
Medtronic Danmark A/S

Arne Jacobsens Allé 17, 2300 København S

Annual Report for 1 May 2018 - 30 April 2019

CVR-nr. 18 49 13 70

*The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on*

23 September 2019


Morten Skjønnemand
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Medtronic Danmark A/S for the financial year 1 May 2018 - 30 April 2019.

The Annual Report is 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 at 30 April 2019 of the Company and of the results of the Company operations for 2018/19.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 20 September 2019


Executive Board

Mette-Marie Sonne Harild
CEO



Board of Directors

Marianne Gynde
Chairman



Panu Samuel Lauha



Birgitte Galuzick Broe



Mette-Marie Sonne Harild



Independent Auditor's Report

To the Shareholders of Medtronic Danmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 April 2019 and of the results of the Company operations for the financial year 1 May 2018 - 30 April 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Medtronic Danmark A/S for the financial year 1 May 2018 - 30 April 2019, 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 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for 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 Financials 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 Statement Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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 conclusions are based on the audit evidence obtained up to the

Independent Auditor's Report


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, 20/9 2019

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 77 12 31


Torben Jensen
State Authorised Public Accountant
Mne18651


Lone Vindbjerg Larsen
State Authorised Public Accountant
Mne34548

Company Information

The Company	<p>Medtronic Danmark A/S Arne Jacobsens Allé 17 2300 København S</p> <p>CVR-No.: 18 49 13 70 Financial period: 1 May - 30 April Municipality of reg. office: Copenhagen</p>
Board of Directors	<p>Marianne Gynde, Chairman Panu Samuel Lauha (appointed 7 May 2019) Birgitte Galuzick Broe, Mette-Marie Sonne Harild</p>
Executive Board	<p>Mette-Marie Sonne Harild</p>
Auditors	<p>PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup</p>
Lawyers	<p>Gorrissen Federspiel Axeltorv 2 1609 København V.</p> <p>Eimann Advokatpartnerselskab Stockholmsgade 41 2100 København Ø</p>
Bankers	<p>Danske Bank Holmens Kanal 2 1090 København Denmark</p> <p>Bank of America 2 King Edward St. EC1A 1HQ London United Kingdom</p>

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

Key figures	<u>2018/19</u> TDKK	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK	<u>2015/16</u> TDKK	<u>2014/15</u> TDKK
Profit/loss					
Revenue	544,571	566,228	533,175	280,999	142,228
Gross profit/loss	214,623	223,018	209,483	138,785	142,228
Operating profit/loss	21,593	17,222	13,598	-250	9,806
Net financials	24	1,801	2,084	2,833	-601
Net profit/loss for the year	17,204	13,783	10,522	-183	6,704
Balance Sheet					
Balance sheet total	267,986	277,796	259,534	139,562	126,439
Equity	128,700	131,496	117,713	56,284	56,467
Investment in property, plant and equipment	631	2,862	8,090	574	-
Number of employees	189	176	155	114	99
Ratios					
Return on assets	8,1%	6,2%	5,2%	-0,2%	7,8%
Solvency ratio	48,0%	47,3%	45,4%	40,3%	44,7%
Return on equity	13,2%	11,1%	14,8%	-32,0%	12,6%
Current ratio	194,3%	190,7%	181,8%	164,3%	176,4%

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$

Review

The annual report of Medtronic Danmark A/S for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class big C.

The Annual Report has been prepared under the same accounting policies as last year.

Main activity

The main activity is comprised of sale of implants and medico technical equipment to hospitals. New business models are worked on within our business unit IHS -Integrated Health Solutions, where Value Based Health Care (VBHC) is in focus.

Information about the Company

Making healthcare better is the priority of Medtronic. It is in the belief of Medtronic that technology can play an even greater role in improving people's lives. In addition to developing, producing and selling medical devices, the company works in partnership with others to create seamless, more efficient care.

The company represents a range of products within four business areas, Cardiac and Vascular Group, Restorative Therapies Group, Minimally Invasive Therapies Group and Diabetes.

