

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 2019 – 30 June 2020

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

20 November 2020



chairman

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Cardinal Health Denmark ApS
Annual report 2019/20
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 2019 – 30 June 2020.

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 2020 and of the results of the Company's operations for the financial year 1 July 2019 – 30 June 2020.

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.

Copenhagen on 20 November 2020
Executive Board:



Jacques Jean Paul Lafon



Francesco Diodato

The independent auditor's extended review report on the financial statements

To the shareholders of Cardinal Health Denmark ApS

Conclusion

We have performed an extended review of the financial statements of Cardinal Health Denmark ApS for the financial year 1 July 2019 – 30 June 2020, which comprise income statement, balance sheet, statement of changes in equity, and notes, including policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on the work performed, in our opinion, the financial statements give a true and fair view of the Company's financial position at 30 June 2020 and of the results of the Company's operations for the financial year 1 July 2019 – 30 June 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section of our report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 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.

Auditor's responsibility for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

The independent auditor's extended review report on the financial statements

Statement on the Management's review

Management is responsible for Management's Review.

Our conclusion 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 extended review 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 extended review, 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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen on 20 November 2020

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Christian Schwenn Johansen
State Authorised Public Accountant
mne33234

Cardinal Health Denmark ApS
Annual report 2019/20
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
Established: 25 March 2016
Financial year: 1 July – 30 June

Executive Board

Jacques Jean Paul Lafon
Francesco Diodato

Auditor

EY Godkendt Revisionspartnerselskab
c/o Postboks 250
Dirch Passers Allé 36
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.

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. The Distribution contract was replaced, on the 5th of May 2018, by a Distribution agreement with Cardinal Health Ireland Unlimited, which continues to be in effect.

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.

On 29 July 2017, as part of the acquisition of Medtronic, the sole shareholder of Cardinal Health Denmark ApS (Cardinal Health Netherlands 502 BV) approved the acquisition of the Medical Solutions business segment from Medtronic and signed a Transition Service Agreement (TSA) for a 15 month transition period to completion. On 26 October 2018, Cardinal Health Denmark ApS successfully exited the TSA with Medtronic and is directly serving all customer of the Medical Solutions business segment. 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 1,147,754 with the remaining amount of DKK 3,158,950 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 2019/20 shows a profit of DKK 586,901 and at June 30, 2020 the balance sheet of the Company shows equity of DKK 5,525,976

The Company continue its growth strategy for both businesses. The businesses were impacted by the COVID-19 in the second part of the year with the consequences of an increase of Medical Solution revenue in Q3 and Q4 offset by a decrease of Cordis revenue in Q4 as non-essential surgeries were significantly reduced.

Events after the balance sheet date

The directors of the Company have considered the potential impact that the COVID-19 outbreak might have on the financial condition of the Company as of 30 June 2020 and on future operations and believes that an overall negative impact to the company is unlikely given its role as a global manufacturer and distributor of medical products is critical to servicing the current high demand of our global healthcare systems.

There have been no other significant events impacting the Company since the period end.

Management's review

Operating review

Future development

The markets in which the Company operates are expected to remain competitive in 2020/21. 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.

The management has assessed the impact of Covid-19 on the going concern assumption at the moment of preparing the financial statements.

Based on the assessment above and the financial position of the company, which shows that the epidemic context linked to the Covid-19 coronavirus creates an uncertain situation. At this stage, it is difficult to measure the impacts on the activity; the Group implements appropriate measures for its employees and to meet the needs of its customers. None to be mentioned as of June 30, 2020.

The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties. The key business risks and uncertainties affecting the company are considered to relate to the general economic conditions and competition; economic conditions such as currency exchange rate fluctuations. The Company is subject to other various risks. These are as follows:

Credit risks

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Company's trader receivables and amounts owed by group undertakings. In managing risk, the Company assesses the risk of its counterparties before entering into a contract. This assessment is based upon management knowledge and experience.

Liquidity risks

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's cash flow planning is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due. Loan facilities from group undertakings are available if required.

Currency risks

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company's sales and business are primarily transacted in Danish Krone and the company's main foreign currency exposure are in respect of the intercompany funding loan and certain intercompany creditors which are denominated in US Dollar.

Economical and political risks

The Directors of the Company have considered the potential impact that the COVID-19 outbreak on the financial condition of the Company as of 30 June 2020 and might have on future operations and believes that an overall negative impact to the Company is unlikely given its role as a local limited risk distributor of medical products is critical to servicing the current high demand of our global healthcare systems.

However, we do acknowledge that there are ongoing risks arising from the ongoing COVID-19 pandemic and our critical role in the global healthcare supply chain, including the possibility that continued deferrals and cancellations of elective medical procedures will result in a sustained reduction in demand for our products and the possibility of product shortages or supply disruptions from either new international regulations or forced shut downs of distribution or manufacturing facilities.

