

# Medtronic

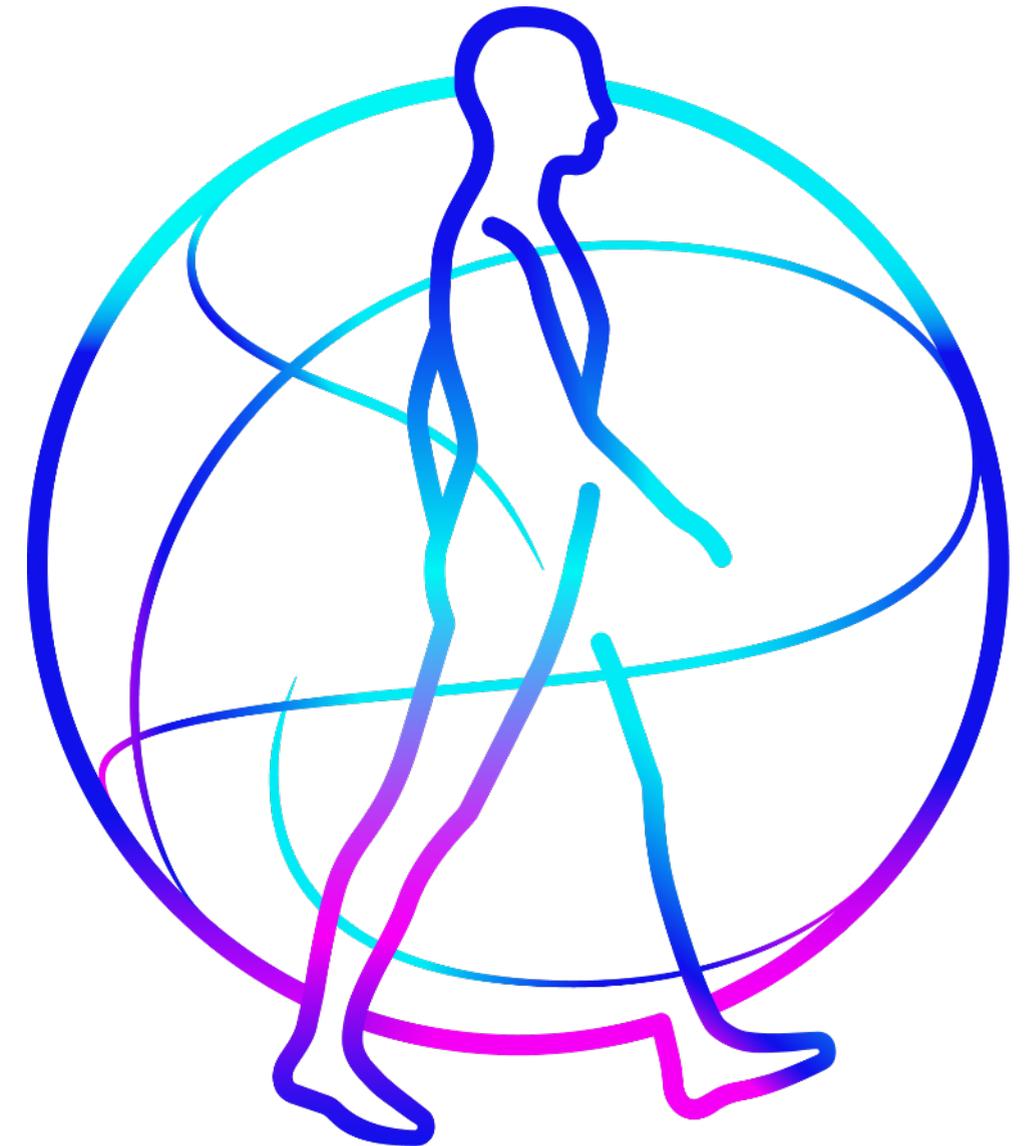
Engineering the extraordinary

# 44<sup>th</sup> Annual Raymond James Institutional Investors Conference

Orlando • March 2023

Ryan Weispfenning, Vice President, Head of Investor Relations  
[ryan.weispfenning@medtronic.com](mailto:ryan.weispfenning@medtronic.com)

Greg Hertz, Sr. Director, Investor Relations  
[greg.b.hertz@medtronic.com](mailto:greg.b.hertz@medtronic.com)



# Forward-looking statements, non-GAAP financial measures, and comparisons

## Forward-looking statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties, including risks related to competitive factors, difficulties and delays inherent in the development, manufacturing, marketing and sale of medical products, government regulation and general economic conditions and other risks and uncertainties described in the company's periodic reports on file with the U.S. Securities and Exchange Commission including the most recent Annual Report on Form 10-K of the company, as filed with the U.S. Securities and Exchange Commission. Actual results may differ materially from anticipated results. Medtronic does not undertake to update its forward-looking statements or any of the information contained in this presentation, including to reflect future events or circumstances.

## Non-GAAP financial measures

Certain information in this presentation includes calculations or figures that have been prepared internally and have not been reviewed or audited by our independent registered public accounting firm. Use of different methods for preparing, calculating or presenting information may lead to differences and such differences may be material. This presentation contains financial measures and guidance which are considered "non-GAAP" financial measures under applicable SEC rules and regulations. Medtronic management believes that non-GAAP financial measures provide information useful to investors in understanding the company's underlying operational performance and trends and to facilitate comparisons with the performance of other companies in the MedTech industry. Non-GAAP financial measures should be considered supplemental to and not a substitute for financial information prepared in accordance with U.S. generally accepted accounting principles (GAAP), and investors are cautioned that Medtronic may calculate non-GAAP financial measures in a way that is different from other companies. Management strongly encourages investors to review the company's consolidated financial statements and publicly filed reports in their entirety. All GAAP to non-GAAP reconciliations are provided on our [website](#).

