
Medtronic Danmark A/S

Arne Jacobsens Allé 17, 2300 København S

**Annual Report for 1 May 2017 -
30 April 2018**

CVR-nr. 18 49 13 70

*The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
27 September 2018*



**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 2017 - 30 April 2018.

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 2018 of the Company and of the results of the Company operations for 2017/18.

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.

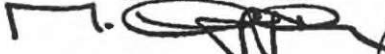
Copenhagen, 27 September 2018

Executive Board



Mette-Marie Sonne Harild
CEO

Board of Directors



Marianne Gynde
Chairman



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 2018 and of the results of the Company operations for the financial year 1 May 2017 - 30 April 2018 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 2017 - 30 April 2018, 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 Financial 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

Independent Auditor's Report

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 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, 27 September 2018

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 77 12 31



Terben Jensen
State Authorised Public Accountant
Mne18671



Janni Guldager
State Authorised Public Accountant
Mne33255

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 Timo Schiffhauer, Chairman (resigned 1 September 2018) Birgitte Galuzick Broe, (appointed 1 September 2018) 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>Elmann 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>2017/18</u> TDKK	<u>2016/17</u> TDKK	<u>2015/16</u> TDKK	<u>2014/15</u> TDKK	<u>2013/14</u> TDKK
Profit/loss					
Gross profit/loss	223,018	209,483	138,785	142,228	113,451
Operating profit/loss	17,222	13,598	-250	9,806	3,041
Net financials	1,801	2,084	2,833	-601	6
Net profit/loss for the year	13,783	10,522	-183	6,704	1,889
Balance Sheet					
Balance sheet total	277,796	259,534	139,562	126,439	110,304
Equity	131,496	117,713	56,284	56,467	49,763
Investment in property, plant and equipment	2,662	8,090	574	-	3,566
Number of employees	176	155	114	99	85
Ratios					
Return on assets	6,2%	5,2%	-0,2%	7,8%	2,8%
Solvency ratio	47,3%	45,4%	40,3%	44,7%	45,1%
Return on equity	11,1%	14,8%	-32,0%	12,6%	3,9%
Current ratio	190,7%	181,8%	164,3%	176,4%	175,8%

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 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large-sized enterprises of reporting class big C.

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

Main activity

Sale of implants and medico technical equipment to hospitals in Denmark.

Information about the Company and the Medtronic Group

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 and 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 84,000 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 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.

January 26th, 2015 Medtronic announced the acquisition of Covidien plc. As a part of the agreement Medtronic Inc & Covidien plc, stocks are now being traded under Medtronic plc on the NY Stock Exchange.

In the FY18 financial statements, Medtronic Plc had a turnover of 29,95 billion dollars.

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 1996, Medtronic Denmark A/S was established through acquisition and merger. With the acquisition of Covidien in 2015, Covidien Denmark ApS entered into Medtronic Denmark A/S. The legal merge of Covidien Denmark ApS & Medtronic Denmark was June 1st, 2016. The head office of Medtronic Danmark A/S is located in Copenhagen.

Financial development in the year

Gross profit for the year amounted to DKK 223,018k compared to DKK 209,483k in 2016/17. The profit for the year before tax was DKK 19,023k. This is an increase compared to last year when profit before tax amounted to DKK 15,682k (2016/17).

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

Significant events in the year

No significant events in FY18.

Review

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.

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.

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, Cardinal Health will exit the agreement it has with Medtronic to support its order-to-cash (back-office support) Transition Services Agreement (TSA) for Patient Recovery customers in EMEA (Europe, Middle East and Africa). This TSA has been in place since the acquisition was completed last year. On October 27, 2018, Cardinal Health will assume full responsibility for ALL services.

Report on Corporate Social Responsibility, cf. Section 99 a of the Danish Financial Statements Act

All employees on a global level are obliged to take mandatory trainings on the below-mentioned areas and policies on a random level. The trainings are assigned to each and individual employee via the Medtronic training system Cornerstone.

Policy on environment and 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 sources. For more info please look at <http://www.medtronic.com/content/dam/medtronic-com/global/Corporate/Documents/integrated-performance-report.pdf>

Action and results on environment and climate during FY18

Medtronic Denmark A/S is in the constantly optimization on energy use in good cooperation with our landlord KLP. 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. <http://www.medtronic.com/us-en/about/corporate-governance/ehs-policy.html>

During FY18 a sorting of garbage was introduced. We expect to upgrade on this area in the following fiscal year.

Policy on human rights

Medtronic Denmark A/S is 100 % aligned with the group policy on human rights, which state that- "Medtronic strives to conduct its business in a manner that demonstrates a respect for internationally-recognized human rights and the dignity of all people". For more detail on the policy

[http://www.medtronic.com/content/dam/medtronic-com-m/mdl/corp/documents/Global_Human_Rights_Labor_Standards_Policy.pdf](http://www.medtronic.com/content/dam/medtronic-com/m/mdl/corp/documents/Global_Human_Rights_Labor_Standards_Policy.pdf)

Action and results on human rights during FY18

We engage our employees to gather valuable feedback on their experiences at Medtronic. In FY17, more than 75,000 employees at group level took part in our Employee Engagement Survey — a strong response rate of 82 percent. The overall engagement score was 74 percent, higher than the industry average of 65 percent. The same survey was performed for FY18, the response rate for Medtronic Denmark A/S was more than 80%.