Financial statements 1 July – 30 June

Income statement

DKK	Note	2019/20	2018/19
Revenue		15,792,297	13,769,654
Costs of raw materials and consumables		-11,026,697	-9,228,142
Other external costs		-834,927	-1,422,874
Gross profit		3,930,673	3,118,638
Staff costs	2	-1,757,536	-1,461,406
Depreciation, amortisation and impairment losses		-1,175,044	-976,848
Operating profit		998,093	680,384
Financial expenses	3	-221,006	-90,114
Profit before tax		777,087	590,270
Tax on profit/loss for the year	4	-190,186	-133,482
Profit/Loss for the year		586,901	456,788
Proposed profit appropriation			
Retained earnings		586,901	456,788
		586,901	456,788

Financial statements 1 July – 30 June

Balance sheet

DKK	Note	30/6 2020	30/6 2019
ASSETS			
Fixed assets			
Intangible assets	5		
Customer relationships		777,403	1,361,203
Goodwill		<u>4,399,280</u>	<u>4,990,524</u>
		<u>5,176,683</u>	<u>6,351,727</u>
Total fixed assets		<u>5,176,683</u>	<u>6,351,727</u>
Current assets			
Inventories			
Finished goods and goods for resale		<u>83,115</u>	<u>76,303</u>
Receivables			
Trade receivables		1,145,903	2,869,701
Receivables from group entities		<u>862,521</u>	<u>1,114,352</u>
		<u>2,008,424</u>	<u>3,984,053</u>
Cash at bank and in hand		<u>6,489,656</u>	<u>3,274,944</u>
Total current assets		<u>8,581,195</u>	<u>7,335,300</u>
TOTAL ASSETS		<u><u>13,757,878</u></u>	<u><u>13,687,027</u></u>

Financial statements 1 July – 30 June

Balance sheet

DKK	Note	30/6 2020	30/6 2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital		50,000	50,000
Retained earnings		<u>5,475,976</u>	<u>4,889,075</u>
Total equity		<u>5,525,976</u>	<u>4,939,075</u>
Provisions			
Provisions for deferred tax		<u>92,603</u>	<u>91,905</u>
Total provisions		<u>92,603</u>	<u>91,905</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
	6		
Payables to group entities		4,841,951	1,280,352
Other payables		<u>179,319</u>	<u>0</u>
		<u>5,021,270</u>	<u>1,280,352</u>
Current liabilities other than provisions			
Trade payables		341,577	367,746
Payables to group entities		402,158	5,898,048
Corporation tax		186,500	171,017
Other payables		<u>2,187,794</u>	<u>938,884</u>
		<u>3,118,029</u>	<u>7,375,695</u>
Total liabilities other than provisions		<u>8,139,299</u>	<u>8,656,047</u>
TOTAL EQUITY AND LIABILITIES		<u>13,757,878</u>	<u>13,687,027</u>
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Financial statements 1 July – 30 June

Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 July 2019	50,000	4,889,075	4,939,075
Profit of the year	0	586,901	586,901
Equity at 30 June 2020	50,000	5,475,976	5,525,976

Financial statements 1 July – 30 June

Notes

1 Accounting policies

The annual report of Cardinal Health Denmark ApS for 2019/20 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

Change in comparative figures

There has been minor reclassifications to prior year figures for comparative purposes.

Income statement

Revenue

The entity has chosen IAS 18 as interpretation for revenue recognition. Hereby Income from the sale of 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. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ® 2010.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

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.

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

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 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

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

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

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

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

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

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.

Other liabilities are measured at amortised cost.

Corporation 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	2019/20	2018/19
Wages and salaries	1,624,100	1,352,563
Pensions	126,620	102,027
Other social security costs	6,816	6,816
	<u>1,757,536</u>	<u>1,461,406</u>
Average number of full-time employees	<u>2</u>	<u>2</u>

3 Financial expenses

Interest expense to group entities	61,599	29,364
Exchange losses	<u>159,407</u>	<u>60,750</u>
	<u>221,006</u>	<u>90,114</u>

4 Tax on profit for the year

Current tax for the year	192,500	89,177
Deferred tax for the year	702	44,305
Adjustment of deferred tax concerning previous year	<u>-3,016</u>	<u>0</u>
	<u>190,186</u>	<u>133,482</u>

5 Intangible assets

DKK	Customer relationship	Goodwill	Total
Cost at 1 July 2019	<u>2,335,200</u>	<u>5,912,438</u>	<u>8,247,638</u>
Cost at 30 June 2020	<u>2,335,200</u>	<u>5,912,438</u>	<u>8,247,638</u>
Amortisation and impairment losses at 1 July 2019	-973,997	-921,914	-1,895,911
Amortisation for the year	<u>-583,800</u>	<u>-591,244</u>	<u>-1,175,044</u>
Amortisation and impairment losses at 30 June 2020	<u>-1,557,797</u>	<u>-1,513,158</u>	<u>-3,070,955</u>
Carrying amount at 30 June 2020	<u>777,403</u>	<u>4,399,280</u>	<u>5,176,683</u>

6 Non-current liabilities other than provisions

The long-term liabilities to group enterprises, DKK 4,841,951 falls due for payment in 2026 which is more than 5 years after the balance sheet date.

Financial statements 1 July – 30 June

Notes

7 Contractual obligations, contingencies, etc.

DKK

	<u>2019/20</u>	<u>2018/19</u>
Operating lease obligations		
Lease obligations	<u>37,343</u>	<u>126,973</u>
	<u>37,343</u>	<u>126,973</u>

8 Related party disclosures

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 contributed capital:

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