In FY19 financial statement, Medtronic Plc had a turnover of 30.56 billion dollars.

Financial development in the year

Gross profit for the amounted to DKK 214.623K compared to DKK 223.018K in 2017/18

The profit for the year before tax was DKK 21.617K. This is an increase compared to last year when the profit before tax amounted to DKK 19.023K.

Due to the sale of medical supply business to Cardinal Health, an one off result of approximately 4 million DKK is included this year.

With consideration to market conditions, the results are considered satisfactory.

Significant events in the year

There have been no significant events during 2018/19.

Expectations for the year ahead

The medical technology market in Denmark has stabilized compared to the growth in the past year

A large number of contracts have been renewed during the year, which provides a stable basis for Medtronic's sales in the next couple of years. Extra activities have contributed positively in the year and have generated both increased volumes and increased market shares in the most of the business areas.

The revenue and profit for 2019/20 is expected at the same level as in 2018/19.

Medtronic has a business unit called Integrated Health Solutions (IHS). The business unit cooperates with hospitals offering new innovative solutions to boost the efficiency of hospital operations and improve patients' access to treatments.

Another focus area for the future is Value Based Healthcare VBHC which is a new way of working with our customers.

Review

In April 2017, Medtronic announced it signed a definitive agreement to sell the Minimally Invasive Therapies Group's (MITG) Patient Recovery business to Cardinal Health.

The divestiture includes MITG's Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency portfolios. On October 26, 2018, the full transfer to Cardinal Health was successfully transferred. All impacted employees, contracts and tenders supporting the business was fully included in the transfer.

External Environment

We constantly strive to reduce the operating environmental impacts through sustainable application of natural resources and through energy savings as well as reduction of waste and the emission of greenhouse gases.

Our approach to environmental protection provides business advantages through cost and risk reduction. In 2007, we implemented the EHS Management System and Environmental Sustainability Policy and also determined environmental targets for the entire organization. We have moreover implemented EHS Management System Standard, and each quarter all enterprises measure and monitor the results achieved. Since 2006, we have published information about our progress in our report on corporate social responsibility. <https://www.medtronic.com/content/dam/medtronic-com/global/Corporate/Documents/2018-integrated-performance-report.pdf>

In order to improve our efforts, we have actively obtained ideas for energy savings, water consumption reduction, waste limitation and increased recycling from employees throughout the organisation.

In order to encourage the participation of our employees, we have launched a "Go Green for Life" environmental consciousness scheme to distribute our goals, exchange success stories from all over the Company and to support the personal efforts from dustbins in the office which promote recycling to maximization of energy savings on PCs, reduction of production and package waste as well as reduction of CO2 emission through the personal choice of foods and the use of alternative transportation.

Regulatory

Six Medtronic enterprises have achieved the ISO 14001 standard certification for environmental monitoring systems: Shanghai in China, Deggendorf in Germany, Galway in Ireland, Heerten in the Netherlands, Shoreview in Minnesota, USA and Woodbury in Minnesota, USA.

The ambition to be market leader and at the forefront of technological development means that Medtronic Danmark A/S is characterized by a dynamic knowledge environment which changes rapidly. This places high demands on the Company as regards collection and distribution of new knowledge. Moreover, the personal knowledge of the individual employee is of decisive importance.

In order to continue to deliver competitive products and solutions, it is also important that the company adapts to market changes on an ongoing basis. Large parts of our business areas are governed by EU procurement directives, which implies that our customers are no longer exclusively healthcare professionals but also buyers, administrators, politicians and, ultimately, society.

Medtronic Danmark A/S has strong focus on the treatments which we provide, apart from being clinical efficient, also meeting the requirement of being socioeconomically responsible.

Review

Set-up

The Danish Medtronic organization is part of a larger European region. Since the 1st of May 2018 this region consists of Austria, Switzerland, BeNeLux, Greece, Israel and Nordic. There is a strong cross-border and cross-business cooperation. This set-up provides us with the possibility of knowledge sharing and the possibility of rendering more efficient the Company's internal processes, especially in regards to tendering.