The local and central leadership team, evaluate the scores, to optimize and improve the work environment as well as the right to speak up within the organization.

In FY19 the survey will be performed 4 times during the year (each quarter), this is to give the leadership team an awareness on where to act and support. The surveys are also done to be the market leader towards recruitment of the best candidates in the job market.

Review

More info on other related areas:

1. **Global business conduct standards**
<http://www.medtronic.com/us-en/about/corporate-governance/global-business-conduct-standards-policy.html>
2. **Global inclusion and equal employment opportunity**
<http://www.medtronic.com/us-en/about/careers/eeo-statement.html>
3. **GDPR-General Data Protection Regulation**
<http://www.medtronic.com/dk-dj/privatlivserklaering/previous-privacy-statements.html>

Report on the Gender Distribution in Management, cf. Section 99 b of the Danish Financial Statements Act

Board level

The board is currently made of 3 members, all female. It is our target to have at least one male board member at 2022. In FY19 we made changes to the board. This has led to 3 female members of the board, resulting in our target not being met.

Other management

By 2020, our aspiration is to have women represent 40 percent or more of our managers and above globally. We also aspire for ethnically diverse talent to represent 20 percent or more of roles in management.

In FY18 Medtronic Denmark A/S introduced the diversity level in recruitment, where it should both be males and females represented at the final hiring process.

The local MWN -Medtronic Women Network organizes local events to highlight and embrace diversity at all areas. During FY18 3 events was organized.

At other management level the company have achieved the equal representation.

Set-up of the organization

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.

Income Statement 1 May - 30 April

	<u>Note</u>	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK
Revenue	1	566,822	533,175
Cost of sales		-343,804	-323,692
Gross profit/loss		223,018	209,483
Distribution expenses	2	-122,564	-117,675
Administrative expenses	2, 3	-83,232	-78,210
Operating profit/loss		17,222	13,598
Financial income		2,445	2,379
Financial expenses		-644	-295
Profit/loss before tax		19,023	15,682
Tax on profit/loss for the year	4	-5,240	-5,160
Net profit/loss for the year	5	13,783	10,522
Distribution of profit	5		

Balance Sheet 30 April

Assets

	<u>Note</u>	2017/18 TDKK	2016/17 TDKK
Intellectual property rights	6	179	269
Intangible assets		<u>179</u>	<u>269</u>
Other fixtures and fittings, tools and equipment	7	7,914	9,614
Property, plant and equipment		<u>7,914</u>	<u>9,614</u>
Fixed assets		<u>8,093</u>	<u>9,883</u>
Trade receivables		86,252	78,262
Receivables from group enterprises		31,696	19,424
Deferred tax asset	8	1,028	1,763
Prepayments	9	1,691	2,346
Receivables		<u>120,667</u>	<u>101,795</u>
Cash at bank and in hand		149,036	147,856
Current assets		<u>269,703</u>	<u>249,651</u>
Assets		<u>277,796</u>	<u>259,534</u>

Balance Sheet 30 April

Liabilities and equity

	Note	2017/18 TDKK	2016/17 TDKK
Share capital	10	501	501
Retained earnings		130,995	117,212
Equity		<u>131,496</u>	<u>117,713</u>
Other provisions	11	4,843	6,172
Trade payables		6,353	5,491
Payables to group enterprises		71,984	73,124
Deferred income	12	2,249	1,960
Corporation tax		5,209	3,001
Other payables		55,862	53,073
Short-term debt		<u>141,457</u>	<u>136,649</u>
Debt		<u>146,300</u>	<u>141,821</u>
Liabilities and equity		<u>277,796</u>	<u>259,534</u>
Contingent assets, liabilities and other financial obligations	13		
Security and mortgages	14		
Related parties and ownership	15		
Consolidated Financial Statements	16		

Statement of Changes in Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	TDKK	TDKK	TDKK
Equity at 1 May 2017	501	117,212	117,713
Net profit/loss for the year	-	13,783	13,783
Equity at 30 April 2018	501	130,995	131,496

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

Notes to the Annual Report

	2017/18 TDKK	2016/17 TDKK
1 Revenue		
Sales	566,822	533,175
	<u>566,822</u>	<u>533,175</u>

Sales are predominantly performed in the territory of Denmark

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

	2017/18 TDKK	2016/17 TDKK
Cardiac and Vascular Group	125,391	118,503
Minimally Invasive Therapies Group	208,287	195,676
Restorative Therapies Group	125,294	117,008
Diabetes	107,850	101,988
	<u>566,822</u>	<u>533,175</u>

	2017/18 TDKK	2016/17 TDKK
2 Staff		
Wages and salaries	123,657	117,626
Pensions	9,783	8,989
Other social security expenses	919	944
Restructuring expenses	7,853	2,725
	<u>142,212</u>	<u>130,284</u>

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

Distribution expenses	84,247	77,140
Administrative expenses	57,965	53,144
	<u>142,212</u>	<u>130,284</u>

Notes to the Annual Report

Average number of employees	<u>178</u>	<u>148</u>
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According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.