Medtronic calculates forward-looking non-GAAP financial measures based on internal forecasts that omit certain amounts that would be included in GAAP financial measures. For instance, forward-looking organic revenue growth guidance excludes the impact of foreign currency fluctuations, as well as significant acquisitions or divestitures. Forward-looking diluted non-GAAP EPS guidance also excludes other potential charges or gains that would be recorded as Non-GAAP Adjustments to earnings during the fiscal year. Medtronic does not attempt to provide reconciliations of forward-looking non-GAAP EPS guidance to projected GAAP EPS guidance because the combined impact and timing of recognition of these potential charges or gains is inherently uncertain and difficult to predict and is unavailable without unreasonable efforts. In addition, the company believes such reconciliations would imply a degree of precision and certainty that could be confusing to investors. Such items could have a substantial impact on GAAP measures of financial performance.

## Financial comparisons

References to results increasing, decreasing, or remaining flat are in comparison to the same period in the prior fiscal year. References to organic revenue growth exclude the impact of significant acquisitions or divestitures and currency. Unless stated otherwise, quarterly and annual rates and ranges are given on an organic basis. Unless stated otherwise, all references to share gains or losses are as of the most recently completed calendar quarter, on a revenue basis, and in comparison to the same period in the prior year.

## Unapproved devices

The following presentation includes discussion of devices that are not cleared or approved in the United States or the European Union. The safety and effectiveness of these devices have not been established and features and performance of future technologies may vary. Information provided during this presentation may also include products that may not be available or distributed in regions or countries outside the U.S. or E.U. Access to these products are contingent upon regulatory approval or clearance. Approval or clearance timelines are subject to the regulatory process of individual countries and regions and are not guaranteed.

# Urgently forging the path to durable growth

Moving with resolve to drive execution and create shareholder value



## **Aggressive transformation underway; proof points emerging**

Have enacted massive changes to our op model, incentives, and culture which are showing good early results, but masked by recent acute product availability headwinds



## **Improving operational health; making scale and synergies count**

Implementing enterprise-wide operations, supply chain, & quality changes to get at the issues that have held us back; driving synergies to realize scale advantages in operations, technology, and sales to large customers



## **Exercising decisive capital allocation and portfolio management**

Devoting more capital to high growth opportunities; divesting non-core assets to achieve faster durable growth



## **Focusing on large, higher growth opportunities in profitable markets**

Mid-single digit organic revenue growth target driven by strong positions in many large, fast-growth MedTech markets, with a durable base of profitable, cash generating businesses



## **Committed to delivering durable and profitable growth**

Encouraged by recent progress on revenue growth; headwinds from inflation and currency, and to a lesser extent interest and tax, are expected to reduce our earnings power in FY24; working to partially mitigate through significant cost reductions

# Q3 FY23 highlights & financial summary

## Key Messages

### Healthy rebound in revenue growth

Delivered top and bottom line ahead of expectations; continue to urgently forge path to durable growth with building proof points of our progress demonstrated in Q3

### Broad strength in multiple portfolios and operating units; headwinds abating

Cardiovascular and Neuroscience portfolios had strong, high-single digit growth benefitting from product launches and continued strength in our established, market-leading Cardiac Rhythm Management and Spine franchises

Revenue growth also benefitting from some abating headwinds: specifically, ventilator sales and product availability in businesses like Surgical Innovation and Cardiac Diagnostics

### Transformation underway; starting to translate to financial performance

Aggressive transformation is underway: streamlining the company, enhancing our culture, improving capital allocation and portfolio management, and upgrading our global manufacturing operations and supply chain capabilities

