

Cardinal Health Denmark ApS

Købmagergade 60, 1. tv
1150 København K
Denmark

CVR no. 37 59 31 92

Annual report for the period 1 July 2017 – 30 June 2018

The annual report was presented and approved at the
Company's annual general meeting on

22 November 2018



Rana Salame

Cardinal Health Denmark ApS
Annual report 2017/18
CVR no. 37 59 31 92

Contents

Statement by the Executive Board	2
Management's review	4
Company details	4
Operating review	5
Financial statements 1 July – 30 June	6
Income statement	6
Balance sheet	7
Notes	9

Cardinal Health Denmark ApS
Annual report 2017/18
CVR no. 37 59 31 92

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Cardinal Health Denmark ApS for the financial year 1 July 2017 – 30 June 2018.

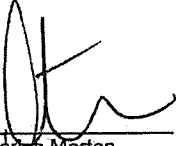
The annual report, which has not been audited, is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 June 2018 and of the results of the Company's operations for the financial year 1 July 2017 – 30 June 2018.

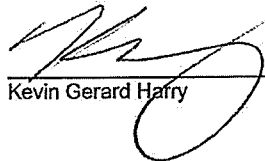
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

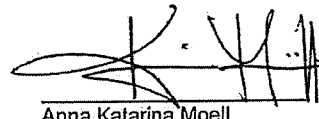
Executive Board:



Stuart Charles Morton



Kevin Gerard Harry



Anna Katarina Moell



Auditor's report on the compilation of financial statements

To the Management of Cardinal Health Denmark ApS

We have compiled the financial statements of Cardinal Health Denmark ApS for the financial year 1 July 2017 – 30 June 2018 based on the Company's bookkeeping records and other information provided by you. The financial statements comprise income statement, balance sheet and notes, including accounting policies.

We performed our work in accordance with ISRS 4410 *Engagements to Compile Financial Statements*.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Auditors Act and FSR - Danish Auditors' ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion as to whether these financial statements are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 22 November 2018

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Morten Høgh-Petersen
State Authorised
Public Accountant
mne34283

Cardinal Health Denmark ApS
Annual report 2017/18
CVR no. 37 59 31 92

Management's review

Company details

Cardinal Health Denmark ApS
Købmagergade 60, 1. tv
1150 København K
Denmark

CVR no.: 37 59 31 92
Financial year: 1 July – 30 June

Executive Board

Stuart Charles Morton
Kevin Gerard Harry
Anna Katarina Moell

Management's review

Operating review

Principal activities

The principal activity of Cardinal Health Denmark ApS is the sale and distribution of interventional cardiology devices and endovascular solutions.

On the 4th of December 2016, the Company entered into a Distribution Contract with Cardinal Health Switzerland 515 GmbH and is considered a Limited Risk Distributor. The contract stipulated that the Company acts as a seller of medical devices provided by Cardinal Health Switzerland 515 GmbH, and that the transfer price will be determined to get an operating margin within an acceptable range

Business review

On October 2, 2015, Cardinal Health, Inc. completed the acquisition of Cordis from Ethicon, Inc., a wholly-owned subsidiary of Johnson & Johnson, for \$1.9 billion. The acquisition of Cordis, a global manufacturer and distributor of interventional cardiology devices and endovascular solutions with operations in more than 50 countries, expands the group portfolio of self-manufactured products and our geographic scope. The estimated fair values of the assets and liabilities which were assigned to the Danish business, assumed as of the acquisition date, related to customer relationship intangible assets of DKK 1,220,446 with the remaining amount of DKK 2,753,488 recorded as goodwill. The Company's acquisition of this business was primarily funded by a capital group contribution from the parent company.

Profit/loss for the year

The income statement of the Company for 2017/18 shows a profit of DKK 385,806 and at June 30, 2018 the balance sheet of the Company shows equity of DKK 4,482,287.

Future development

The markets in which the Company operates are expected to remain competitive in 2018/19. The development of new and existing products and processes continues to be important to the success of the Company in all areas of the business.

The directors remain confident that the Company will continue to perform well in the future.

Events after the balance sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Financial statements 1 July – 30 June

Income statement

DKK	Note	2017/18	2016/17
Revenue		7,922,173	3,767,895
Change in inventories of finished goods and work i		-4,733,050	-2,102,005
Other external costs		<u>-1,313,735</u>	<u>-760,676</u>
Gross profit		1,875,388	905,214
Staff costs	2	-710,297	-453,576
Depreciation, amortisation and impairment		<u>-580,461</u>	<u>-338,602</u>
Operating profit		584,630	113,036
Financial expenses	3	<u>-90,009</u>	<u>-19,868</u>
Profit before tax		494,621	93,168
Tax on profit/loss for the year	4	<u>-108,815</u>	<u>-20,621</u>
Profit for the year		<u>385,806</u>	<u>72,547</u>
Proposed profit appropriation			
Retained earnings		<u>385,806</u>	<u>72,547</u>

