

Medtronic Danmark A/S

Arne Jacobsens Allé 17, 2300 København S

CVR no. 18491370

Annual Report for 1 May 2021 - 30 April 2022

Approved at the Company's annual general meeting on 27 September 2022

Mikael Philip Schmidt
Chairman

Medtronic Danmark A/S

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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 2021 - 30 April 2022.

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 2022 of the Company and of the results of the Company operations for 2021/2022.

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 approved at the annual general meeting.


Copenhagen, 27 September 2022

Executive Board:


DocuSigned by:

364E98C3379142A

Birgitte Galuzick Broe
CEO


Board of Directors:

DocuSigned by:

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Marianne Gynde
Chairman

DocuSigned by:

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Panu Samuel Lauha

DocuSigned by:

364E98C3379142A

Birgitte Galuzick Broe

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 2022 and of the results of the Company operations for the financial year 1 May 2021 - 30 April 2022 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 2021 - 30 April 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis of 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 and the IESBA code. 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.

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.

Management's Responsibilities for the Financial Statements (continued)

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 scepticism 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 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.

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Auditor's responsibilities for the audit of the financial statements (continued)

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, _____

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31

Martin Lunden
State Authorised Public Accountant
Mne32209

Christopher Kowalczyk
State Authorised Public Accountant
Mne47863

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COMPANY INFORMATION

The Company

Medtronic Danmark A/S
Arne Jacobsens Allé 17
2300 København S

Company CVR: 18491370
Financial year: 1 May - 30 April
Municipality of reg. office: Copenhagen
Annual general meeting: 27 september 2022

Board of Directors

Marianne Gynde, Chairman
Panu Samuel Lauha
Birgitte Galuzick Broe
Wilhelmus J.M. van Zuilen (appointed 1 January 2021 and resigned 28 May 2021)

Executive Board

Birgitte Galuzick Broe

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Lawyers

Kromann Reumart
Sundkrogsgade 5
DK-2100 København Ø

Elmann Advokatpartnerselskab
Stockholmsgade 41
2100 København Ø

Bankers

Danske Bank
Holmens Kanal 2
1090 København
Denmark

Bank of America
2 King Edward St.
EC1A 1HQ London
United Kingdom

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Financial highlights

	2021/22	2020/21	2019/20	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Revenue	560,263	552,850	602,479	544,571	566,228
Gross profit/loss	194,593	172,236	189,795	214,623	223,018
Operating profit/loss	20,634	18,460	20,692	21,593	17,222
Net financials	(883)	(27)	(202)	24	1,801
Net profit/loss for the year	14,518	13,849	8,161	17,204	13,783
Balance sheet total	261,588	309,118	266,078	267,986	277,796
Investment in property, plant and equipment	381	130	188	631	2,662
Equity	110,228	115,710	101,861	128,700	131,496
Current liabilities	134,038	171,149	149,276	134,627	141,457
	%	%	%	%	%
Financial ratios					
Return on assets	7.9	5.9	7.8	8.1	6.2
Solvency ratio	42.1	37.4	38.3	48.0	47.3
Current ratio	194.0	178.6	175.0	194.3	190.7
Return on equity	12.9	12.7	7.1	13.2	11.1

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios, "Recommendations and ratios".

The financial ratios stated under "Financial highlights" have been calculated as follows:

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Financial highlights (continued)

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

Main activity

The main activity of Medtronic is sale of implants and medicotechnical equipment to hospitals. New business models are worked on within our business unit IHS - Integrated Health Solutions. Where Value Based Health Care VBHC, outcome base health care is in focus including services and solutions.

Information about the Company

We lead global healthcare technology and boldly attack the most challenging health problems facing humanity by searching out and finding solutions. Our Mission - to alleviate pain, restore health, and extend life - unites a global team of 90,000+ passionate people. Powered by our diverse knowledge, insatiable curiosity, and desire to help all those who need it, we deliver innovative technologies that transform the lives of two people every second, every hour, every day. Expect more from us as we empower insight-driven care, experiences that put people first, and better outcomes for our world.

By fusing the latest science, medicine, and an unmatched understanding of the body, we develop new therapies and treatments to solve unmet patient and healthcare needs. Our purpose guides our innovation. Through our technologies, we aim to restore hope and possibility, improving and redefining the treatment of over 70 conditions, with the solutions spanning consumable and implantable products. Our focus on improving health outcomes remains constant in the face of evolving global challenges. We are committed to creating healthcare technology that transforms lives, experiences that put people first, insight-driven care and better outcomes for our world.

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 advanced Medical Technology equipment, the company works in partnership with the healthcare providers to create a more efficient healthcare, to improve patient outcomes and to reduce healthcare costs.

The company represents a range of products within four Operating Portfolios: Cardiovascular Portfolio, Medical Surgical Portfolio, Neuro Science Portfolio and Diabetes Operating unit. The Medtronic business model form 21 Operating Units (OUs), each with a focus on either a narrow disease state or specialty physician type.

Review (continued)

The commitments of Medtronic:

Better outcomes for our world:

We focus on clinical, economic, and societal outcomes, including localizing in emerging markets.

Life-changing technologies:

By combining our profound understanding of the human body with leading science, we accelerate innovation-driven growth.

Experience that put people first:

How we deliver superior outcomes and better experiences for patients and providers.

Insight-driven care:

How we turn data, artificial intelligence, and automation into action.

In the past year, Medtronic therapies improved the lives of 72 million people across the world. That's two people every second of every hour of every day - and counting.

In the FY22 financial statement, Medtronic Plc had a turnover of 31.68 billion dollars.