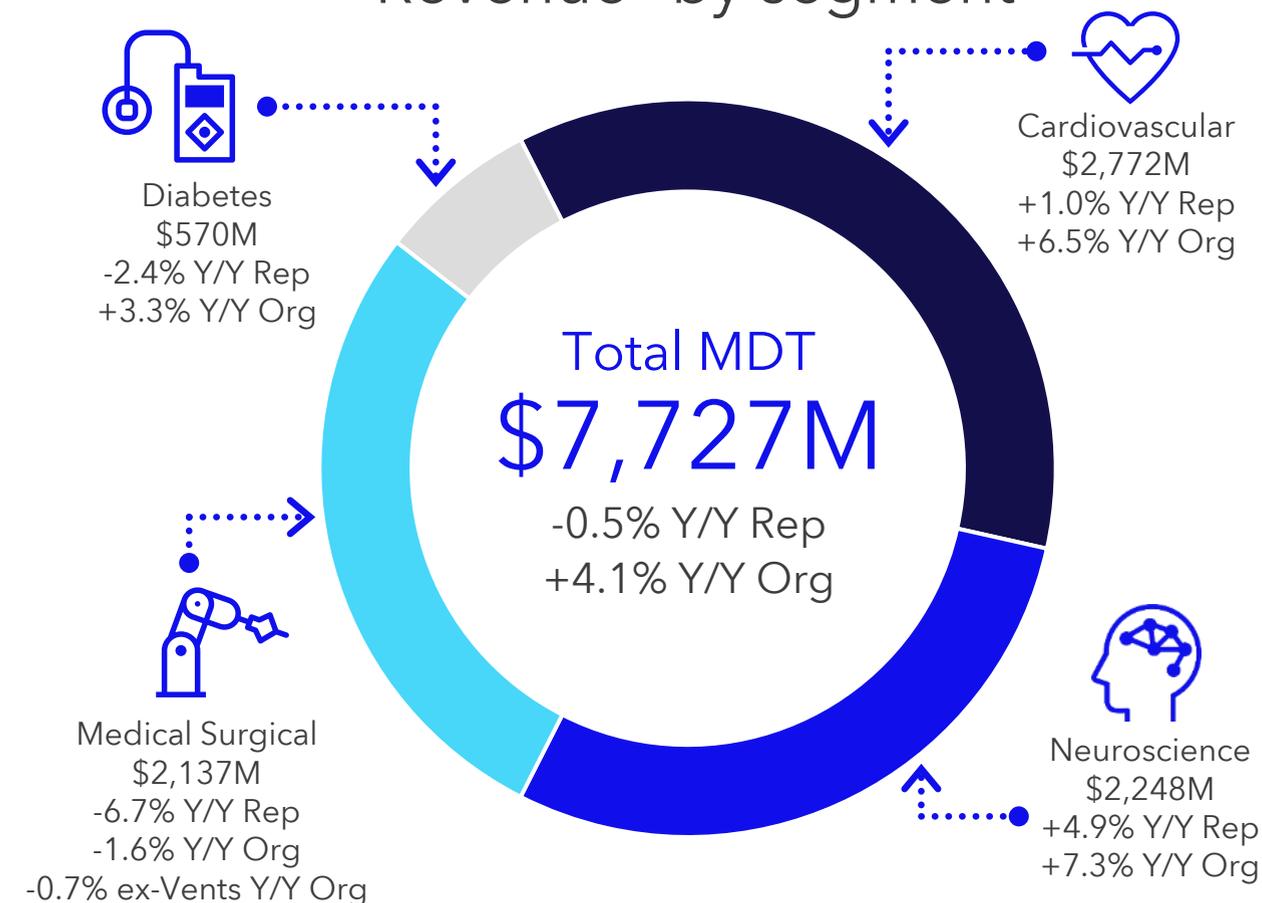
### Expect organic revenue growth acceleration despite near-term headwinds

Macro headwinds continue to impact profitability and cash flow; making progress on our plans for aggressive cost reductions. Q4 guidance: organic growth<sup>2</sup> +4.5 to 5.0% and EPS \$1.55-1.57

### Confidence in path to deliver durable growth and shareholder value

Remain focused on delivering our pipeline, decisively allocating capital, improving our operational health, and streamlining the company

## Revenue<sup>1</sup> by segment



|             | GAAP   | Non-GAAP | Cash flow from operations YTD   |
|-------------|--------|----------|---------------------------------|
| Diluted EPS | \$0.92 | \$1.30   | \$3.6B                          |
| Y/Y %       | -16%   | -4%      | Free cash flow <sup>3</sup> YTD |
| CC Y/Y %    | N/A    | +1%      | \$2.5B                          |

1) Data has been intentionally rounded to the nearest million and, therefore, may not sum.

2) Figures represent comparison to Q4 FY22 on an organic basis.

3) Operating cash flows less property, plant, and equipment additions.

4) Medtronic Investor Handout | March 2023

# Aggressive transformation underway; addressing root causes

Reducing complexity, enhancing capabilities, and improving capital allocation

## Root Cause

## Decisive Action

## Expected Benefits

Structure & culture

### Reduce complexity and enhance culture

- ✓ Eliminated Group and Region structures
- ✓ Empowered business leaders with P&L responsibility
- ✓ Added new, external leaders in multiple businesses & functions
- ✓ Implemented new performance-based incentive system

## Durable revenue

- Consistent execution
- Supply chain resiliency
- Higher WAMGR

Market selection

### Improve capital allocation

- ✓ Capital Allocation Committee ensuring prioritized investments
- ✓ Announced Renal Care Solutions joint venture and Patient Monitoring + Respiratory Interventions separation
- ✓ Expanding into high-growth markets; Intersect ENT and Affera acquisitions

## Profitable growth

- Realize benefits of Scale

Quality & operations challenges

### Enhance capabilities

- ✓ Deployed Design for Reliability and Manufacturability (DRM) enterprise-wide
- ✓ Centralized global operations and brought in industry leading talent
- ✓ Employing integrated business planning to improve supply chain mgmt
- ✓ Implementing new IT systems and digitization to drive efficiencies

## Drive shareholder value

# Attracting and re-deploying top talent to drive change

Bringing outside-in thinking, new skills and capabilities, and diverse perspectives to our already talented leadership team

## Operations & Quality



**Greg Smith**  
EVP, Global Operations & Supply Chain  
Previous: Walmart & Goodyear



**Scott Cundy**  
SVP, Chief Quality Officer  
Previous: Danaher, Medtronic



**Ken Verhulst**  
SVP, Global Manufacturing  
Previous: Keurig Dr. Pepper, GE, Ingersoll Rand



**Valerie Finarty**  
VP, Ops Transformation  
Previous: GE Healthcare, Hill-Rom

## Businesses



**Harry "Skip" Kiil**  
President, Cranial & Spinal Technologies  
Previous: Smith & Nephew, NuVasive



**Mike Marinaro**  
President, Surgical Robotics  
Previous: Medtronic - Cardiac Rhythm Management



**Que Dallara**  
EVP, President of Diabetes  
Previous: CEO of Honeywell Connected Enterprise



**Dr. Kweli Thompson**  
President, Cardiac Rhythm Management  
Previous: Medtronic - Cardiac Resynchronization and Defib. Solutions

