
Medtronic Danmark A/S

Arne Jacobsens Allé 17, 2300 København S

Annual Report for 1 May 2019 - 30 April 2020

CVR-nr. 18 49 13 70

*The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
29 September 2020*
2020

Mikael Philip Schmidt
Chairman

DocuSigned by:



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Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Review	8
Sustainability report	11
Financial Statements	
Income Statement 1 May - 30 April	15
Balance Sheet 30 April	16
Statement of Changes in Equity	18
Notes to the Annual Report	19
Accounting Policies	26

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 2019 - 30 April 2020.

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 2020 of the Company and of the results of the Company operations for 2019/20.

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, 23. Sep 2020

Executive Board

Mette-Marie Sonne Harild
CEO

Board of Directors



Marianne Gyde
Chairman



Birgitte Galuzick Broe



Mette-Marie Sonne Harild



Panu Samuel Lauha

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 2020 and of the results of the Company operations for the financial year 1 May 2019 - 30 April 2020 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 2019 - 30 April 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the

Independent Auditor's Report

date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 23/9/2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR-nr. 33 77 12 31



Torben Jensen
State Authorised Public Accountant
Mne18651



Lone Vindbjerg Larsen
State Authorised Public Accountant
Mne34548

Company Information

The Company

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

CVR-No.: 18 49 13 70
Financial period: 1 May - 30 April
Municipality of reg. office: Copenhagen

Board of Directors

Marianne Gynde, Chairman
Panu Samuel Lauha (appointed 7 May 2019)
Birgitte Galuzick Broe,
Mette-Marie Sonne Harild

Executive Board

Mette-Marie Sonne Harild

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Lawyers

Gorrissen Federspiel
Axeltorv 2 1609
København V.

Elmann Advokatpartnerselskab
Stockholmegade 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

Financial Highlights

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

Key figures	<u>2019/20</u> TDKK	<u>2018/19</u> TDKK	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK	<u>2015/16</u> TDKK
Profit/loss					
Revenue	602,479	544,571	566,228	533,175	280,999
Gross profit/loss	189,795	214,623	223,018	209,483	138,785
Operating profit/loss	20,692	21,593	17,222	13,598	-250
Net financials	-202	24	1,801	2,084	2,833
Net profit/loss for the year	8,161	17,204	13,783	10,522	-183
Balance Sheet					
Balance sheet total	266,078	267,986	277,796	259,534	139,562
Equity	101,861	128,700	131,496	117,713	56,284
Investment in property, plant and equipment	188	631	2,662	8,090	574
Number of employees	209	189	176	155	114
Ratios					
Return on assets	7.8%	8.1%	6.2%	5.2%	-0.2%
Solvency ratio	38.3%	48.0%	47.3%	45.4%	40.3%
Return on equity	7.1%	13.2%	11.1%	14.8%	-32.0%
Current ratio	175.0%	194.3%	190.7%	181.8%	164.3%

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

Main activity

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

Information about the Company

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.

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

In the FY20 financial statement, Medtronic Plc had a turnover of 28.9 billion dollars.

Financial development in the year

Gross profit for the year amounted to DKK 189.795K compared to DKK 214.623K in 2018/19

The profit for the year before tax was DKK 20.490K. This is a decrease compared to last year when the profit before tax amounted to DKK 21.617K

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

Significant events in the year

There have been no significant events during 2019/20 until the beginning of our Q4, where the pandemic COVID-19 started to affect the elective surgeries and procedures on all hospitals.

Medtronic Danmark A/S' outlook for the future will potentially be negatively affected by the COVID-19 outbreak.

Medtronic Danmark A/S' Management team has tried to estimate the effect of COVID-19 on the expected revenue and net profit of the Company. It is, however, too early yet to give an opinion as to the extent of the negative implications. Therefore, Management finds itself unable to disclose reliably its outlook for the future in accordance with section 12 of the Danish Financial Statements Act.

All employees employed in Medtronic Danmark A/S have been working from home since March 13th, 2020. The full team both functions and sales force are continuously working from home.

Medtronic Danmark A/S follows the guidelines from the Danish government and Medtronic corporate guidelines. It is the most restricted approach which applies to the current daily set-up.

During FY20 Medtronic Danmark A/S had an ongoing Transfer Pricing audit. The audit has been finalized with an adjustment of 6.840K DKK. No comments or changes to the current and future calculations methods.

Review

Expectations for the year ahead

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

FY21 will become a different business year. The elective surgeries have been postponed due to priority of COVID-19 patients. This has led to an increased waiting list at the hospitals.