Financial development in the year

Gross profit for the year amounted to TDKK 194,593 compared to TDKK 172,236 in 2020/2021.

The profit for the year before tax was TDKK 19,751. This is an increase compared to last year when the profit before tax amounted to TDKK 18,433. The main reason is the increase of revenue is due to a graduate recovery at the hospitals after Covid-19.

With consideration to market conditions during FY2022, the results are considered satisfactory.

Significant events in the year

The simplified new operating model which was implemented in previous Fiscal Year has allowed us to capitalize on the strength of the pipeline and the opportunities we see in our business. It has supported with the need to be more customer-centric to win in the market and take share and serve even more patients with our life-saving technologies and services.

Review (continued)

Expectations for the year ahead

FY23 will continue focusing on post-Covid. We anticipate a strong organic revenue growth driven by new product launches and a continuous market recovery as a result of the pandemic.

Our recovery improved throughout the last quarter of FY22, the market is gradually returning to near normal pre-COVID growth rates. With focus on SAM (Strategic Account Management), we invest to accelerate long-term growth and capitalize on a long list of opportunities.

The elective surgeries have been postponed while prioritizing COVID-19 patients and as result of lack of nurses. This has led to an increased waiting list at the hospitals. Medtronic is working directly with all healthcare providers on how to act and support each other on post COVID-19. Several business plans, both including products but also services are in pipeline.

A large number of contracts and tenders have been signed during FY22, which provides a stable basis for Medtronic's sales in the next couple of years.

The revenue and profit for 2022/23 is expected to grow compared to 2021/22. The priority of Medtronic is to support the hospitals in reducing the back-log, by providing services helping to increase the elective surgeries and procedures via developed optimization programmes.

A continuous focus area is Value Based Healthcare-VBHC, Value based procurement and Value based outcome which is in the introduction phase to the Danish healthcare market.

Public-private partnerships

Public-private partnerships play an important role in increasing patient access to our products and services in the market. We pursue partnerships that address gaps in healthcare, guided by the Medtronic Public-Private Partnership Council. Our aim is to develop longer-term contracts that enables sustainable, scalable projects and programs in our four areas:

- R&D Research and Development
- Manufacturing for market access
- Clinical training and education
- Health system strengthening

This past year has taught us we can move with speed, with clarity, and with impact when we're in a crisis. With our new operating model, we're not just changing our structure. We're clarifying decision rights, streamlining our processes, and aligning our incentives to reward innovation, revenue, and market share leadership. All of this will be supported by a new company culture focused on speed, accountability, and decisiveness.

Review (continued)

Set-up

The Danish Medtronic organization is part of a larger European North West Europe region. Since the 1st of February 2021 this region consists of United Kingdom, BeneLux 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 option of rendering more efficient the Company's internal processes.

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

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

The subgroup includes Medtronic Norway AS and the wholly owned subsidiaries Medtronic AB and Medtronic Denmark A/S. Medtronic Norway AS is wholly owned directly by the parent company Medtronic Holding BV and 100% indirectly owned by Medtronic Plc. The subgroup is included in the Medtronic Plc financials.

Subsequent events

There are no subsequent events after closure date.

Social responsibility and sustainability report

Medtronic is responsibly carrying out its mission while focusing on the health of the environment and society around us. Corporate sustainability is critical to our business performance, helping us mitigate risk, enhance quality, increase efficiency, and drive innovation globally. The full sustainability report is to be found on pages 13-24. This report contains the statutory statement of social responsibility, cf. Sections 99a, 99b and 99d of the Danish Financial Statements Act.

COVID-19 Response

In response to the COVID-19 pandemic, the company continued the swift action from previous Fiscal year to safeguard employees and their families, support patients and healthcare professionals.

All employees employed in Medtronic Danmark A/S have been working from home since March 16th, 2020. The full team both functions and sales force were welcomed back at the office May 1st, 2022.

Medtronic Danmark A/S followed the guidelines from the Danish government and Medtronic corporate guidelines. It was the most restricted approach which applied to the daily set-up.

While we have shared many guidelines related to personal health and safety, we took actions to support employees through the uncertain times.

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Review (continued)

COVID-19 Response (continued)

Resources included:

- Medtronic Emergency Leave Pay Policy
- Medtronic Employee Assistance Program (MEAP) General Information
- MEAP COVID-19 Resources - Webinar on personal health and well being
- EMEA work from home Equipment Guidance

Since the start of the pandemic, we mobilized our resources to support patients and physicians in this time of need. We've hosted dozens of virtual physician forums and medical education programs to help clinicians navigate the challenges of COVID-19.

In addition to supporting our employees, customers, and communities during the pandemic, we accomplished important milestones, including launching new products, investing in our pipeline, and changing our operating model, just to name a few. As we look ahead, these actions set us up to drive accelerated revenue growth in the year ahead and over the long term.

Sustainability report

This section contains our statutory statement of social responsibility, cf. Sections 99a, 99b and 99d of the Danish Financial Statements Act.

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 is why we prioritize the 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 address the core aspects of our business model. They 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 Quality** - We ensure our products and services clearly meet the highest standards of safety and reliability.
- **Product Stewardship** - We minimize the life cycle footprint of our products through innovative design.
- **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.
- **Ethics in Sales and Marketing** - We lead our industry with a commitment to ensure **responsible business practices in marketing, communication, and promotion** of our products and services.

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 many products focusing on delivering complete solutions to the healthcare sector to diagnose, prevent and monitor chronic diseases. Globally, our therapies improve the lives of two people every second.