The support functions of the Nordic countries have since 2013 been placed at the Copenhagen office. This has strengthened the possibilities of working closely together and sharing knowledge and experiences among the functions.

All this with the sole objective of providing for the needs of society, customers and patients on a high professional level.

Subsequent events

No events of unforeseen or material importance to the Company's financial position have occurred after the balance sheet date.

Sustainability report

Business Model

Responsibly carrying out our Mission means focusing on the health of the environment and society around us, prioritizing issues, and setting strategies. Corporate sustainability is critical to our business performance, helping us mitigate risk, enhance quality, increase efficiency, and drive innovation globally. That's why we prioritize sustainability issues that matter most to our business and our stakeholders — keeping our company focused on being a good global corporate citizen.

Our sustainability priorities and strategies include:

- **Access to Care** – We work with health systems around the world, sharing technologies, services, resources, and expertise to remove barriers to affordable treatment of chronic diseases.
- **Product Stewardship** – We minimize the life cycle footprint of our products through innovative design.
- **Ethics in Sales and Marketing** – We remain a trusted partner through the responsible marketing, communication, and promotion of our products and services.
- **Responsible Supply Management** – We collaborate with our supply chain to develop long-term relationships that enhance product quality, promote worker rights, and support small and diverse businesses.
- **Product Quality** – We ensure our products and services clearly meet the highest standards of safety and reliability.

Making healthcare better is Medtronic's priority in the belief that technology can play an even greater role in improving people's lives. In addition to developing, producing and selling medical devices, the company works in partnership with others to create seamless, more efficient care. Medtronic develops and produces a large number of products and treatments focusing on delivering complete solutions to the healthcare sector with a view to diagnosing, preventing and monitoring chronic diseases. Thanks to the products and treatments of Medtronic, each second the life of two people somewhere in the world is saved or improved.

Innovation and collaboration are central to Medtronic. Since the late 1940s, the company has been working with others to alleviate pain, restore health, and extend life. Today, Medtronic is a medical technology world leader, employing more than 86,000 people worldwide, and offering therapies and solutions that enable greater efficiency, access, and value — for healthcare systems, providers, and the people they serve. At the beginning, Medtronic was exclusively a pacemaker manufacturer, but today the company has a wide range of products for cardiovascular, neurological and spinal diseases, minimal invasive care as well as diabetes.

The company represents a range of products within four business areas, Cardiac and Vascular Group, Restorative Therapies Group, Minimally Invasive Therapies Group and Diabetes.

Medtronic's products have been on the Danish market since 1968, and in 1995 Medtronic A/S and Medtronic-ViCare A/S were founded. In 1995, Medtronic Danmark A/S was established through acquisition and merger. With the acquisition of Covidien in 2015, Covidien Danmark ApS entered in with Medtronic Danmark A/S. The legal merge of Covidien Danmark ApS & Medtronic Danmark A/S was June 1st, 2016.

The board in Medtronic Danmark A/S signs for all contractual obligations. The individual business units are set-up in a matrix organization where the decisions are taken on business level.

Sustainability report

Employees and Human rights

The health and well-being of employees is an important matter for Medtronic Danmark A/S.

Stress and work-life balance have been an important topic the last few years in the western world, consequently, Medtronic has taken several actions to educate and support employees with these matters by inviting external partners for seminars and training sessions. Also, our HR department together with a third-party company have conducted a work environment survey to ensure that everybody feels comfortable speaking up and taken relevant actions. The work and efforts that has been conducted during FY19 has paid off and we can see that the sick absence in Medtronic Danmark A/S is in accordance with the market level.

The primary risk is that people do not acknowledge if they are stressed or have too much on their agenda. Medtronic Danmark A/S is working towards supporting our employees in not meeting the above scenario. In Denmark, it is mandatory for companies to perform an APV—Arbejds Plads Vurdering every third year. What Medtronic does is to measure the physical and psychological state among our employees twice a year. The results of the APV has showed that in addition to the stress level of the organization the results showed that Medtronic Danmark A/S needs to focus on the physical working conditions such as temperature and draft in our premises. Medtronic Danmark A/S is therefore working closely with the landlord and external company COWI to take steps to improve the situation.