## Functions



**Bob Hopkins**  
Head of Global Strategy  
Previous: Bank of America Merrill Lynch



**Rashmi Kumar**  
SVP, Chief Information Officer  
Previous: Hewlett Packard Enterprise, McKesson



**Mei Jiang**  
Head of Global Digital Innovation  
Previous: Iron Mountain, HP, Cisco



**Gary Corona**  
SVP, Global Financial Planning and Analysis  
Previous: General Mills

# Turning our scale into an advantage

Continuous improvement mindset geared toward leveraging scale and long-term competitive advantages

Leveraging our scale in  
3 key areas

**Global Operations &  
Supply Chain**

**Technology  
development**

**Sales to healthcare  
systems**

**Build critical  
capabilities  
at scale**

- ✓ Consolidation - 9 supply chain and 4 manufacturing organizations down to 1 each
- ✓ Manufacturing - one best way across all sites with standardized planning & key metric reporting
- ✓ Mold management - strategic program to manage critical manufacturing infrastructure
- ✓ Sterilization - optimizing network, balancing internal/external capacity

**Minimize backorders**

**Realize efficiencies to reinvest in R&D**

**Planning  
systems**

- ✓ Designed & deploying new forecasting with Sales Inventory & Operations Planning (SIOP) capabilities to proactively identify future supplier risks
  - Designing improved manufacturing scheduling capabilities to better manage raw materials supply to improve efficiency and working capital

**Build redundancy**

**Establish transformational capabilities**

**Strategic  
supplier  
management**

- ✓ Strengthening relations and visibility with current suppliers down to Tier 2-3
- ✓ Executing Phase I of supplier consolidation with RFQs including planned investment to ensure aligned incentives across our network
- ✓ Implementing SIOP across suppliers
  - Planning for next phases of supplier consolidation

**Drive competitive advantages**

# Exercising decisive capital allocation

Prioritizing innovation-driven growth investments while delivering consistent dividend returns to shareholders

Investments for Growth

Research & Development

Target **R&D growth at/above revenue growth**

**5% CAGR; +10% in FY22**

| Fiscal Year | R&D Spending (\$B) |
|-------------|--------------------|
| FY18        | \$2.3              |
| FY19        | \$2.3              |
| FY20        | \$2.3              |
| FY21        | \$2.5              |
| FY22        | \$2.7              |

Smart M&A

Focus on **tuck-in M&A** with heightened focus on market selection

**9** Acquisitions since FY21

**>\$3.3B** in total consideration since FY21

Left-heart access portfolio

Minority investments, strategic partnerships, and incubators add to traditional investment

Blackstone

\$950M+

invested as of Q3 FY23

80+

companies

Return to Shareholders

Dividend & Share Repurchase

Target **minimum of 50% of Free Cash Flow** returned to shareholders annually; **prioritizing dividends**

FY22

\$5.5B

Net share repurchases & dividends

92%

of Free Cash Flow

**45 Years** of dividend increases  
Raised **8%** in May 2022

Member of  
**S&P 500 Dividend Aristocrats**

\$3.7B

shares repurchased since FY21

# Ongoing portfolio management to drive durable growth in attractive markets

Cadence of moves to streamline the company and prioritize our investments where we can benefit from our scale

**Additions:**  
Tuck-ins with heightened attention to market selection

**Subtractions:**  
Streamlining businesses

=

**Higher growth with added scale benefits**



**Early proof point:**  
Cardiac Ablation Solutions

Using additions to create scale in high-growth market



Arctic Front™  
Cryoblation



DiamondTemp™  
RF catheter



PulseSelect™  
PFA catheter



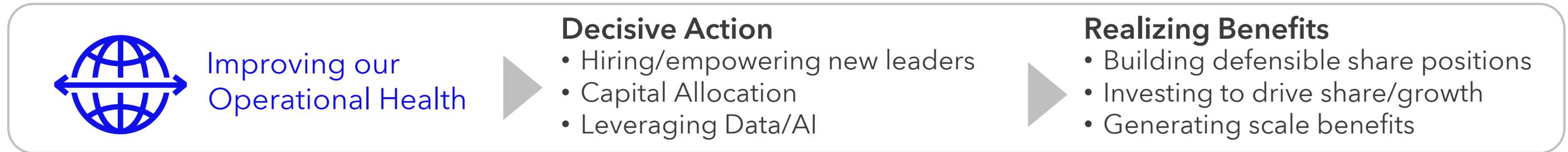
ACUTUS  
MEDICAL  
Left-heart  
access portfolio



AFFERA  
Mapping  
and Ablation System

# Proof points: seeing early impact of transformation in key businesses

## Two case studies with Neurovascular and CST



### Reduce complexity

### Enhanced capabilities and capital allocation

### Outcome



- Full P&L responsibility to accelerate key decisions
- Standardized US sales team on single commercial platform; global expansion underway

- Revised incentives to promote portfolio breadth & elevate impact of new products
- Launched Medtronic Neurovascular Co-Lab™; accelerate timing for novel therapies
- Leveraging cross-MDT capabilities and data to monetize pre/post hospital adjacencies

- Entering new high-growth intrasaccular device product category with Artisse™
- Increasingly positioned to defend global share leveraging our scale

**HSD growth YTD with strength across hemorrhagic and ischemic**



- Combined Core Spine & Biologics with Neurosurgery into single business
- Created newly integrated commercial structure