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 world leader in medical technology, 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. Medtronic started as a pacemaker manufacturer, and today the company has a wide range of advanced Medical Technology equipment for cardiovascular, neurological, spinal diseases, and diabetes. The company represents a range of products within four Operating Portfolios, Cardiovascular Portfolio, Medical Surgical Portfolio, Neuroscience Portfolio and Diabetes.

Sustainability report (continued)

Employees and Human rights

The safety, dignity, health, and wellbeing of our employees is an essential matter for Medtronic. We always seek to minimize the risk of workplace accidents or discrimination and work-related stress that could negatively affect our ability to attract and retain a productive, safe, engaged, and diverse workforce.

Medtronic has several policies and processes to safeguard employees' labor and human rights and ensure that breaches, if any, are handled appropriately. We have clear guidelines on diversity and inclusion, fair treatment, freedom from forced labor and child labor, fair compensation, and freedom of association. We implement our commitments through, e.g., our global Human Rights Program, which addresses communication, risk assessments, monitoring, and reporting human rights. We conduct regular risk assessments of our internal facilities based on the type of work performed, country laws, enforcement of laws, and other factors. Our compliance department regularly reviews Medtronic's internal facilities to assess if they are consistent with our policies. Our policies are accessible to all employees, and employees are required to complete yearly training on Medtronic's Code of Conduct, which references our policies on human rights and labor standards.

During FY22 the COVID-19 pandemic has placed extraordinary pressure on employees, their families, communities, healthcare systems, and our organization. Using our Mission as a roadmap, Medtronic quickly mobilized to respond to the pandemic. All employees have been working from home, except for a few critical front functions. An internal Covid-19 intranet portal was established where employees can find all relevant information relating to the pandemic, both work related as well as various support for private matters.

To support our employees, Medtronic instituted Medtronic Employee Emergency Assistance Fund, which provides financial need-based grants to employees experiencing financial hardship due to a crisis, for example the COVID-19 pandemic. A new Family Care Leave Policy was rolled out during our last fiscal year which remains valid during FY22. The policy allows employees to take up to six weeks of time away from work at 100% pay for a variety of family situations. Family is an important part of life outside of work, and we recognize that sometimes you need time to dedicate your full attention to your family. To help support work/life flexibility and provide peace of mind, Family Care Leave makes it possible to step away from work without having to worry about your income.

During an average workday, our employees are exposed to various safety risks, depending on their location and activity. We have employees working in functions in the office as well as Sales employees in the field. We maintain an appropriate health & safety program that includes training and reporting, tracking any accidents and near-misses through our online accident report portal, and, if necessary, carrying out root-cause analyses to understand and address our safety performance. We provide our employees with the required Personal Protective Equipment and training in how to use it. The safety of Medtronic employees is organized by the EHS Environment Health & Safety organization.

Sustainability report (continued)

Employees and Human rights (continued)

At Medtronic we strive for diversity and inclusion, and we believe it increases innovation, strengthens our workplace culture, distinguishes us from competitors, and ultimately helps us meet global healthcare needs. Medtronic was placed number #10 on the 2022 edition of DiversityInc Top 50 Companies for Diversity, earning our highest-ever ranking on the list. Moving from #33 (2020) and #11 (2021) to #10 on the list is one of the largest increases of any company in the Top 50.

In FY22, Medtronic's Global inclusion, diversity, and engagement (GIDE) team continued to work towards ensuring that our organization reflects the world we live and work in at every level. Medtronic Women's Network (MWN) is a global employee resource group focusing on strengthening employees' networks, professional skills, and cultural competencies. In the Medtronic Women's Network, we have both females and male members who work to achieve diversity and equality of gender, age, and race. In FY22 the Network has, among many other things, helped to create awareness around some important topics, such as infertility, international women's Day, and breast cancer.

The Medtronic Pride network is another resource group with the goal to engage, empower and support Medtronic's Lesbian, Gay, Bisexual, Transgender, Transexual, Queer, Questioning, Intersexual, Pansexual, Asexual and Ally (LGBTQ+) employees and their families, and to develop a culture of inclusion and acceptance which allows every employee to bring their true selves to work every day.

Medtronic scoring a perfect mark of 100 on the Human Rights Campaign Foundation's (HRC) 2022 Corporate Equality Index (CEI) and has earned the designation as a "Best Place to Work for LGBTQ Equality." The HRC CEI is a roadmap and benchmarking tool for U.S. businesses in the field of LGBTQ equality in the workplace. We are proud of this achievement as it reflects our values and company culture.

In FY22, Medtronic Danmark A/S worked towards implementing 'the Future of Work' post-Covid-19 pandemic which will go live in FY23. In FY22 'Return to Office' has been a priority, to allow employees to go back to the office one day a week - with applicable Covid-19 restrictions.

The aim has been to create a positive culture for employees and making the experience as good as possible for our workforce. While working from home, our employees could receive additional IT equipment and purchase suitable home office furniture. Information regarding good ergonomics, the importance of breaks and inspiration for a more active lifestyle have been shared regularly to remind everyone of the importance of work/life balance. Managers have received support on engagement tools, for their teams.

Sustainability report (continued)

Employees and Human rights (continued)

There has been a lot of focus to allow employees to virtually meet with their colleagues by organizing virtual coffee breaks, which were highly appreciated. As of September, employees were allowed to go back to the office one day a week, to meet colleagues & have face to face catch up moments again. Medtronic considers the physical and psychological wellbeing a high priority and organized a health campaign for all employees, with the focus of team spirit, everyday fitness, mental wellness, and good choices.