All employees are covered by a health insurance which is part of the pension plan that covers both the employees physical and mental wellbeing. Medtronic also offers the Medtronic Employee Assistance and wellbeing Program MEAP which is a program where you can receive anonymous support towards challenges in your private life as well as your work life.

Diversity and inclusion are key in Medtronic, and Medtronic's Global inclusion, diversity and engagement (GIDE) team works towards ensuring that our organization reflects the world we live and work in, at every level. The primary risk is of employees feel discriminated and that their basic human right to be treated equally could be impacted in a negative way. This could furthermore impact our ability to attract and retain employees and potential, impact our reputation. By having focus and addressing potential issues in our GIDE work, we mitigate the risk of discrimination¹.

Medtronic Women's Network is a global employee resource group with the focus on strengthening employees' network, professional skills and cultural competencies. Medtronic Women's Network provide both females and male employees and works to achieve diversity and equality of race, gender, age and race. One of the targets for the MWN is to have 40% females in management positions. During our recruitment process we have introduced a diversity level, which means that both males and females should be represented in the final hiring process². We believe that this has resulted in strengthening Medtronic as an inclusive and diverse workplace, also in FY19.

¹ www.medtronic.com/us-en/about/citizenship/supporting-a-global-workforce/inclusion-diversity.html

² www.medtronic.com/us-en/about/citizenship/supporting-a-global-workforce/inclusion-diversity/elevating-women-leaders.html

Sustainability report

Production and social presence

Medtronic Danmark A/S does not produce any products, but functions as a distributor (LRD-Limited risk distributor).

Medtronic aims to have a positive social presence in all the communities in which we operate, by following local labor laws and not allowing child or forced labor by our company, vendors or suppliers.

Medtronic have global supplier standards that describes the minimum social, ethical and environmental requirements and expectations of our suppliers. These standards are incorporated into the supplier selection and management processes, supplier agreement and purchase order terms and conditions. To help our suppliers meet the quality standards, support, training and various protocols are provided. The primary risk is that suppliers do not live up to our social, ethical and environmental requirements and to the harm of their employees and the societies which they operate in. This could potential have an impact on our reputation³.

During FY19 we have not had any challenges with our local vendors not following our policies.

Environment & Climate

We recognize the risks that climate change poses to society and our business. We aim to reduce the carbon footprint of our operations by using less energy and less carbon-intensive energy sources⁴.

We believe that a risk is, if there is any excessive use of energy, paper or water in the office as well as any excessive use of transport. We believe that the risk and impact is limited, as we function as distributor and as we do not have any production in Medtronic Danmark A/S. Nevertheless, we take a precautionary approach to resource use in our operations.

We believe that a risk is, if there is any excessive use of energy, paper or water in the office as well as any excessive use of transport. We believe that the risk and impact is limited, as we function as distributor and as we do not have any production in Medtronic Danmark A/S. Nevertheless, we take a precautionary approach to resource use in our operations.

Medtronic is located in an office hotel which is managed by the Norwegian landlord KLP.

Medtronic Danmark A/S is in the constantly optimization on energy use in good cooperation with our landlord. All bulbs have been changed to LED-bulbs in the office, but also at the public areas of the landlord. All electricity comes from hydropower, which good line with our environment and climate policy. All office waste is being sorted within the following categories: Food, plastic and residual waste. We believe that our activities have contributed to minimizing our environmental impact in FY19⁴⁻⁵.

³ https://www.medtronic.com/content/dam/medtronic-com-m/mdt/documents/RSM_Global_Supplier_Standards_Feb2017_English.pdf

⁴ http://www.medtronic.com/content/dam/medtronic-com/global/Corporate_Documents/integrated-performance-report.pdf

⁵ <http://www.medtronic.com/us-en/about/corporate-governance/ehs-policy.html>

Sustainability report

Anti-Corruption and bribery

Our company's continued success depends on maintaining relationships of mutual trust with our stakeholders. Trust is hard earned and easily lost. Over six decades, we have earned stakeholder trust by establishing policies and practices that support strong corporate governance and define ethical behavior. Every employee plays a part in safeguarding our reputation by acting ethically and with integrity. For that reason, all employees in Medtronic including board members are trained on a yearly basis on the code of conduct.