Medtronic is working directly with all hospitals 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 have been renewed during FY20, which provides a stable basis for Medtronic's sales in the next couple of years. All depends on, how quickly the hospitals are able to start on the elective surgeries. Extra service activities potentially will contribute positively during the financial year.

The revenue and profit for 2020/21 is expected not to be at the same level compared to 2019/20 due to the hospitals are in a rebound phase after COVID-19. The main focus of Medtronic is to support the hospitals in reducing the waiting lists by providing services helping to increase the elective surgeries and procedures.

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. This unit is working directly with the large hospitals in order to support on optimizing during the post Covid-19 period.

Another focus area for the future is Value Based Healthcare VBHC which is a new way of working with our customers. It leads outcome base health care, which is in the introduction phase to the Danish healthcare market.

External Environment

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

Our approach to environmental protection provides business advantages through cost and risk reduction. In 2007, we implemented the EHS Management System and Environmental Sustainability Policy and also determined environmental targets for the entire organization. We have moreover implemented EHS Management System Standard, and each quarter all enterprises measure and monitor the results achieved. Since 2006, we have published information about our progress in our report on corporate social responsibility. <https://www.medtronic.com/content/dam/medtronic-com/global/Corporate/citizenship/documents/2019-integrated-performance-report.pdf>

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

Regulatory

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

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

Review

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

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

Set-up

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

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

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

Subsequent events

The COVID-19 pandemic continuously have a material importance to the company's financial position after the balance sheet date. Medtronic is working closely with the hospitals on how to get back on track with all elective procedures as well on how to optimize the current capacity.

The employees of Medtronic Denmark A/S are continuously working from home.

On September 1st, 2020 the CEO of Medtronic Plc Geoff Martha announced the future strategy of Medtronic Plc. The strategy leads to a global restructuring with the value before taxes of approx. 400.000/450.000K USD. The restructuring is expected to be finalized by the end of 2022.

The new structure is expected to give Medtronic Plc an expected annual saving of 450.000K/475.000K USD by 2023.

At this moment of time, the Danish leadership team does not know the full impact of the Danish organization.

Sustainability report

This section contains our statutory statement of social responsibility, cf. Sections 99a and 99b 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 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.

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 Danmark ApS entered in with Medtronic Denmark A/S. The legal merge of Covidien Danmark ApS & Medtronic Denmark was June 1st, 2016.

Medtronic Danmark A/S does not produce any products, but functions as a distributor (LRD-Limited risk distributor). The board in Medtronic Denmark A/S signs for all contractual obligations. The individual business units are set-up in a matrix organization where the decisions are taken at business unit level.

Sustainability report

Employees and Human rights

The safety, dignity, health and well-being of employees is an important matter for Medtronic Danmark A/S. 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 in place to safeguard employees' labor rights and human rights and to ensure that breaches, if any, are handled appropriately. We have clear policies 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 address communication, risk assessments, monitoring and reporting of human rights. We conduct regular risk assessments of our internal facilities based on type of work performed, country laws, enforcement of laws, and other factors, and our compliance department regularly reviews Medtronic's internal facilities to assess if they are consistent with our policies. Our policies are communicated 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.

Stress and work-life balance have been a hot topic the last few years in our industry, and it is our policy to educate and support employees with these matters. Actions taken in 2019 include inviting external partners for seminars and training sessions of our leaders and employees. Also, our HR department together with a third-party company have conducted a work environment survey to ensure that everybody feels comfortable speaking up and taken relevant actions. The results showed that we have room for improvement, which we will work on in 2020. We also provide all employees with a health insurance which is part of the pension plan that covers both the employee's physical and mental wellbeing.

Our employees are exposed to different safety risks, depending on their location and activity. There employees employed both in the office as a function or in the field as sales people. We maintain an appropriate health & safety program that includes training and reporting; this includes tracking of any accidents and near-misses and if necessary, carry out root-cause analyses to understand, address on our safety performance. We provide employees with the required Personal Protective Equipment and training in how to use it. The safety of Medtronic employees is being performed by the EHS Employee Health & Safety organization.

We strive for diversity and inclusion, because we believe it increases innovation, strengthens our workplace culture, distinguishes us from competitors, and ultimately helps us meet global healthcare needs. In 2019, 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. MWN Medtronic Women's Network is a global employee resource group with the focus on strengthening employees' network, professional skills and cultural competencies. Medtronic Women's Network provide both females and male employees and works to achieve diversity and equality of race, gender, age and race. In 2019 the Danish hub of the Medtronic Women's Network met regularly, which resulted in greater support and shared insights.