In FY23 the Future of Work' will be implemented post-Covid-19 pandemic, through a hybrid work model. This will improve the work environment for employees where they have the flexibility to work both from the office and from home.

During the year, we have sent out several health surveys to make sure that employees can address any concerns. Our last survey showed that most of the Nordic employees feel that they only experience stress sometimes. However, this is still a focus of improvement FY23.

At Medtronic, we have a culture of giving back to the community. This very clearly manifests through the "Project 6". It occurs annually in June and gives employees the right to allocate one working day to volunteer at a shared project. Due to the Covid-19 pandemic it was not possible to organize the project 6 face-to-face, therefore this year we invited all our Danish based employees to participate in different virtual initiatives such as the Medtronic Foundation Virtual Autumn Race for the Red Cross, a Virtual "Mapathon" for Missing Maps etc. The different initiatives were a big success and brought a lot of positive energy and engagement from the participants.

We believe our efforts in FY22 have helped to ensure a safe and respectful workplace, and we intend to continue our efforts in FY23.

We respect the right to privacy, and in line with the European Union Data protection law, GDPR, Medtronic has reviewed and updated all our internal processes and procedure to ensure that all rules and regulations regarding personal and private information are followed. Keeping our customers' and employees' data private is a top priority for Medtronic, therefore, several processes and policies have been put in place to ensure that all private data is safe. All employees have received information and employees that work with, or process personal identifiable or sensitive information have been educated and made aware of their responsibility. Medtronic has a data breach response program in place that provides for a swift analysis, escalation, and response process in case of data privacy incidents.

Sustainability report (continued)

Employees and Human rights (continued)

For more details, visit:

<https://www.medtronic.com/us-en/privacy-statement/previous-privacy-statements.html>

Our full human rights and labor standards policy is available here:

www.medtronic.com/us-en/about/corporate-governance/suppliers/global-supplier-standards/global-lsas-and-human-rights-policy.html

Please see Medtronic Integrated Performance Report 2021 here:

<https://www.medtronic.com/content/dam/medtronic-wide/public/brand-corporate-assets/resources/2021-medtronic-integrated-performance-report/2021-medtronic-integrated-performance-report/HTML1/tiles.htm>

For more information on our global diversity policies, initiatives and results, visit:

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

Suppliers' human rights and labor standards

Our Global Supply Management function is responsible for extending our high standards for excellence and citizenship to our suppliers. This function oversees our Responsible Supply Management Program, which integrates responsible business practices into processes such as supplier selection and supplier performance management.

Through formal company policies, we communicate our expectation that suppliers demonstrate respect for human rights, labor standards, business ethics, and the environment. These policies include:

- **Global Supplier Standards**, which describe the minimum social, ethical and environmental requirements and expectations for our suppliers.
- **Global Human Rights and Labor Standards Policy**, which guides us to conduct our business in a manner that demonstrates respect for internationally recognized human rights and the dignity of all people.
- **Global Anti-Human Trafficking and Forced Labor Policy**, which outlines our commitment to a work environment free from human trafficking, slavery, unlawful child labor and forced labor of any kind.
- **Code of Conduct**, which states our companywide standard for behavior applies to employees, officers, directors, and anyone conducting business on our behalf, including contractors, consultants and distributors.

The Medtronic Mission is to alleviate pain, restore health, and extend life. Our Code of Conduct which details the ethical standards and framework under which we conduct and manage our business, governs the work we do every day.

Our Code of Conduct sets forth the foundation for our standards and expectations in the workplace. We hold our Suppliers to the same high standards of business conduct, social and environmental responsibility. We expect our Suppliers to:

Sustainability report (continued)

Suppliers' human rights and labor standards (continued)

- Comply with the laws, rules, and regulations of the countries in which they operate
- Uphold the human rights of their workers and comply with the Medtronic's Global Human Rights and Labor Standards Policy
- Ensure a safe and healthy workplace
- Practice social and environmental responsibility
- Demonstrate the highest standards of business ethics

Our Global Supplier Standards outline the minimal requirements and expectations for ethical and sustainable business conduct. They apply to Suppliers, agents, and contract manufacturers (collectively referred to as "Suppliers") involved in the conduct of Medtronic business globally. As Suppliers deliver goods or services to Medtronic, they are certifying their compliance to these standards. We reserve the right to evaluate, audit, and inspect Suppliers' facilities, operations, and records at any time to make sure they are compliant. Medtronic reserves the right to take appropriate supplier action on termination of the business relationship because of violation of Medtronic standards.

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 ranked #3 on the Top Companies for The Diversity Inc Top Companies for Supplier Diversity, which is a highest-ever ranking for our company. Companies on this list utilize established best practices to achieve higher percentages of both Tier I (direct contractor) and Tier II (subcontractor) procurement with vendors owned by women, Blacks, Latinos, Asians, American Indians, LGBT individuals, people with disabilities and veterans with disabilities. Best practices include:

- Integrating supplier diversity into corporate goals
- Having the CEO sign off on supplier-diversity results
- Auditing supplier-diversity numbers
- Ensuring suppliers are certified
- Linking procurement-management compensation to supplier-diversity goals

We are not aware of any breaches in our Danish operations regarding suppliers' human rights and labor standards. We believe our global efforts in 2022 have helped to manage risks relating to human rights and labor standards in our supply chain and we intend to continue our focus on this throughout the next strategy period.