Anti-corruptions trainings are provided to both internal and external stakeholders to raise awareness of how ethically challenged scenarios should be met and addressed if they arise. All new hires receive the anti-corruption training and customer-facing employees must complete the training every two years. The risk is if an employee uses gifts or other means to illegally influence a stakeholder or vice versa. This may impact our reputation.

Our clear policies, practices and training as mentioned above mitigates this risk. We believe that our compliance programme in this field has resulted in our maintaining a high level of ethical business conduct also in FY19⁶.

Statement on the underrepresented gender in accordance with section 99b

Target for the supreme management body

In FY19 Medtronic Danmark A/S set as the target of equal gender distribution. The target was not achieved during the period, due to preparation of a new cluster structure. The target was achieved at an extraordinary general meeting in FY20, today there is an even distribution of gender in the board of Medtronic Danmark A/S.

Policy for the underrepresented gender at other management levels

In what Medtronic Danmark A/S defines as other management levels, the Company has obtained equal representation since the gender split is 47% / 53% between males and females.

⁶ <https://www.medtronic.com/us-en/about/corporate-governance/global-business-conduct-standards-policy.html>

Income Statement 1 May - 30 April

	<u>Note</u>	<u>2018/19</u> TDKK	<u>2017/18</u> TDKK
Revenue	1	544,571	566,822
Cost of sales		-329,948	-343,804
Gross profit/loss		214,623	223,018
Distribution expenses	2	-120,492	-122,564
Administrative expenses	2, 3	-76,503	-83,232
Other operating income	4	3,965	-
Operating profit/loss		21,593	17,222
Financial income	5	1,435	2,445
Financial expenses	6	-1,411	-644
Profit/loss before tax		21,617	19,023
Tax on profit/loss for the year	7	-4,413	-5,240
Net profit/loss for the year	8	17,204	13,783
Distribution of profit	8		

Balance Sheet 30 April

Assets

	<u>Note</u>	2018/19 TDKK	2017/18 TDKK
Intellectual property rights	9	90	179
Intangible assets		<u>90</u>	<u>179</u>
Other fixtures and fittings, tools and equipment	10	6,304	7,914
Property, plant and equipment		<u>6,304</u>	<u>7,914</u>
Fixed assets		<u>6,394</u>	<u>8,093</u>
Trade receivables		77,389	86,252
Receivables from group enterprises		22,022	31,696
Other receivables		250	-
Deferred tax asset	11	767	1,028
Prepayments	12	1,733	1,691
Receivables		<u>102,161</u>	<u>120,667</u>
Cash at bank and in hand		<u>169,431</u>	<u>149,036</u>
Current assets		<u>261,592</u>	<u>269,703</u>
Assets		<u>267,986</u>	<u>277,796</u>

Balance Sheet 30 April

Liabilities and equity

	Note	2018/19 TDKK	2017/18 TDKK
Share capital	13	501	501
Retained earnings		128,199	130,995
Equity		<u>128,700</u>	<u>131,496</u>
Other provisions	14	<u>4,659</u>	<u>4,843</u>
Trade payables		3,797	6,353
Payables to group enterprises		64,405	71,984
Deferred income	15	1,306	2,249
Corporation tax		8,204	5,209
Other payables		56,915	55,662
Short-term debt		<u>134,627</u>	<u>141,457</u>
Debt		<u>139,286</u>	<u>146,300</u>
Liabilities and equity		<u>267,986</u>	<u>277,796</u>
Contingent assets, liabilities and other financial obligations	16		
Related parties and ownership	17		
Consolidated Financial Statements	18		

Statement of Changes in Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	TDKK	TDKK	TDKK
Equity at 1 May 2018	501	130,995	131,496
Dividend distribution		-20,000	-20,000
Net profit/loss for the year		17,204	17,204
Equity at 30 April 2019	501	128,199	128,700

The share capital in Medtronic Danmark A/S totaled DKK 501 000 divided into shares of DKK 1 000 each.