Financial statements 1 July – 30 June

Balance sheet

DKK	Note	2017/18	2016/17
ASSETS			
Fixed assets			
Intangible assets	5		
Customer relationships		737,352	1,042,464
Goodwill		<u>2,317,519</u>	<u>2,592,867</u>
		<u>3,054,871</u>	<u>3,635,331</u>
Total fixed assets		<u>3,054,871</u>	<u>3,635,331</u>
DKK			
Inventories			
Finished goods and goods for resale		<u>53,791</u>	<u>52,546</u>
		<u>53,791</u>	<u>52,546</u>
Receivables			
Trade receivables		1,429,458	2,189,405
Receivables from group entities		1,290,477	0
Other receivables		0	55,339
Prepayments		<u>23,935</u>	<u>0</u>
		<u>2,743,870</u>	<u>2,244,744</u>
Cash at bank and in hand		<u>3,507,877</u>	<u>1,346,289</u>
Total current assets		<u>6,305,538</u>	<u>3,643,579</u>
TOTAL ASSETS		<u><u>9,360,409</u></u>	<u><u>7,278,910</u></u>

Financial statements 1 July – 30 June

Balance sheet

DKK	Note	2017/18	2016/17
EQUITY AND LIABILITIES			
Equity	6		
Contributed capital		50,000	50,000
Retained earnings		<u>4,432,287</u>	<u>4,046,481</u>
Total equity		<u>4,482,287</u>	<u>4,096,481</u>
Provisions			
Provisions for deferred tax		<u>47,596</u>	<u>20,621</u>
Total provisions		<u>47,596</u>	<u>20,621</u>
Liabilities other than provisions			
Non-current liabilities other than provisions	7		
Payables to group entities		<u>2,231,070</u>	<u>1,412,664</u>
		<u>2,231,070</u>	<u>1,412,664</u>
Current liabilities other than provisions			
Trade payables		456,398	129,932
Payables to group entities		656,233	1,314,534
Corporation tax		81,840	0
Other payables		<u>1,404,985</u>	<u>304,678</u>
		<u>2,599,456</u>	<u>1,749,144</u>
Total liabilities other than provisions		<u>4,830,526</u>	<u>3,161,808</u>
TOTAL EQUITY AND LIABILITIES		<u><u>9,360,409</u></u>	<u><u>7,278,910</u></u>
Contractual obligations	8		
Ownership	9		

Financial statements 1 July – 30 June

Notes

1 Accounting policies

The annual report of Cardinal Health Denmark ApS for 2017/18 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Amortisation

The item comprises amortisation of intangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

On initial recognition, intangible assets are measured at cost. Acquired goodwill is subsequently measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life, which is 10 years.

Customer relationships are measured at cost less accumulated amortisation. Customer relationships are

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

amortized over the contractual lifetime of the existing customer contracts, which is currently 4 years. Gains and losses on the disposal of intangible assets are calculated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal.

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are 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 depreciation on period or the residual value, the effect on the depreciation charges are recognised prospectively as a change in accounting estimates.

Impairment of intangible assets

The carrying amount of intangible assets is tested annually for evidence of impairment other than the decrease in value reflected by amortisation/depreciation. Impairment tests are conducted on individual 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).

Inventories

Goods for resale and consumables are measured at cost, comprising purchase price plus delivery costs.

Receivables

Receivables are measured at amortised cost.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Income 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. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on management's intended use.

Financial statements 1 July – 30 June

Notes

2 Staff costs

DKK	2017/18	2016/17
Wages and salaries	697,320	419,590
Pensions	9,164	30,979
Other social security costs	3,813	3,007
	<u>710,297</u>	<u>453,576</u>
Average number of full-time employees	<u>1</u>	<u>1</u>

3 Financial expenses

Interest expense to group entities	-36,460	-15,664
Foreign exchange losses	-34,530	0
Other interest expenses	-19,019	-4,203
	<u>-90,009</u>	<u>-19,867</u>

4 Tax on profit for the year

DKK	2017/18	2016/17
Current tax for the year	81,840	20,621
Deferred tax for the year	26,975	0
	<u>108,815</u>	<u>20,621</u>

5 Intangible assets

DKK	Customer relationship	Goodwill	Total
Cost at 1 July 2017	1,220,446	2,753,488	3,973,934
Cost at 30 June 2018	1,220,446	2,753,488	3,973,934
Amortisation and impairment losses at 1 July 2017	-177,982	-160,620	-338,602
Amortisation for the year	-305,112	-275,349	-580,461
Amortisation and impairment losses at 30 June 2018	-483,094	-435,969	-919,063
Carrying amount at 30 June 2018	<u>737,352</u>	<u>2,317,519</u>	<u>3,054,871</u>

6 Equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 July 2017	50,000	4,046,481	4,096,481
Profit of the year	0	385,806	385,806
Equity at 30 June 2018	<u>50,000</u>	<u>4,432,287</u>	<u>4,482,287</u>

Financial statements 1 July – 30 June

Notes

There have been no changes in the share capital.

7 Non-current liabilities other than provisions

The long-term liabilities to group enterprises, DKK 2,231,070.16 falls due for payment in 2026 which is more than 5 years after the balance sheet date.

8 Contractual obligations

Contractual obligations include an operating lease contract with a total of DKK 216,601.

DKK	<u>2017/18</u>	<u>2016/17</u>
Lease obligations	<u>216,601</u>	<u>384,024</u>
	<u>216,601</u>	<u>384,024</u>

9 Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the share capital:

Cardinal Health Netherlands 502 B.V.
Prins Bernhardplein 200
1097JB Amsterdam