- Hired new leader from outside Medtronic
- Sustained critical R&D and M&A activities:
  - Navigation and robotic workflow
  - Added data/AI capabilities from Medicrea acquisition

- Realizing commercial and technology synergies from Aible™ spinal surgical suite
- Accelerating adoption of MIS technologies
- Establishing new digital business models

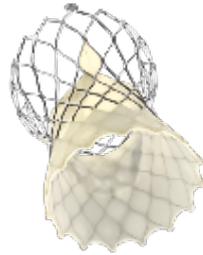
**MSD growth benefitting from continued strength in U.S. core spine**

# Several key growth drivers through FY24

Continued advancements and disruptions to fuel long-term growth and share gain/recapture across our Portfolios

## Cardiovascular

**Evolut™ FX**  
TAVR System  
FMR in U.S. now  
underway



**Aurora™** Extravascular  
ICD CE Mark received in  
Feb'2023; filed for FDA  
approval in Q1'FY23

**PulseSelect™**  
Pulse Field Ablation (PFA)  
pivotal data at ACC'23



**Affera™ Mapping and  
Ablation System**  
PFA with Map/Nav;  
Sphere-9™ catheter IDE  
enrollment completed

**Symplcity Spyral™ \***  
for hypertension under  
FDA review



## Medical Surgical



**Hugo™ RAS System**  
US IDE enrollment and  
geography/indication  
expansion

**LigaSure™  
XP Maryland Jaw  
Sealer/Divider;**  
received 510K  
approval Q3'FY23

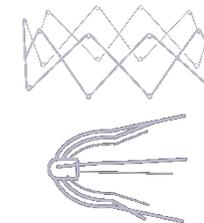
**Sonicision™ 7mm  
Ultrasonic Curved Jaw**  
Expansion continues  
with full clinical  
releases in U.S. & ANZ

## Neuroscience

**Aible™**  
Market-leading ecosystem of  
enabling technology with  
best-in-class spinal implants



**Propel™ &  
Sinuva™ Sinus  
Implants**  
Organic growth  
starts in May



**Percept™ PC &  
SenSight™ Lead System**  
Driving new U.S. implant  
growth



**Inceptiv™ SCS**  
Closed Loop (ECAPS);  
submitted late 2021 for  
FDA approval

## Diabetes

**Completed 100%** of warning  
letter commitments



**Extended**  
infusion set and  
reservoir; global  
rollout

**MiniMed™ 780G  
system** International  
expansion continues;  
remains in active  
review with U.S. FDA.



**Simplera™  
CGM Sensor**  
(standalone) submitted  
for approval: CE Mark  
Q1'FY23 & FDA Q4'FY23



# Q4 outlook and FY24 preliminary thoughts (as provided on Feb. 21, 2023; FX updated Mar. 6, 2023)

Revenue headwinds are starting to moderate; macro headwinds pressuring EPS through FY24



Raised FY23 revenue and EPS guidance

**Revenue**

+4.5 to 5.0% organic growth      ~\$225M to \$275M FX headwind<sup>1</sup>      \$8.17B to \$8.26B reported<sup>2</sup>

**Non-GAAP diluted EPS**

\$1.55 - \$1.57      FX: ~\$0.09 headwind<sup>1</sup>

- Encouraged by recent progress on revenue growth
- Macro factors expected to create significant EPS headwinds:
  - FX headwind of ~\$0.33 or 6.2% headwind to EPS growth<sup>1</sup>
  - Inflation pressures represent MSD impact to COGS
  - Higher net interest and tax rate
  - Investment in R&D to fuel innovation driven growth
- Working to partially mitigate EPS headwinds through significant expense reduction

EPS guidance does not include any charges or gains that would be reported as non-GAAP earnings adjustments during the fiscal year.  
 1) While FX rates are fluid, assumptions above are based on rates as of the beginning of March 2023  
 2) Reported includes revenue from the acquisition of Intersect ENT and a partial quarter of revenue from Renal Care Solutions



# On the path to durable organic revenue growth

Focusing on large, higher growth opportunities in profitable markets

**Secular, fast growth markets accretive to corporate average**

- Structural Heart
- Neurovascular
- Diabetes
- Cardiac Ablation Solutions
- Surgical Robotics

Combining leading therapy innovation with Data, AI and Customer Solutions to establish defensible competitive advantages in attractive surgery and chronic disease markets

**Largest durable growth businesses**  
*50% of MDT in FY22*

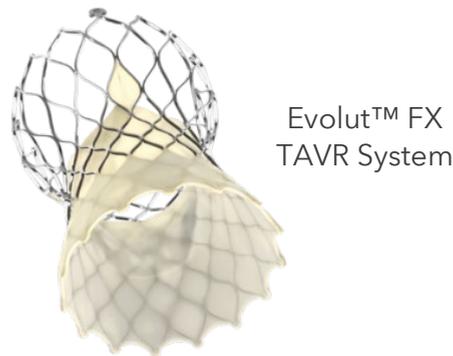
- Cardiac Rhythm Management
- Cranial & Spinal Technologies (CST) and ENT
- Surgical Innovations

# Meaningful positions in secular, fast-growth MedTech markets

 Accelerate innovation-driven growth

- **Investing disproportionately in high growth markets** to capture share and expand therapies
- **Leveraging AI and data analytics** to complement and build out our offerings
- **Creating defensible ecosystems** leveraging commercial scale, portfolio breadth and technology

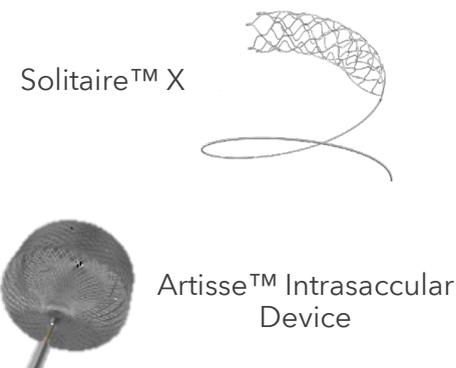
## Structural Heart



Evolut™ FX TAVR System

Evolut™ FX in full U.S. market release; combines established industry leading **durability** with improved **deliverability**. Targeting underpenetrated, long-term growth driver for TAVR, Tricuspid and Mitral repair.