Based on a Board of directors' decision dated 26 October 2018, dividends at the amount of DKK 20,000,000 were distributed by Medtronic Danmark A/S.

Notes to the Annual Report

	2018/19 TDKK	2017/18 TDKK
1 Revenue		
Sales	544,571	566,822
	<u>544,571</u>	<u>566,822</u>

Sales are predominantly performed in the territory of Denmark

The split of sales per business can be represented as follow:

	2018/19 TDKK	2017/18 TDKK
Cardiac and Vascular Group	120,690	125,391
Minimally Invasive Therapies Group	188,858	208,287
Restorative Therapies Group	117,910	125,294
Diabetes	117,113	107,850
	<u>544,571</u>	<u>566,822</u>

2 Staff	2018/19 TDKK	2017/18 TDKK
Wages and salaries	145,378	123,657
Pensions	10,813	9,783
Other social security expenses	1,207	919
Restructuring expenses	4,466	7,853
	<u>161,864</u>	<u>142,212</u>

Wages and salaries, pensions and other social security expenses are recognised in the following items:

Distribution expenses	109,140	84,247
Administrative expenses	52,724	57,965
	<u>161,864</u>	<u>142,212</u>
Average number of employees	<u>189</u>	<u>176</u>

According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.

Notes to the Annual Report

3 Audit fees

	2018/19 TDKK	2017/18 TDKK
The following fees were expensed in the Income Statement:		
Audit of the Financial Statements	248	241
Other Non-audit Services	30	30
	<u>278</u>	<u>271</u>

4 Other operating income

	2018/19 TDKK	2017/18 TDKK
Sale of business	3,965	-
	<u>3,965</u>	<u>-</u>

5 Financial income

	2018/19 TDKK	2017/18 TDKK
Intercompany financial income	347	4,549
Other financial income	1,088	264
	<u>1,435</u>	<u>2,445</u>

6 Financial expenses

	2018/19 TDKK	2017/18 TDKK
Intercompany financial expenses	576	377
Other financial expenses	835	267
	<u>1,411</u>	<u>644</u>

Notes to the Annual Report

7 Tax on profit/loss for the year

	2018/19 TDKK	2017/18 TDKK
Current tax for the year	5,000	4,549
Deferred tax for the year	938	264
Adjustment of deferred tax of previous years	-677	471
Adjustment of tax concerning previous years	-848	-44
	<u>4,413</u>	<u>5,240</u>

8 Distribution of profit

	2018/19 TDKK	2017/18 TDKK
Proposed distribution of profit		
Retained earnings	17,204	13,783
	<u>17,204</u>	<u>13,783</u>

9 Intangible assets

	Intellectual property rights
	TDKK
Cost at 1 May 2018	595
Additions for the year	-
Disposals for the year	-
Cost at 30 April 2019	<u>595</u>
Impairment losses and amortization at 1 May 2018	416
Amortization for the year	89
Impairment losses and amortizations at 30 April 2019	<u>505</u>
Carrying amount at 30 April 2019	<u>90</u>

Notes to the Annual Report

10 Property, plant and equipment

	<u>Other fixtures and fittings, tools and equipment</u>
	TDKK
Cost at 1 May 2018	12,417
Additions for the year	631
Disposals for the year	-
Cost at 30 April 2019	<u>13,048</u>
Impairment losses and depreciation at 1 May 2018	4,503
Depreciation for the year	2,241
Impairment and depreciation of sold assets for the year	-
Impairment losses and depreciation at 30 April 2019	<u>6,744</u>
Carrying amount at 30 April 2019	<u>6,304</u>
Depreciated over	3-7 years

	2018/19 TDKK	2017/18 TDKK
Depreciation and impairment of property, plant and equipment are recognised in the following items:		
Distribution expenses	-	-
Administrative expenses	2,241	2,045
	<u>2,241</u>	<u>2,045</u>