For more details, visit:

<https://www.medtronic.com/us-en/about/corporate-governance/suppliers/global-supplier-standards.html>

Environment & Climate

The ambition of the Medtronic's global organization is to become carbon neutral in our operations by FY30. To drive progress and hold ourselves accountable we have also set interim targets for FY25. These emissions and energy goals move us toward

The Environmental Performance Goals for FY25 include:

Sustainability report (continued)

Environment & Climate (continued)

- 50% reduction in GHG emissions intensity
- 20% reduction in energy intensity
- 50% increase of energy sourced from renewable and alternative sources
- 15 % reduction in wasted intensity
- 15 % reduction in water use intensity

Our progress during FY22 towards the FY25 goals has been as stated below compared to our FY21 baseline.

- 7% reduction in energy intensity
- 30% reduction in greenhouse gas (GHG) emissions intensity
- 14% reduction in metric tons of regulated waste intensity
- 10% reduction in water usage intensity

Looking into Medtronic's environmental progress since last fiscal year it has been generally improved for all FY25 goals. What especially stands out is the reduction in greenhouse gas (GHG) which was reduced with 11% in FY21 and another 30% in FY22. The goal for reduction of energy intensity has also advanced from a 4% reduction in FY21 to a 7% decrease in FY22. The other two goals regarding water usage and waste have had an increase in the reduction with 1 and 2 percent respectively.

Medtronic's overall environmental strategy is to continue to reduce energy use by increasing efficiency. As well as increasing the use of clean energy through onsite renewable and alternative generation. We aim to expand our share of cleaner electricity through utility partnerships and invest more in renewable energy credits and carbon offsets. Finally, Medtronic will be shifting to virtual green power purchase agreements (VPPAs) in the long term to maintain neutrality.

When it comes to packaging Medtronic aims to reduce the environmental footprint where possible, and in line with this we have set two targets for our product stewardship function. Including complete packaging improvements to reduce packaging waste by 25% for targeted high-volume products by FY25 and minimizing the impact of Instructions for Use (IFUs) through a 35% paper reduction by FY27. A status report from the past financial year is showing that both FY25 and FY27 goals are on track. However, additional updates will be available in Q3 FY23 in connection with the publication of the global sustainability report.

Medtronic takes a consistent global approach to goal setting, measurement, and integration of sustainability into decision-making guided by our environmental performance management system. The Environmental, Health and Safety (EHS) corporate team oversees all activities in this area to make all policies and programs consistent globally. Our management systems are based on ISO 14001 and OHSAS 18001 standards to track and improve manufacturing sites. Currently 13 sites have ISO 1400-certified management systems and three have ISO 18000/45000-certified systems.

Multiple environmental initiatives were performed during FY22 with direct impact to Medtronic Danmark A/S.

Sustainability report (continued)

Environment & Climate (continued)

- A full-time Environmental, Health and Safety representative was hired during to further emphasis and focus on the environmental improvements in Medtronic Danmark A/S. A few focus areas during the year have been the monitoring of waste in our office and working to facilitate for employees to easier choose electric and hybrid cars to reduce our greenhouse gas emissions from company cars.

In FY22, 16% of the Danish employees with company cars were driving a hybrid car. This is a number we are aiming to increase during FY23. In FY22, the general CO2 emissions for the company cars was 109.5 g/km.

In Medtronic Denmark all office waste is being recycled in categories of Food, plastic, paper, cardboard, metal, and residual waste. As a result of the pandemic, the Danish office has been closed during most of FY22 which has resulted in a low amount of waste of 3.5 tons throughout full FY22.

As a first step initiative to increase the sustainability initiative, our Danish landlord has recently installed sunscreens to keep the heat out of the building which will result in less cooling needs which int urn will lead to less energy consumption.

- A cross-border collaboration between the environmental, health and safety group was initiated within the Northwest Europe (NWE) cluster, called the NWE environmental team, which will further allow best practice sharing and help increase the environmental awareness across the region.

The vision of this collaboration is to create a workplace that inspires employees to consider the environmental aspects in their day to day. The strategy includes engaging and educating employees on ways to reduce their carbon footprint and collaborating on ways to support tender requests to meet customers' expectations.

This cross-border initiative is also in close collaboration with the Medtronic global Environmental Action Group to support the implementation of the global initiatives in Northwestern Europe sites.

In connection with the World Environmental Day 5th of June 2022 the NWE environmental team invited all employees in the region to join a Clean-up Competition where they could participate by picking up litter in their local neighborhood. The team intends to organize many more of these local green projects in the coming year.

Sustainability report (continued)

Environment & Climate (continued)

Our customers have a high environmental focus which is aligned with our global sustainable goals, where we aim to meet or exceed customer requirements on all aspects of sustainability, including product quality, access to healthcare, environmental impacts, labor practices, and responsible supply management.

The risks for Medtronic Danmark A/S not living up to not only our customers', but also societies' requirements, is large as that might result in us losing tenders and hence business. Therefore, we on a Nordic level are looking to hire employees in FY23 who will be focusing merely on sustainability requirements related to among others, the environment in the Nordics.

To find out more regarding Medtronic global environmental efforts, vision and goals please see Medtronic Integrated Performance Report for 2021 here (the Integrated Performance Report for 2022 will be available Oct 2022):

https://www.medtronic.com/content/dam/medtronic-wide/public/brand-corporate-assets/resources/2021-integrated-report_corpmark_mdt.pdf

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. We recognize the risk of corruption and other unethical business behavior, and over six decades, we have earned stakeholder trust by establishing policies and practices that support strong corporate governance and define ethical behavior.

Corruption is a risk in our industry. Therefore, we have clearly defined global standards for our code of conduct which covers among other, discounts, donations, grants, gifts, meetings, services, training, conferences and more. Our code of Conduct prohibits personnel from exchanging gifts, bribes, or facilitation payments. Through our policies, guidelines, and training programs, we clearly communicate our ethical standards to Medtronic Employees.