## Neurovascular



Solitaire™ X

Artisse™ Intracranial Device

Continued HSD growth in **underpenetrated growth markets** treating acute ischemic stroke and hemorrhagic stroke fueled by innovation.

## Diabetes



MiniMed™ 780G system\*

Extended infusion set

Simplera™ CGM sensor

Consistent **mid-teens International growth in attractive DD growth market** driven by 780G in OUS markets. Completed 100% of Warning Letter commitments; remain in active review for 780G/G4S with FDA.

\*MiniMed™ 780G is available OUS and is currently under review with the FDA

## Cardiac Ablation Solutions



Pulsed Field Ablation for atrial fibrillation

Affera™ Mapping and Ablation System

**Elevating competitive position in a HSD growth market** with addition of Affera mapping system, Sphere-9™ focal mapping and PF/RF ablation catheter; on path to be among 1<sup>st</sup> PFA single-shot catheters in the U.S. with PulseSelect™.

## Surgical Robotics



Hugo™ RAS System & Touch Surgery™ Enterprise

**Expanding geographies and specialty indications.** EXPAND URO U.S. clinical trial began December 2022 and continues to progress as planned. **Multi-billion market growing mid-teens.**

# Strong, established leadership positions in largest businesses

## New innovation driving advantages in durable growth businesses

### Cardiac Rhythm Management

- Winning share with Micra™ family of leadless pacemakers, conduction system pacing in the transvenous space, and TYRX™ absorbable antibacterial envelopes
- Received CE Mark for Aurora™ EV-ICD in H2 FY23 and anticipate FDA approval for H1 CY23
- Expect ICD replacement headwinds to subside



Micra™



TYRX™



Cobalt™ ICDs & CRT-Ds

### Cranial & Spinal Technologies

#### ENT

- Winning share (ex-VBP): CST grew 5%, U.S. Core Spine grew in the low double-digits in FQ3
- Expect continued strong growth driven by Aible™ enabling tech ecosystem and pull thru of best-in-class implants & biologics
- ENT and CST benefitting from shared platforms to provide differentiated and synergistic offerings



Aible™ Spinal Surgical Suite



StealthStation FlexENT™ & Integrated Power Console

### Surgical Innovations

- Largely resolved acute supply chain challenges impacting last 3 quarters
  - Benefited from share recapture in Energy in Q3 due to increased product availability
  - Supply keeping pace with demand
- Outlook remains solid driven by continued innovation and shift to minimally invasive surgery



Signia Powered Stapling



LigaSure™ Maryland

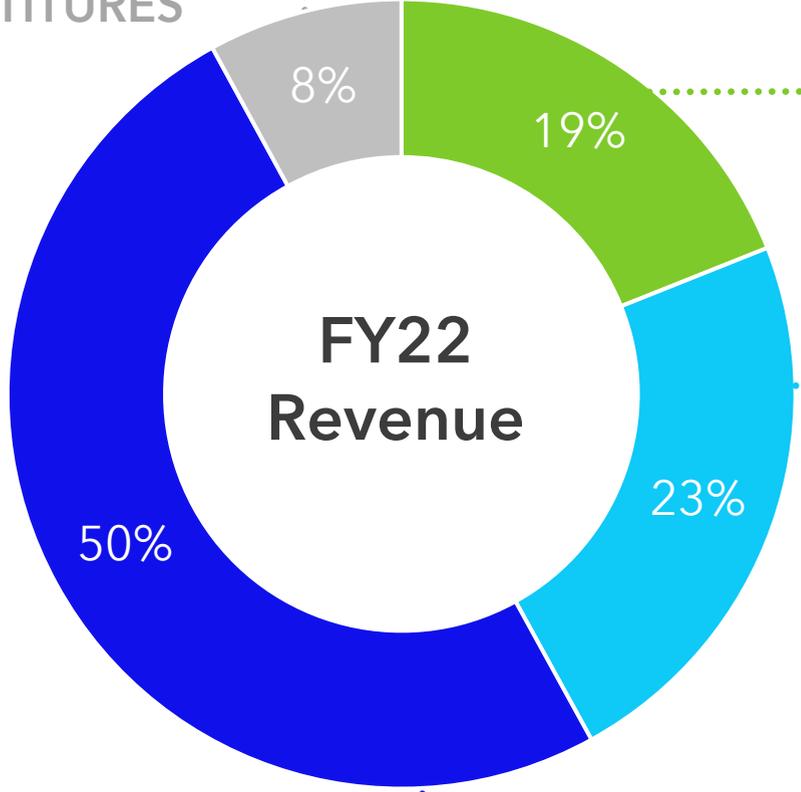


Sonicision™ 7mm curved jaw

# Combined portfolio is increasingly well-positioned to deliver growth

Confidence to deliver long-term mid-single digit organic revenue growth in-line with end markets