We believe our efforts in 2019 have helped to ensure a safe and respectful workplace.

Furthermore, 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. For more details, visit:

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

Sustainability report

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

<https://global.medtronic.com/content/dam/medtronic-com/global/Corporate/Documents/GlobalHumanRightsandLaborStandardsPolicy.pdf>

For more on our global Human Rights Program and progress in 2019, see:

<https://global.medtronic.com/content/dam/medtronic-com/global/Corporate/Documents/GlobalHumanRightsProgramReportFY19.pdf>

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

Suppliers' human rights and labor 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 has global supplier standards that describe the minimum social, ethical and environmental requirements and expectations of our suppliers. These standards are incorporated into the supplier selection and management processes, supplier agreement and purchase order terms and conditions. To help our suppliers meet the quality standards, support, training and various protocols are provided.

We are not aware of any breaches in our Danish operations regarding suppliers' human rights and labor standards. We believe our global efforts in 2019 have helped to manage risks relating to human rights and labor standards in our supply chain.

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

Environment & Climate

We recognize the risks that climate change and pressure on environmental resources pose to society and our business, and we strive to manage these risks to our facilities and other assets. We also recognize the risk and potential disruption to our supply chain, where e.g. extreme weather events can impact our suppliers' ability to deliver products to us.

Our Environment and Climate Policy therefore commits us to minimizing waste and emissions, to reuse and recycle materials, to promote renewable energy use, to reduce greenhouse gas emissions, and to conserve energy and water wherever feasible, so that we minimize our impact on the environment and the climate.

In Denmark, we aim to reduce the carbon footprint of our operations by using less energy and less carbon-intensive energy sources. We work continuously to optimize on energy use in good cooperation with our landlord KLP. All bulbs have been changed to LED-bulbs in the office, but also in the public areas of the landlord. All office waste is being sorted within the following categories: Food, plastic and residual waste. We believe these efforts are already resulting in a reduction in our environmental footprint.

In 2019 Medtronic adjusted our standard delivery model by increasing delivery time from 24 to 48 hours to minimize on sub-optimal transportation by grouping deliveries together. We expect this to result in reduced carbon emissions from this activity. In 2019 we also began evaluating the introduction of electric cars into our fleet, and we expect to introduce this evaluation in 2020/21.

For more detail of our global Environment and Climate Policy and results, visit <http://www.medtronic.com/us-en/about/corporate-governance/ehs-policy.html>

Sustainability report

<https://www.medtronic.com/content/dam/medtronic-com/global/Corporate/citizenship/documents/2019-integrated-performance-report.pdf>

The Global sustainability is not ready for distribution upon submission date for the annual report for Medtronic Danmark A/S, which is the reason to link partly to the FY19 report.

Anti-Corruption and bribery

Our company's continued success depends on maintaining relationships of mutual trust with our stakeholders. Trust is hard earned and easily lost. 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.

We have clearly defined global standards for our conduct which cover e.g. discounts, donations, grants, gifts, meetings, services, training, conferences and more. Every employee plays a part in safeguarding our reputation by acting ethically and with integrity. For that reason, all employees in Medtronic including board members are trained on a yearly basis on the code of conduct. These trainings are provided to both internal and external stakeholders to raise awareness of how ethically challenged scenarios should be met and addressed if they arise. All new hires receive the anti-corruption training and customer-facing employees must complete the training every two years. We maintain a whistleblower hotline where employees anonymously can report any non-compliant behavior.

In Denmark, 100% of our employees completed the training in 2019.

The Danish Business Support team won an award for *FY20 Q4 EMEA Legal & Compliance Quarterly Quality Award recognizing outstanding contributions "on the spot" for the outstanding and persistent Compliance performance throughout FY20* best in compliance in EMEA.

We are not aware of any significant breaches to our code of conduct and anti-corruption efforts in our Danish operations in 2019.

For more information on our Global Business Conduct Standards policy, visit:

<https://www.medtronic.com/content/dam/medtronic-com/us-en/corporate/code-of-conduct/code-of-conduct-english.pdf>

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 financial year 2019, we had four AGM-elected Board members, of which 3 are female and one is male. This aligns with the equitable gender distribution defined by the Danish Business Authority. Our target is to regain an equitable gender distribution meaning at least appointing 1 male board member by year 2025.

We also strive for an equitable gender composition at our other management levels, in line with our policy for building a diverse, inclusive and equitable workplace. We continuously build and foster a strong pipeline of female talent in leadership roles through e.g. individual career development programs, internal networks such as the Danish hub of the Medtronic Women's Network, different workplace arrangements that promote equal opportunities and recruitment criteria that ensure equal representation. The Chief Executive of Medtronic Danmark A/S is female.

