

# Cardinal Health Denmark ApS

Bredgade 6, 1  
1260 København K  
Denmark

CVR no. 37 59 31 92

**Annual report for the period 25 March 2016 – 30 June 2017**

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

1 December 2017



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Diana Veno

Cardinal Health Denmark ApS  
Annual report 2016/17  
CVR no. 37 59 31 92

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## Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Cardinal Health Denmark ApS for the financial period 25 March 2016 – 30 June 2017.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 June 2017 and of the results of the Company's operations for the financial period 25 March 2016 – 30 June 2017.

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.

1 December 2017

Executive Board:



Steven Keith Peale



Elizabeth Lynne Blue



Phillip David Jefferies

The general meeting has decided that the financial statements for the coming year will not be audited. Management confirms that the Company fulfills the requirements to be exempt of audit.

## **Independent auditor's report**

### **To the shareholders of Cardinal Health Denmark ApS**

#### **Opinion**

We have audited the financial statements of Cardinal Health Denmark ApS for the financial year as of the establishment of the Company 25 March 2016 - 30 June 2017, which comprise an 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 30 June 2017 and of the results of the Company's operations for the financial year as of the establishment of the company 25 March 2016 - 30 June 2017 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

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

#### **Management's responsibility 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.

## Independent auditor's report

### 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 the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism 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 conclusion is 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.

## Independent auditor's report

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.

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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 1 December 2017

**ERNST & YOUNG**

**Godkendt Revisionspartnerselskab**

CVR no.30 70 02 28



Christian Schwenn Johansen  
State Authorised  
Public Accountant

Cardinal Health Denmark ApS  
Annual report 2016/17  
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## **Management's review**

### **Company details**

Cardinal Health Denmark ApS  
Bredgade 6, 1  
1260 København K  
Denmark

CVR no.: 37 59 31 92  
Financial period: 25 March 2016 – 30 June 2017

### **Executive Board**

Steven Keith Peale  
Elizabeth Lynne Blue  
Phillip David Jefferies

### **Auditor**

ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
Osvold Helmuths Vej 4  
2000 Frederiksberg  
Denmark

## 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. This is the entity's first financial year.

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 2016/17 shows a profit of DKK 72,547, and at June 30, 2017 the balance sheet of the Company shows equity of DKK 4,096,481. Profit is in line with Management's expectations.

#### Future development

The markets in which the Company operates are expected to remain competitive in 2017/18. 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 25 March – 30 June

### Income statement

		25 Mar 2016 - 30 Jun 2017
DKK	Note	
Revenue		3,767,895
Cost of goods sold		-2,102,005
Other external costs		<u>-760,676</u>
<b>Gross profit</b>		905,214
Staff costs	2	-453,576
Amortisation		<u>-338,602</u>
<b>Operating profit</b>		113,036
Financial expenses	3	<u>-19,868</u>
<b>Profit before tax</b>		93,168
Tax on profit/loss for the year	4	<u>-20,621</u>
<b>Profit for the year</b>		<u>72,547</u>
<b>Proposed profit appropriation</b>		
Retained earnings		<u>72,547</u>
		<u>72,547</u>

## Financial statements 25 March – 30 June

### Balance sheet

		25 Mar 2016 - 30 Jun 2017
DKK	Note	
<b>NON-CURRENT ASSETS</b>		
<b>Assets</b>		
<b>Intangible assets</b>	5	
Customer relationships		1,042,464
Goodwill		<u>2,592,867</u>
		3,635,331
<b>Total non-current assets</b>		<u>3,635,331</u>
<b>Current assets</b>		
<b>Inventories</b>		
Finished goods and goods for resale		<u>52,546</u>
		52,546
<b>Receivables</b>		
Trade receivables		2,189,405
Other receivables		<u>55,339</u>
		2,244,744
<b>Cash at bank and in hand</b>		<u>1,346,289</u>
<b>Total current assets</b>		<u>3,643,579</u>
<b>TOTAL ASSETS</b>		<u><u>7,278,910</u></u>

## Financial statements 25 March – 30 June

### Balance sheet

DKK	Note	25 Mar 2016 - 30 Jun 2017
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital		50,000
Retained earnings		4,046,481
<b>Total equity</b>		<u>4,096,481</u>
<b>Provisions</b>		
Provisions for deferred tax		20,621
<b>Total provisions</b>		<u>20,621</u>
<b>Liabilities other than provisions</b>		
<b>Non-current liabilities other than provisions</b>		
Payables to group entities	6	1,412,664
		<u>1,412,664</u>
<b>Current liabilities other than provisions</b>		
Trade payables		129,932
Payables to group entities		1,314,534
Other payables		304,678
		<u>1,749,144</u>
<b>Total liabilities other than provisions</b>		<u>3,161,808</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>7,278,910</u>
Ownership	7	
Contractual obligations	8	

## Financial statements 25 March – 30 June

### Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 25 March 2016	50,000	0	50,000
Contribution from group	0	3,973,934	3,973,934
Profit of the year	0	72,547	72,547
Equity at 30 June 2017	<u>50,000</u>	<u>4,046,481</u>	<u>4,096,481</u>

There have been no changes in the share capital.

## Financial statements 25 March – 30 June

### Notes

#### 1 Accounting policies

The annual report of Cardinal Health Denmark ApS for 2016/17 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

There are no comparative figures due to the fact that it is the company's first financial period.

### 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 reliably measured 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.

## Financial statements 25 March – 30 June

### Notes

#### 1 Accounting policies (continued)

##### 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 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

## Financial statements 25 March – 30 June

### Notes

#### 1 Accounting policies (continued)

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 25 March – 30 June

### Notes

#### 2 Staff costs

DKK	25 Mar 2016 - 30 Jun 2017
Wages and salaries	419,590
Pensions	30,979
Other social security costs	2,730
	<u>453,299</u>
Average number of full-time employees	<u>1</u>

#### 3 Financial expenses

Interest expense to group entities	-15,664
Other interest expenses	-4,203
	<u>-19,867</u>

#### 4 Tax for the year

Deferred tax adjustments in the year	20,621
	<u>20,621</u>

#### 5 Intangible assets

DKK	Goodwill	Customer relationship	Total
Additions of the year	2,753,488	1,220,445	3,973,933
Cost at 30 June 2017	2,753,488	1,220,445	3,973,933
Amortisation of the year	-160,620	-177,982	-338,602
Amortisation at 30 June 2017	-160,620	-177,982	-338,602
Carrying amount at 30 June 2017	<u>2,592,868</u>	<u>1,042,463</u>	<u>3,635,331</u>

#### 6 Non-current liabilities other than provisions

The long-term liabilities to group enterprises, DKK 1,412,664 falls due for payment in 2026 which is more than 5 years after the balance sheet date.



## Financial statements 25 March – 30 June

### Notes

#### 7 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

#### 8 Contractual obligations

Contractual obligations include an operating lease contract with a total of kr. 384,024.

Non-current liabilities other than provisions can be specified as follows:

Lease obligations	<u>384,024</u>
	<u><u>384,024</u></u>