ANNOUNCED  
DIVESTITURES



**HIGHEST GROWTH**

**SYNERGISTIC**

**ESTABLISHED MARKET LEADERS**

**Pre-COVID MDT Growth**

**Market Outlook**

**Share Position**

10%+  
*Average*

HSD+  
*Average*

#1-3  
*Most 1-2 position*

3-4%  
*Average*

MSD  
*Range: LSD to LDD*

#1-2  
*#1 in majority*

3-4%  
*Average*

3-4%  
*Average*

#1-2  
*Current position*

# Environmental, social & governance

## Long-range objectives & targets



For more information,  
visit [Medtronic.com](https://www.medtronic.com)

2021 ESG Investor Briefing

2022 Integrated  
Performance Report

2022 Global Inclusion,  
Diversity & Equity Report



### Patient Safety & Product Quality

10%

Reduction in aggregate  
product complaint rate  
for identified product  
families by FY25 vs. FY20

### Access & Innovation

20%

MDT revenue from products  
and therapies released in  
the prior 36 months by FY25

85M

Patients served annually  
by FY25

### Inclusion, Diversity & Equity

45%

Global management  
positions held by  
women by FY26

30%

U.S. management  
positions held by  
ethnically diverse talent  
by FY26

### Climate Stewardship

50%

Reduction in greenhouse  
gas omission intensity by  
FY25

50%

Sourced energy from  
renewable and  
alternative sources by  
FY25

Carbon  
Neutral

In our operations by FY30

Net Zero  
Emissions

By 2045

### Product Stewardship

25%

Reduction in packaging  
waste for targeted high-  
volume products by FY25  
vs. FY21

35%

Reduction in paper  
associated with  
Instructions for Use (IFUs)  
by FY27 vs. FY21

# Environmental, social & governance

## Leading in engagement, citizenship and innovation



#10 in Diversity Top 50, #4 for Mentorship, #5 for Supplier Diversity, #11 for Environmental, Social, & Governance, #13 for Sponsorship



#12 Worlds Best Workplaces™



In Australia, Greater China, Spain, and 20 other countries



100% Corporate Equality Index Human Rights Campaign - Best Places to Work for LGBTQ+ in South America - Medtronic Chile

Member of  
**Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA

DJSI World Index for 2 consecutive years  
DJSI North American Index for 15 consecutive years



In the U.K., Egypt, South Africa, and 6 other countries



Medtronic PRIDE Network Winner - ERG of the Year



2022® Best Places to Work™ – 100% Score



Medtronic received 5-star awards across all four pillars – Employment, Philanthropy, Procurement, and Governance – one of only two companies to do so in 2022



Placed 41<sup>st</sup> on 2022 100 Best Corporate Citizens for 6 consecutive years

Named one of America's 2022  
**Best Employers for Veterans**  
by Forbes

America's Best Employers for Veterans 2022



Best Places to Work 2022



Named one of America's Most JUST Companies by JUST Capital



2022 India's Best Workplaces for Women Medtronic Engineering and Innovation Centre in Hyderabad



Named 2021 U.S. Best Overall IR in Large Cap & Best IR in Healthcare

To learn more, visit our [awards](#) page

# Urgently forging the path to durable growth



- Assembling a **sustainable growth engine**, as we undertake an **aggressive transformation agenda** to reduce complexity, enhance capabilities, and improve capital allocation
- **Accelerating revenue growth** as we overcome our near-term headwinds; several pipeline catalysts are now here
- Working to turn our **scale into an advantage**
- Expecting to drive **improved execution** and **create shareholder value** over long-term as we deliver on our operating initiatives and growth drivers

# GAAP to non-GAAP reconciliations

## MEDTRONIC PLC GAAP TO NON-GAAP RECONCILIATIONS<sup>(1)</sup> (Unaudited)

| Three months ended January 27, 2023     |                 |                       |                      |                  |                          |                            |                                      |                |                    |
|-----------------------------------------|-----------------|-----------------------|----------------------|------------------|--------------------------|----------------------------|--------------------------------------|----------------|--------------------|
| (in millions, except per share data)    | Net Sales       | Cost of Products Sold | Gross Margin Percent | Operating Profit | Operating Profit Percent | Income Before Income Taxes | Net Income Attributable to Medtronic | Diluted EPS    | Effective Tax Rate |
| <b>GAAP</b>                             | \$ 7,727        | \$ 2,689              | 65.2 %               | \$ 1,392         | 18.0 %                   | \$ 1,375                   | \$ 1,222                             | \$ 0.92        | 10.6 %             |
| Non-GAAP Adjustments:                   |                 |                       |                      |                  |                          |                            |                                      |                |                    |
| Restructuring and associated costs (2)  | —               | (26)                  | 0.3                  | 104              | 1.3                      | 104                        | 83                                   | 0.06           | 20.2               |
| Acquisition-related items (3)           | —               | (7)                   | 0.1                  | 24               | 0.3                      | 24                         | 20                                   | 0.02           | 16.7               |
| (Gain)/loss on minority investments (4) | —               | —                     | —                    | —                | —                        | (8)                        | (8)                                  | (0.01)         | —                  |
| Medical device regulations (5)          | —               | (23)                  | 0.3                  | 37               | 0.5                      | 37                         | 31                                   | 0.02           | 18.9               |
| Amortization of intangible assets       | —               | —                     | —                    | 431              | 5.6                      | 431                        | 367                                  | 0.28           | 15.1               |
| RCS impairments / costs (6)             | —               | (2)                   | —                    | 10               | 0.1                      | 10                         | 9                                    | 0.01           | 10.0               |
| Certain tax adjustments, net            | —               | —                     | —                    | —                | —                        | —                          | 3                                    | —              | —                  |
| <b>Non-GAAP</b>                         | <u>\$ 7,727</u> | <u>\$ 2,630</u>       | <u>66.0 %</u>        | <u>\$ 1,998</u>  | <u>25.9 %</u>            | <u>\$ 1,973</u>            | <u>\$ 1,727</u>                      | <u>\$ 1.30</u> | <u>12.1 %</u>      |
| Currency impact                         | 379             | 55                    | 0.9                  | 129              | 0.3                      | —                          | —                                    | 0.08           | —                  |
| <b>Currency Adjusted</b>                | <u>\$ 8,106</u> | <u>\$ 2,685</u>       | <u>66.9 %</u>        | <u>\$ 2,127</u>  | <u>26.2 %</u>            | —                          | —                                    | <u>\$ 1.38</u> | —                  |