Every employee plays a part in safeguarding our reputation by acting ethically and with integrity. For that reason, we implement anti-corruption training to make internal and external stakeholders aware of local regulations and to explain how to address ethically challenging scenarios. All employees in Medtronic including board members are taking part of a mandatory training on the code of conduct, on a yearly basis. In Denmark, 100% of our employees completed the training during FY22 which is comparable to previous years.

Sustainability report (continued)

Anti-Corruption and bribery (continued)

Employees can raise ethical concerns through multiple internal channels. One of these are our 'Voice Your Concern Line'.

We are not aware of any significant breaches to our code of conduct and anti-corruption efforts in our Danish operations in FY22.

In FY23, Medtronic will continue its work focusing on educating the employees and managing corruption and bribery.

For more information on our Global Business Conduct Standards policy, visit:
<https://www.medtronic.com/us-en/about/corporate-governance/code-conduct.html>

Data ethics

At Medtronic, we are committed to integrity, transparency, and ethical business conduct. Medtronic complies with applicable data protection laws, and seeks to be a trustworthy and attractive business partner, employer and steward of consumer, patient and employee personal data by ensuring such data is protected and used with respect towards the individual at all times. When collecting consumer or patient data, Medtronic does so ethically, and only to an extent necessary to deliver our products and services. We are proactive in maintaining the appropriate physical, technical and administrative security standards. Our data ethics policy and principles are contained within the Medtronic Code of Conduct.

Medtronic's Global Data Protection & Privacy Policy applies to the processing of personal data and applies to all employees, agents, vendors and any other third parties. Data ethics is embedded throughout our organization, and the top management is committed to prioritizing data ethics in all decision-making.

Medtronic employees play a crucial role in safeguarding data. All employees and contingent workers are continuously trained and updated on security and privacy, so they recognize how to identify, protect, and preserve personal data.

Moving into FY23, Medtronic remains focused on further reducing the risks related to data and privacy security by continuously increasing the "data and security intelligence" of employees and continuously improving data security and privacy guidelines and trainings.

Sustainability report (continued)

Gender composition at Board and Management Levels

Our commitment to gender diversity extends to the highest levels in the company. In Medtronic Danmark A/S, at the end of FY22, we had three AGM-elected Board members, with a reasonably equal split between men and women, 1 Male and 2 Females. This aligns with the equitable gender distribution defined by the Danish Business Authority.

We also strive to keep an equal composition of gender throughout all management levels. This is in line with our policy for building a diverse, inclusive, and fair workplace. We continuously build and foster a strong pipeline of female talent in leadership roles through individual career development programs and internal channels such as the Danish hub of the Medtronic Women's Network. We also encourage various workplace arrangements to promote equal opportunities and recruitment criteria, this to ensure equal gender representation.

Globally in 2021, women held 40 % of all global leadership positions. In total 50% of our global workforce were women. In Denmark throughout 2021 women held in average 40% of the managerial positions.

During FY23 Medtronic Denmark will keep on building on this foundation with continued focus on equal and fair workplace.

Risk management

Medtronic recognizes the importance of being a good, responsible, and reliable corporate citizen. In the face of social, political, and environmental change, we constantly monitor emerging issues and agendas. We work to anticipate, adapt, and respond to evolving trends, risks, and opportunities through innovation and partnership.

Our key risks occur in the following areas:

Climate risk and resilience

- We manage transitional risk through routine monitoring of carbon regulations, including carbon taxes, and proactively installing renewable and alternate energy sources as they become more cost-effective and readily available.
- We manage physical risk through our business continuity management, which includes hurricane readiness planning and infrastructure improvement as well as risk-exposure analyses that encompass hurricanes, earthquakes, and water scarcity.

The business impact of unforeseen ethical, social, and environmental regulations

- Our Government Affairs, Human Resources, Environmental, Health, and Safety, and Procurement groups monitor relevant regulations in global markets. Our legal and compliance teams oversee compliance with those regulations.
- We engage industry organizations and regulators to share our perspectives and prepare for potential and pending regulations.

Sustainability report (continued)

Risk management (continued)

Failure to meet customer sustainability requirements

- We aim to meet or exceed customer requirements on all aspects of sustainability, including product quality, access to healthcare, environmental impacts, labor practices, and responsible supply management.
- Our Global Human Rights Program and Responsible Supply Management Program ensure a consistent approach to key sustainability issues across our operations and supply chain.

Risk of reputational damage from unethical behavior

- We regularly train employees to comply with our Code of Conduct, and we have clear processes for reporting and acting on ethical concerns. Additional compliance training for employees in certain roles further mitigates the risk of corruption and misconduct.