Notes to the Annual Report

11 Provision for deferred tax

	2018/19 TDKK	2017/18 TDKK
Intangible assets	1	-
Property, plant and equipment	-471	255
Other payables	-297	-1,283
Transferred to deferred tax asset	767	1,028
	<u>-</u>	<u>-</u>
Deferred tax asset		
Calculated tax asset	767	1,028
Carrying amount	<u>767</u>	<u>1,028</u>

12 Prepayments

	2018/19 TDKK	2017/18 TDKK
Prepaid rent	870	885
Vendor downpayments	10	71
Other	853	735
	<u>1,733</u>	<u>1,691</u>

13 Equity

The share capital in Medtronic Danmark A/S totaled DKK 501 000 divided into shares of DKK 1 000 each.

14 Other provisions

	2018/19 TDKK	2017/18 TDKK
Right of return	1,374	1,562
Reestablishment cost	3,281	3,281
Lease obligation	4	-
	<u>4,659</u>	<u>4,843</u>

Notes to the Annual Report

15 Deferred income

	2018/19 TDKK	2017/18 TDKK
Accruals	1,306	2,249
	<u>1,306</u>	<u>2,249</u>

16 Contingent assets, liabilities and other financial obligations

Rental agreements and leases

	2018/19 TDKK	2017/18 TDKK
Lease obligations under operating leases, Total future lease payments:		
Within 1 year	6,490	6,187
Between 1 and 5 years	6,016	5,125
	<u>12,506</u>	<u>11,312</u>

17 Related parties and ownership

Basis

Controlling interest

Medtronic Norge AS, Lysaker, Norway

Medtronic PLC

Controlling shareholder

Ultimate parent

Other related parties

Marianne Gynde

Panu Samuel Lauha

Birgitte Galuzick Broe

Mette-Marie Sonne Harild

Chairman of the Board of Directors

Member of the Board of Directors (appointed 7 May 2019)

Member of the Board of Directors

Member of the Board of Directors

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital: Medtronic Norge AS, Lysaker, Norway

Notes to the Annual Report

18 Consolidated Financial statements

The Company is included in the Consolidated Financial Statements of Medtronic PLC.
The Consolidated Financial Statements of Medtronic PLC may be obtained at the following address:

Medtronic PLC
Lower Hatch Street 20
2 Dublin
Ireland

Accounting Policies

Basis of Preparation

The Annual Report of Medtronic Danmark A/S for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large-sized enterprises of reporting class C.

The Annual Report for 2018/19 is presented in TDKK.

The cash flow statements has been omitted in accordance with section 86(4) of the Danish Financial Statements Act, as the Company's cash flows are included in the cash flow statements in the consolidated financial statements of Medtronic PLC, Dublin, Ireland.

The Medtronic Group has a 52-53-week financial year with year-end closing on the last Friday of April. For practical reasons, the Company's Annual Report has been prepared covering the same period. The difference from the usual 12-month statement is immaterial.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. 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 flow 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 will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Accounting Policies

Intercompany business combinations

The Company uses the Book Value Method for business combinations with group entities. This entails that all assets and liabilities acquired are recognized at their book values at the acquisition date, which have been calculated using the Company's (other) accounting policies and that any difference between the book value of the net assets acquired and the consideration for the entity is recognized directly in equity.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Income Statement

Revenue

Income from the sale of goods and finished goods is recognized in revenue at the time of delivery and when the risk passes to the buyer.

Cost of sales

Cost of sales comprises costs of goods sold for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, as well as extra payments and repayment under the onaccount taxation scheme.

Accounting Policies

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the tax prepayment scheme.

Intellectual property rights

Intellectual property rights comprise rights to sell products on the Danish market.

Intellectual property rights acquired are measured at cost less accumulated amortization. Rights are amortised over 7 years.

Intellectual property rights are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment 3-7 years

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Accounting Policies

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Provisions

Provisions are recognized and measured at the best estimate of the expenses required to settle the liabilities at the balance sheet date.

Financial debts

Other debts are measured at amortised cost, substantially corresponding to nominal value.