b>
<b>6. Tax for the year</b>	<b>2017</b>	<b>2016</b>
	<b><u>DKK</u></b>	<b><u>DKK</u></b>
Current tax	3.246.896	2.087.162
Change in deferred tax	(67.335)	158.704
	<b><u>3.179.561</u></b>	<b><u>2.245.866</u></b>

## Notes

### 7. Appropriation of profit

	<u>2017 DKK</u>	<u>2016 DKK</u>
<b>Recommended appropriation of profit</b>		
Retained earnings	<u>8.445.172</u>	<u>5.365.148</u>
	<u>8.445.172</u>	<u>5.365.148</u>

### 8. Unrecognised rental and lease commitments

	<u>2017 DKK</u>	<u>2016 DKK</u>
Commitments under rental agreements or leases until expiry	<u>1.820.874</u>	<u>2.361.799</u>

### 9. Contingent liabilities

The Company has not provided any security or other collateral in assets at 31 December 2017.

The Company participates in a Danish joint taxation arrangement with Danish sister subsidiaries, with Abbott Laboratories A/S as the management company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 01.07.2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies

### 10. Ownership

The Company is wholly owned by St. Jude Medical International Holding, 26, Boulevard Royal, L-2449 Luxembourg.

### 11. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Abbott Laboratories, Abbott Park, Illinois, USA

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Abbott Laboratories, Abbott Park, Illinois, USA

### 12. Events after the balance sheet date

No events have occurred after the financial year-end, which could significantly affect the company's financial position.