| Three months ended January 28, 2022     |                 |                       |                      |                  |                          |                            |                                      |                |                    |
|-----------------------------------------|-----------------|-----------------------|----------------------|------------------|--------------------------|----------------------------|--------------------------------------|----------------|--------------------|
| (in millions, except per share data)    | Net Sales       | Cost of Products Sold | Gross Margin Percent | Operating Profit | Operating Profit Percent | Income Before Income Taxes | Net Income Attributable to Medtronic | Diluted EPS    | Effective Tax Rate |
| <b>GAAP</b>                             | \$ 7,763        | \$ 2,459              | 68.3 %               | \$ 1,659         | 21.4 %                   | \$ 1,589                   | \$ 1,480                             | \$ 1.10        | 6.7 %              |
| Non-GAAP Adjustments:                   |                 |                       |                      |                  |                          |                            |                                      |                |                    |
| Restructuring and associated costs (2)  | —               | (27)                  | 0.3                  | 78               | 1.0                      | 78                         | 63                                   | 0.05           | 19.2               |
| Acquisition-related items (3)           | —               | (4)                   | 0.1                  | (60)             | (0.8)                    | (60)                       | (61)                                 | (0.04)         | —                  |
| Certain litigation charges              | —               | —                     | —                    | 35               | 0.5                      | 35                         | 27                                   | 0.02           | 25.7               |
| (Gain)/loss on minority investments (4) | —               | —                     | —                    | —                | —                        | 2                          | 3                                    | —              | (50.0)             |
| Medical device regulations (5)          | —               | (13)                  | 0.2                  | 25               | 0.3                      | 25                         | 20                                   | 0.01           | 20.0               |
| Amortization of intangible assets       | —               | —                     | —                    | 432              | 5.6                      | 432                        | 365                                  | 0.27           | 15.5               |
| Certain tax adjustments, net (7)        | —               | —                     | —                    | —                | —                        | —                          | (59)                                 | (0.04)         | —                  |
| <b>Non-GAAP</b>                         | <u>\$ 7,763</u> | <u>\$ 2,415</u>       | <u>68.9 %</u>        | <u>\$ 2,170</u>  | <u>28.0 %</u>            | <u>\$ 2,101</u>            | <u>\$ 1,838</u>                      | <u>\$ 1.36</u> | <u>12.4 %</u>      |

See description of non-GAAP financial measures contained in the press release dated February 21, 2023.

- The data in this schedule has been intentionally rounded to the nearest million or \$0.01 for EPS figures, and, therefore, may not sum. Starting with the quarter ended April 29, 2022, the Company will no longer adjust non-GAAP financial measures for certain license payments for, or acquisitions of, technology not approved by regulators due to recent industry guidance from the U.S. Securities and Exchange Commission. Historical non-GAAP financial measures presented in our earnings release have been recast for comparability.
- Associated costs include costs incurred as a direct result of the restructuring program, such as salaries for employees supporting the program and consulting expenses.
- The charges primarily include business combination costs and changes in fair value of contingent consideration.
- We exclude unrealized and realized gains and losses on our minority investments as we do not believe that these components of income or expense have a direct correlation to our ongoing or future business operations.
- The charges represent incremental costs of complying with the new European Union (E.U.) medical device regulations for previously registered products and primarily include charges for contractors supporting the project and other direct third-party expenses. We consider these costs to be duplicative of previously incurred costs and/or one-time costs, which are limited to a specific time period.
- Associated costs as a result of the anticipated sale of half of the Company's Renal Care Solutions (RCS) business related to the May 25, 2022 agreement with DaVita Inc.
- The tax benefit primarily relates to the deferred tax impact associated with a step up in tax basis for Swiss Cantonal purposes which is partially offset by the amortization on previously established deferred tax assets from intercompany intellectual property transactions.

## MEDTRONIC PLC GAAP TO NON-GAAP RECONCILIATIONS<sup>(1)</sup> (Unaudited)

| (in millions)                                    | Nine months ended January 27, 2023 | Nine months ended January 28, 2022 |
|--------------------------------------------------|------------------------------------|------------------------------------|
| <b>Net cash provided by operating activities</b> | \$ 3,579                           | \$ 5,289                           |
| Additions to property, plant, and equipment      | (1,081)                            | (979)                              |
| <b>Free Cash Flow (2)</b>                        | <u>\$ 2,498</u>                    | <u>\$ 4,310</u>                    |

See description of non-GAAP financial measures contained in the press release dated February 21, 2023.

- The data in this schedule has been intentionally rounded to the nearest million, and, therefore, may not sum.
- Free cash flow represents operating cash flows less property, plant, and equipment additions.