Medtronic Danmark A/S

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Income Statement 1 May- 30 April

	Note	2021/2022 TDKK	2020/2021 TDKK
Revenue	1	560,263	552,850
Cost of sales		-365,670	-380,614
Gross margin		194,593	172,236
Distribution costs		-118,138	-68,978
Administrative expenses	3	-55,821	-84,798
Operating profit		20,634	18,460
Profit before net financials		20,634	18,460
Financial income	4	599	1,293
Finance expenses	5	-1,482	-1,320
Profit before tax		19,751	18,433
Income tax expense	6	-5,233	-4,584
Net Profit for the year		14,518	13,849

Medtronic Danmark A/S

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STATEMENT OF FINANCIAL POSITION

	Note	30 April 2022 TDKK	30 April 2021 TDKK
ASSETS			
Non-current assets			
<i>Property, plant and equipment</i>			
	8		
Fixtures and fittings, plant and equipment		1,267	1,700
Leasehold improvements		224	1,665
		<u>1,491</u>	<u>3,365</u>
Total non-current assets		<u>1,491</u>	<u>3,365</u>
Current assets			
<i>Receivables</i>			
Trade receivables		75,629	60,988
Other receivables		3,135	566
Deferred tax asset	9	899	607
Prepayments	10	1,367	1,953
Receivables from group enterprises		22,994	20,409
		<u>104,024</u>	<u>84,523</u>
Cash		156,073	221,230
Total current assets		<u>260,097</u>	<u>305,753</u>
TOTAL ASSETS		<u>261,588</u>	<u>309,118</u>
Equity and liabilities			
<i>Equity</i>			
Retained earnings [opening balance]		95,209	101,360
Share capital		501	501
Profit for the year		14,518	13,849
Equity holders' share of equity		<u>110,228</u>	<u>115,710</u>
Total equity		<u>110,228</u>	<u>115,710</u>

Medtronic Danmark A/S

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STATEMENT OF FINANCIAL POSITION (continued)

	Note	30 April 2022 TDKK	30 April 2021 TDKK
<i>Non-current liabilities</i>			
Other provisions	11	4,623	5,949
Deferred income	13	21	21
Other payables		12,677	16,289
Total non-current liabilities		<u>17,321</u>	<u>22,259</u>
<i>Current liabilities</i>			
Trade payables		4,538	3,272
Payables to group enterprises		76,045	117,730
Other payables	12	43,028	41,019
Deferred income	13	6,136	5,161
Corporation tax payable		4,292	3,967
Total current liabilities		<u>134,039</u>	<u>171,149</u>
Total liabilities		<u>151,360</u>	<u>193,408</u>
Total equity and liabilities		<u>261,588</u>	<u>309,118</u>

Medtronic Danmark A/S**28 of 41****STATEMENT OF CHANGES IN EQUITY**

	Share Capital TDKK	Retained earning TDKK	Dividend proposed for the year TDKK	Total TDKK
Equity at 1 May 2021	501	115,209	0	115,710
Extraordinary dividend distribution	0	(20,000)	20,000	0
Extraordinary dividend paid	0	0	(20,000)	(20,000)
Net profit/loss for the year	0	14,518	0	14,518
Equity at 30 April 2022	501	109,727	0	110,228

The share capital in Medtronic Danmark A/S totaled DKK 501,000 divided into shares of DKK 1.000 each.

NOTES TO THE FINANCIAL STATEMENTS

1. Revenue

	2022 TDKK	2021 TDKK
Sales	560,263	552,850

Sales are predominantly performed in the territory of Denmark.

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

	2022 TDKK	2021 TDKK
Cardiac and Vascular Group	132,711	132,133
Minimally Invasive Therapies Group	183,268	180,231
Restorative Therapies Group	119,585	112,954
Diabetes	124,699	127,532
	560,263	552,850

2. Staff

	2022 TDKK	2021 TDKK
Wages and salaries	169,235	151,517
Pensions	13,541	12,102
Other social security costs	1,621	1,112
	184,397	164,731

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

Distribution costs	152,418	108,266
Administrative expenses	31,979	56,465
	184,397	164,731

Average number of full-time employees	198	199
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NOTES TO THE FINANCIAL STATEMENTS

2. Staff (continued)

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed for 2021/2022. The directors remuneration for 2020/2021 were TDKK 9.991. In FY2022 one director is hired.

2.1 Incentive plans

The management is included in Medtronic Danmark Company's executive compensation program, which includes stock option and share award programs.

All costs related to the stock option and share award programs are covered by other Medtronic group entities.

3. Audit fees

	2022 TDKK	2021 TDKK
The following fees were expensed in the Income Statement:		
Audit of the Financial Statements	180	180
Other Non-audit Services	28	30
Total fee paid to Auditor	208	210

4. Financial income

	2022 TDKK	2021 TDKK
Intercompany financial income	0	144
Other financial income	599	1,149
	599	1,293

5. Financial expenses

	2022 TDKK	2021 TDKK
Intercompany financial expenses	277	0
Other financial expenses	1,205	1,320
	1,482	1,320

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NOTES TO THE FINANCIAL STATEMENTS

6. Tax on profit/loss for the year

	2022 TDKK	2021 TDKK
<i>Tax for the year</i>		
Current tax for the year	5,524	5,202
Deferred tax for the year	(307)	(734)
Adjustment of deferred tax of previous years	15	65
Adjustment of tax concerning previous years	1	51
	<hr/> 5,233	<hr/> 4,584

7. Appropriation of profit/loss

	30 April 2022 TDKK
<i>Recommended appropriation of profit/loss</i>	
Extraordinary dividend paid for the year 2020/2021	20,000
Transferred to reserves under equity	-5,482
	<hr/> 14,518

Medtronic Danmark A/S

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NOTES TO THE FINANCIAL STATEMENTS

8. Property, plant and equipment

	Fixtures and fittings, plant and equipment TDKK	Leasehold improvements TDKK	Total
Cost at 1 May 2021	4,571	3,916	8,487
Additions for the year	381	0	381
Disposals for the year	(4)	0	(4)
Asset transfer (post-capital)	219	0	219
Cost at 30 April 2022	5,167	3,916	9,083
Depreciation and impairment losses at	2,872	2,250	5,122
Asset transfer (depreciation post-capital)	218	0	218
Depreciation for the year	814	1,442	2,256
Impairment and depreciation of sold assets for the year	-4	0	-4
Depreciation and impairment losses at 30 April 2022	3,900	3,692	7,592
Carrying amount at 30 April 2022	1,267	224	1,491