Globally in 2019, women held 38% of all global leadership positions. In Denmark 47% women are holding managerial positions.

Income Statement 1 May - 30 April

	<u>Note</u>	<u>2019/20</u> TDKK	<u>2018/19</u> TDKK
Revenue	1	602,479	544,571
Cost of sales		-412,684	-329,948
Gross profit/loss		189,795	214,623
Distribution expenses	2	-84,703	-120,492
Administrative expenses	2, 3	-84,400	-76,503
Other operating income	4	-	3,965
Operating profit/loss		20,692	21,593
Financial income	5	104	1,435
Financial expenses	6	-306	-1,411
Profit/loss before tax		20,490	21,617
Tax on profit/loss for the year	7	-12,329	-4,413
Net profit/loss for the year	8	8,161	17,204
Distribution of profit	8		

Balance Sheet 30 April

Assets

	<u>Note</u>	2019/20 TDKK	2018/19 TDKK
Intellectual property rights	9	-	90
Intangible assets		<u>-</u>	<u>90</u>
Other fixtures and fittings, tools and equipment	10	4,819	6,304
Property, plant and equipment		<u>4,819</u>	<u>6,304</u>
Fixed assets		<u>4,819</u>	<u>6,394</u>
Trade receivables		63,439	77,389
Receivables from group enterprises		16,630	22,022
Other receivables		180	250
Deferred tax asset	11	-	767
Prepayments	12	3,546	1,733
Receivables		<u>83,795</u>	<u>102,161</u>
Cash at bank and in hand		<u>177,464</u>	<u>159,431</u>
Current assets		<u>261,259</u>	<u>261,592</u>
Assets		<u>266,078</u>	<u>267,986</u>

Balance Sheet 30 April

Liabilities and equity

	Note	2019/20 TDKK	2018/19 TDKK
Share capital	13	501	501
Retained earnings		101,360	128,199
Equity		101,861	128,700
Other provisions	14	4,508	4,659
Deferred tax liability	11	62	-
Long-term compensation		10,371	-
Long-term debt		10,433	-
Trade payables		4,856	3,797
Payables to group enterprises		90,428	64,405
Deferred income	15	3,666	1,306
Corporation tax		2,664	8,204
Other payables		47,662	56,915
Short-term debt		149,276	134,627
Debt		164,217	139,286
Liabilities and equity		266,078	267,986
Contingent assets, liabilities and other financial obligations	16		
Related parties and ownership	17		
Consolidated Financial Statements	18		
Subsequent events	19		

Statement of Changes in Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	TDKK	TDKK	TDKK
Equity at 1 May 2019	501	128,199	128,700
Dividend distribution	-	-35,000	-35,000
Net profit/loss for the year	-	8,161	8,161
Equity at 30 April 2020	<u>501</u>	<u>101,360</u>	<u>101,861</u>

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

Based on a Board of directors' decision dated 25 October 2019, dividends at the amount of DKK 35,000,000 were distributed by Medtronic Danmark A/S.

Notes to the Annual Report

	2019/20	2018/19
	TDKK	TDKK
1 Revenue		
Sales	602,479	544,571
	602,479	544,571

Sales are predominantly performed in the territory of Denmark

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

	TDKK	TDKK
Cardiac and Vascular Group	118,284	120,690
Minimally Invasive Therapies Group	219,458	188,858
Restorative Therapies Group	125,744	117,910
Diabetes	138,993	117,113
	602,479	544,571

	TDKK	TDKK
2 Staff		
Wages and salaries	149,026	145,378
Pensions	11,563	10,813
Other social security expenses	960	1,207
Restructuring expenses	-	4,466
	161,549	161,864

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

	TDKK	TDKK
Distribution expenses	106,685	109,140
Administrative expenses	54,864	52,724
	161,549	161,864
Average number of employees	209	189

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

Notes to the Annual Report

3 Audit fees

	2019/20	2018/19
	TDKK	TDKK
The following fees were expensed in the Income Statement:		
Audit of the Financial Statements	243	248
Other Non-audit Services	30	30
	<u>273</u>	<u>278</u>

4 Other operating income

	TDKK	TDKK
Sale of business	-	3,965
	<u>-</u>	<u>3,965</u>

5 Financial income

	TDKK	TDKK
Intercompany financial income	-	347
Other financial income	104	1,088
	<u>104</u>	<u>1,435</u>

6 Financial expenses

	TDKK	TDKK
Intercompany financial expenses	82	576
Other financial expenses	224	835
	<u>306</u>	<u>1,411</u>