	2017/18	2016/17
	TDKK	TDKK
3 Audit fees		

The following fees were expensed in the Income Statement:

Audit of the Financial Statements	241	227
Other Non-audit Services	30	30
	<u>271</u>	<u>257</u>

The audit fees have been determined on the fees over the financial year. They do not match with the Income Statement as the presentation of the audit fees in the Income Statement is based upon delivery percentage of the service.

	2017/18	2016/17
	TDKK	TDKK
4 Tax on profit/loss for the year		
Current tax for the year	4,549	3,955
Deferred tax for the year	264	490
Adjustment of deferred tax of previous years	471	-
Adjustment of tax concerning previous years	-44	715
	<u>5,240</u>	<u>5,160</u>

5 Distribution of profit

Proposed distribution of profit

Retained earnings	13,783	10,522
	<u>13,783</u>	<u>10,522</u>

Notes to the Annual Report

6 Intangible assets

	Intellectual property rights
	<u>TDKK</u>
Cost at 1 May 2017	595
Additions for the year	-
Disposals for the year	-
Cost at 30 April 2018	<u>595</u>
Impairment losses and amortization at 1 May 2017	
Accumulated amortization transferred (result of a merger)	326
Amortization for the year	90
Impairment and depreciation of sold assets for the year	-
Impairment losses and amortizations at 30 April 2018	<u>416</u>
Carrying amount at 30 April 2018	<u>179</u>

Notes to the Annual Report

7 Property, plant and equipment

	<u>Other fixtures and fittings, tools and equipment</u>
	TDKK
Cost at 1 May 2017	12,172
Additions for the year	2,662
Disposals for the year	(2,417)
Cost at 30 April 2018	<u>12,417</u>
Impairment losses and depreciation at 1 May 2017	2,558
Depreciation for the year	2,045
Impairment and depreciation of sold assets for the year	(100)
Impairment losses and depreciation at 30 April 2018	<u>4,503</u>
Carrying amount at 30 April 2018	<u>7,914</u>
Depreciated over	3-7 years

Notes to the Annual Report

7 Property, plant and equipment (continued)

	2017/18	2016/17
	TDKK	TDKK
Depreciation and impairment of property, plant and equipment are recognised in the following items:		
Distribution expenses	-	34
Administrative expenses	2,045	1,004
	<u>2,045</u>	<u>1,038</u>

	2017/18	2016/17
	TDKK	TDKK
8 Provision for deferred tax		
Intangible assets	-	-
Property, plant and equipment	255	128
Other payables	-1,283	-1,891
Transferred to deferred tax asset	1,028	1,763
	<u>-</u>	<u>-</u>
Deferred tax asset		
Calculated tax asset	1,028	1,763
Carrying amount	<u>1,028</u>	<u>1,763</u>

	2017/18	2016/17
	TDKK	TDKK
9 Prepayments		
Prepaid rent	885	913
Vendor downpayments	71	877
Other	735	556
	<u>1,691</u>	<u>2,346</u>

Notes to the Annual Report

10 Equity

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

11 Other provisions

	2017/18 TDKK	2016/17 TDKK
Right of return	1,562	2,972
Reestablishment cost	3,281	2,200
	<u>4,843</u>	<u>5,172</u>

12 Deferred Income

	2017/18 TDKK	2016/17 TDKK
Accruals	2,249	1,960
	<u>2,249</u>	<u>1,960</u>

13 Contingent assets, liabilities and other financial obligations

Rental agreements and leases

	2017/18 TDKK	2016/17 TDKK
Lease obligations under operating leases, Total future lease payments:		
Within 1 year	6,187	5,713
Between 1 and 5 years	5,125	2,960
	<u>11,312</u>	<u>8,673</u>

14 Security and mortgages

There are no collaterals or pledges at the balance sheet date.

Notes to the Annual Report

15 Related parties and ownership

	<u>Basis</u>
Controlling interest	
Medtronic Norge AS, Lysaker, Norway	Controlling shareholder
Medtronic PLC	Ultimate parent
Other related parties	
Marianne Gynde	Chairman of the Board of Directors
Timo Schiffhauer	Chairman of the Board of Directors (resigned on 1 September 2018)
Birgitte Galuzick Broe	Member of the Board of Directors (appointed on 1 September 2018)
Mette-Marie Sonne Harild	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

16 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 2017/18 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 2017/18 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
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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.

Accounting Policies

Prepayments

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

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.