Depreciated over: 3-7 years

Depreciation and impairment of property, plant and equipment are recognised in the following items:

	30 April 2022 TDKK	30 April 2021 TDKK
Administrative expenses	2,256	1,584
	<u>2,256</u>	<u>1,584</u>

NOTES TO THE FINANCIAL STATEMENTS

9. Deferred tax asset/liability

	30 April 2022 TDKK	30 April 2021 TDKK
Deferred tax at 1 May	607	(62)
Adjustment of the deferred tax charge	292	669
Deferred tax at 30 April	899	607

The deferred tax charge relates to:

Property, plant and equipment	998	557
Other payables	-99	50
	899	607

Deferred tax is recognised in the balance sheet as follows:

Deferred tax assets	899	607
Carrying amount	899	607

10. Prepayments

	30 April 2022 TDKK	30 April 2021 TDKK
Vendor downpayments	65	0
Prepaid rent	877	878
Other	425	1,075
	1,367	1,953

Medtronic Danmark A/S

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NOTES TO THE FINANCIAL STATEMENTS

11. Other provisions

	30 April 2022 TDKK	30 April 2021 TDKK
Right of return	1,149	2,523
Reestablishment cost	3,281	3,281
Lease obligation	193	145
Other provisions at 30 April	4,623	5,949

12. Other payables

	30 April 2022 TDKK	30 April 2021 TDKK
Other Accrued Expenses	1,514	2,714
VAT Payable/Receivable	11,029	9,311
Other payables	30,485	28,994
	43,028	41,019

13. Deferred income

	30 April 2022 TDKK	30 April 2021 TDKK
Accruals Short term	6,136	5,161
Revenue deferral accrual Long-term	21	21
	6,157	5,182

NOTES TO THE FINANCIAL STATEMENTS

14. Contingent assets, liabilities and other financial obligations

	30 April 2022	30 April 2021
	TDKK	TDKK
Bank Guarantees		
Between 1 and 5 years	603	603
Longer than 5 years	1,806	1,806
	<u>2,409</u>	<u>2,409</u>

	30 April 2022	30 April 2021
	TDKK	TDKK
Rental agreements and leases		
Lease obligations under operating leases, Total future lease payments:		
Within 1 year	6,196	6,585
Between 1 and 5 years	5,146	6,189
	<u>11,342</u>	<u>12,774</u>

Some of the contracts with customers include penalty clauses for late deliveries. This may have some impact on the result. Medtronic Danmark AS has not recorded a liability in the financial statements on this regard. The Company considers various factors before recognizing a liability, including probability, historical experience and customer-specific information.

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
Panu Samuel Lauha	Member of the Board of Directors
Birgitte Galuzick Broe	Member of the Board of Directors
Wilhelmus J.M. van Zuilen	Member of the Board of Directors (appointed 1 January 2021 and resigned 28 May 2021)

NOTES TO THE FINANCIAL STATEMENTS

15. Related parties and ownership (continued)

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. However, no such transactions have taken place during the year.

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

17. Subsequent Events

There were no events after reporting date that affect the entity significantly.

NOTES TO THE FINANCIAL STATEMENTS

Contents of the notes to the financial statements

- 18 Accounting policies
 - 18.1 Recognition and measurement
 - 18.2 Omission of a cash flow statement
 - 18.3 Financial statements
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 - 18.4 Income statement
 - (a) Revenue
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 - (e) Financial income and expenses
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 - (a) Receivables
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 - (d) Coporation tax and deferred tax
 - (e) Provisions
 - (f) Liabilities

NOTES TO THE FINANCIAL STATEMENTS**18. Accounting policies**

The annual report of Medtronic Danmark A/S for 2021/2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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 closing day of the month was 29th April 2022, the difference from the usual 12-month statement is immaterial.

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

The Annual Report for 2021/2022 is presented in TDKK.

18.1 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.

18.2 Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement of Medtronic PLC, Dublin, Ireland.

NOTES TO THE FINANCIAL STATEMENTS**18. Accounting policies (continued)****18.3 Financial statements****(a) Foreign currency translation**

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rate at the transaction date and the rate at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at closing rates. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currency are measured at the exchange rate at the transaction date.

18.4 Income statement**(a) 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.

(b) Cost of sales

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

(c) Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, recognition of sales and marketing products, exhibitions, and amortisation/depreciation.

(d) Administrative expenses

Administrative expenses comprise costs incurred in the year to manage and administer the Company, including expenses related to administrative staff, management, office premises, office expenses and amortisation/depreciation.

(e) Financial income and expenses

Financial income and expenses comprise interest income and expenses, charges in respect of finance leases, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

NOTES TO THE FINANCIAL STATEMENTS**18. Accounting policies (continued)****(f) Tax for the year**

Tax for the year comprises current tax for the year and changes in deferred tax. 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.

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

18.5 Balance sheet**(a) 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.

(b) Prepayments

Prepayments recognised under current assets comprise expenses incurred concerning subsequent financial years.

(c) 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

(d) Coporation tax and deferred tax

Current tax payables and receivables 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 prior-year taxable income and tax paid on account.

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.

Deferred tax is measured using the balance sheet 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 the planned use of the asset or settlement of the liability, respectively.

NOTES TO THE FINANCIAL STATEMENTS**18. Accounting policies (continued)****(d) Corporation tax and deferred tax (continued)**

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net assets are measured at net realisable values.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

(e) Provisions

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

(f) Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

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