Notes to the Annual Report

7 Tax on profit/loss for the year

	2019/20 TDKK	2018/19 TDKK
Current tax for the year	4,660	5,000
Deferred tax for the year	709	938
Adjustment of deferred tax of previous years	120	-677
Adjustment of tax concerning previous years	6,840	-848
	<u>12,329</u>	<u>4,413</u>

8 Distribution of profit

	TDKK	TDKK
Proposed distribution of profit		
Retained earnings	8,161	17,204
	<u>8,161</u>	<u>17,204</u>

9 Intangible assets

	Intellectual property rights
	<u>TDKK</u>
Cost at 1 May 2019	595
Additions for the year	-
Disposals for the year	-
Cost at 30 April 2020	<u>595</u>
Impairment losses and amortization at 1 May 2019	505
Amortization for the year	90
Impairment losses and amortizations at 30 April 2020	<u>595</u>
Carrying amount at 30 April 2020	<u>-</u>

Notes to the Annual Report

Amortization and impairment of intangible assets are recognised in the following items:

	2019/20	2018/19
	TDKK	TDKK
Administrative expenses	90	89
	<u>90</u>	<u>89</u>

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 May 2019	13,048
Additions for the year	188
Disposals for the year	-4
Cost at 30 April 2020	<u>13,232</u>
Impairment losses and depreciation at 1 May 2019	6,744
Depreciation for the year	1,669
Impairment and depreciation of sold assets for the year	-
Impairment losses and depreciation at 30 April 2020	<u>8,413</u>
Carrying amount at 30 April 2020	<u>4,819</u>
Depreciated over	3-7 years

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

	2019/20	2018/19
	TDKK	TDKK
Administrative expenses	1,699	2,241
	<u>1,699</u>	<u>2,241</u>

Notes to the Annual Report

11 Deferred tax asset/liability

	2019/20 TDKK	2018/19 TDKK
Intangible assets	-	1
Property, plant and equipment	-499	-471
Other payables	561	-297
Transferred to deferred tax asset/(liability)	-62	767
	<u>-</u>	<u>-</u>
Deferred tax asset		
Calculated tax asset/(liability)	-62	767
Carrying amount	<u>-62</u>	<u>767</u>

12 Prepayments

	TDKK	TDKK
Prepaid rent	2,191	870
Vendor downpayments	34	10
Other	1,321	853
	<u>3,546</u>	<u>1,733</u>

13 Equity

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

14 Other provisions

	TDKK	TDKK
Right of return	1,170	1,374
Reestablishment cost	3,281	3,281
Lease obligation	57	4
	<u>4,508</u>	<u>4,659</u>

Notes to the Annual Report

15 Deferred income

	2019/20 TDKK	2018/19 TDKK
Accruals	3,666	1,306
	<u>3,666</u>	<u>1,306</u>

16 Contingent assets, liabilities and other financial obligations

Rental agreements and leases

	TDKK	TDKK
Lease obligations under operating leases, Total future lease payments:		
Within 1 year	5,590	6,490
Between 1 and 5 years	6,851	6,016
	<u>12,441</u>	<u>12,506</u>

17 Related parties and ownership

Basis

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 (appointed 7 May 2019)

Birgitte Galuzick Broe

Member of the Board of Directors

Mette-Marie Sonne Harild

Member of the Board of Directors

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

Notes to the Annual Report

18 Consolidated Financial statements

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

Medtronic PLC
Lower Hatch Street 20
2 Dublin
Ireland

19 Subsequent events

The COVID-19 pandemic continuously have a material importance to the company's financial position after the balance sheet date. Medtronic is working closely with the hospitals on how to get back on track with all elective procedures as well on how to optimize the current capacity.

The employees of Medtronic Danmark A/S are continuously working from home.

On September 1st, 2020 the CEO of Medtronic Plc Geoff Martha announced the future strategy of Medtronic Plc. The strategy leads to a global restructuring with the value before taxes of approx. 400.000/450.000K USD. The restructuring is expected to be finalized by the end of 2022.

The new structure is expected to give Medtronic Plc an expected annual saving of 450.000K/475.000K USD by 2023.

At this moment of time, the Danish leadership team does not know the full impact of the Danish organization.

Accounting Policies

Basis of Preparation

The Annual Report of Medtronic Danmark A/S for 2019/20 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 2019/20 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.

Prepayments

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

Accounting Policies

Deferred tax assets and liabilities

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

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

Current tax receivables and liabilities

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

Provisions

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

Financial debts

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