



Geoff Martha

Chairman & CEO

August 26, 2024

As we celebrate Medtronic's 75th anniversary and honor our legacy of breakthrough innovation, we are looking ahead with excitement and determination. It's an incredible time to be at the nexus of healthcare and technology – and even with our long legacy of advancements, we're *just getting started*. We're experiencing a time of exponential change – and the possibilities for revolutionizing healthcare through cutting-edge technology and novel partnerships are limitless. The future holds immense potential, and Medtronic is uniquely positioned to continue making a profound impact in healthcare and for society.

Propelling healthcare into a bold, new era

Since its founding, Medtronic has introduced a steady stream of groundbreaking innovation that has revolutionized patient care worldwide. Leveraging our engineering expertise and deep understanding of the human body, we continuously create and enhance new approaches to care. In 1957, we invented the world's first battery-powered, portable pacemaker, and have never stopped innovating – and disrupting – that therapy. Today, Medtronic is leading the way in the global adoption of leadless pacing.

Our legacy of invention and market creation endures, evident throughout our diverse portfolio. You see it in Pulsed Field Ablation (PFA), where we're at one of those moments in MedTech where new technologies are causing a rapid shift in the treatment of disease. You see it in significant advancements in battery technologies, sensing capabilities and enhanced connectivity across many devices. We are applying these developments to address a multitude of clinical conditions, from managing diabetes where closed-loop technology is almost mimicking a human pancreas to managing debilitating neurological disorders like Parkinson's where technology captures valuable data and insights to individualize therapy. Our first closed-loop spinal cord stimulator is transforming the way we treat chronic pain by automatically sensing and adjusting stimulation, 50 times a second, 24/7, with no required interaction from the patient. Sensing and closed-loop technology is becoming foundational. It is reinvigorating markets, and we have a clear lead.

Medtronic is also using technology to address conditions that were historically only managed by medicines. For example, hypertension affects more than 1 billion people globally. In the U.S. alone, only 1 in 4 adults have their hypertension under control despite numerous classes of pharmaceuticals. Breakthrough therapies like our Symplicity™ blood pressure procedure, which received FDA approval in FY24, have a meaningful role to play in augmenting traditional approaches.

Technology is bridging gaps in care

In an era where the healthcare industry is rapidly evolving, the demand for quality care is outpacing the available workforce. This makes the need for reliable, scalable technology solutions that enhance the efficiency of procedures more critical than ever. Medtronic's legacy and continuous innovation provide the stability and pioneering technology that healthcare providers rely on. Our advantage lies in integrating technology with our expansive suite of services to meet the complex demands of modern medicine and people around the globe.

Technology is a pivotal ally in bridging healthcare gaps. It is the path forward to solving today's healthcare challenges. An aging population, a global shortfall in healthcare professionals, and rapidly rising healthcare costs create a perfect storm, underscoring the urgent need for more innovative and efficient solutions. A study published in *The Lancet*¹ estimates that by 2030, the global shortage of health workers could reach 10 million, exacerbated by factors such as migration, burnout, and inadequate training, with disproportionate impacts in developing nations. Medtronic is at the forefront of leveraging technology to democratize quality healthcare, working toward the goal of ensuring that advanced care can reach all corners of the globe, regardless of local staffing constraints or socioeconomic status. Technology will never replace people, but it is a critical enabler to bridge the ever-widening gaps.

In India - and everywhere - challenges and solutions abound

Let me give you an example. In the spring, I visited a world-class hospital in India, overwhelmed by the sheer number of patients and their families. It was a chaotic scene with people everywhere – picture an enormous hall, densely packed with people, desperately waiting for care: a familiar sight to anyone who is in the healthcare field these days. Hospital executives explained they see this same scene every day – the magnitude of need far outweighs their capacity, even at this state-of-the-art institution with more resources than most. It's a simple matter of numbers: too many patients, too few doctors.

But on another floor at that same hospital was a long corridor of cancer screening suites, each equipped with AI from our GI Genius™ intelligent endoscopy module to augment traditional colon cancer screenings. Staffing the suites were young clinicians with only a few years of training. The AI at their fingertips served as another set of eyes trained to find the most minuscule, hard-to-detect polyps – particularly difficult to see when you're an exhausted doctor, on a double shift, who has read dozens of scans that day.

Leaning on this new technology, these new docs were able to deliver similar outcomes for their patients as the world's leading GI doctors, and as a result, one of the world's most treatable cancers is being caught earlier for many more people. The technology is leveling the playing field in Endoscopy and elsewhere. For example, the AI-powered "driver assist" technology for surgical robots that we are developing guides doctors through procedures, similar to the colonoscopy tech. And, in more complicated surgeries, AI will help the physicians make the right decisions every step of the way, and each plan is customized for that individual patient. This approach can democratize high quality surgery – high quality healthcare – for people all over the world.

¹ The Lancet: Prioritising the health and care workforce shortage: protect, invest, together; [https://doi.org/10.1016/S2214-109X\(23\)00224-3](https://doi.org/10.1016/S2214-109X(23)00224-3)

The transformative power of technology in healthcare is revolutionizing access to medical services, making it more equitable than ever before. Imagine patients in remote or underserved areas receiving expert consultations and continuous care right from their homes, thanks to telemedicine and mobile health apps. This innovation is a game-changer, especially in regions where healthcare professionals are few and far between. Medtronic's dedication to integrating these cutting-edge technologies embodies our vision of a world where everyone, no matter where they live, can access the healthcare they deserve.

Going beyond devices to deliver patient-centric solutions and ecosystems of care

The MedTech industry is evolving from a focus on individual devices to comprehensive solutions: a shift that's truly impacting patient outcomes and enhancing clinicians' experiences. For example, in our spine business, by integrating best-in-class implants and biologics with advanced technologies like robotics, navigation, and AI, we are delivering personalized patient outcomes and supporting care teams globally. The winning combination of our core products, enabling technologies and unique intelligence is evident in our AiBLE™ ecosystem, where we're changing the competitive dynamics in the market by delivering a complete experience that is being embraced by surgeons to improve patient care.

And in diabetes, we're creating a comprehensive portfolio of therapy options that redefines the experience for patients who need intensive insulin management. As the market shifts towards Automated Insulin Delivery and Smart Dosing, our strategy is driving growth and empowering patients. By enhancing our system and developing new technologies – like pumps, pens, patches, CGM, and algorithms – we're offering a range of options tailored to patients' unique needs. This isn't just about managing diabetes; it's about creating an experience that meets patients where they are and enables them to live a fuller life.

Reimagining partnerships as an industry leader

The integration of devices and equipment – where all components are connected and communicative with feedback loops to improve procedures and therapies – is becoming apparent in some of our businesses today, and it will become the standard over time. This model leverages the network effect, where the value of a product or service increases as more people use it.

In today's competitive landscape, Medtronic is uniquely positioned to thrive. With our robust balance sheet, expansive network, and established trust within the industry, we are equipped to lead and expand these integrated platforms, enhancing access and improving care. Non-traditional partnerships – with technology companies, software developers, even competitors – are crucial to unlocking solutions that meaningfully meet demand at scale.

Consider our partnership with NVIDIA and Cosmo Pharmaceuticals, which has integrated NVIDIA's healthcare and edge AI technologies into the GI Genius™ intelligent endoscopy module. This platform has been opened to third-party, start-up companies, who can develop, train, and validate their own AI applications and then distribute them on GI Genius™. These start-ups gain access to our global customer base, and they leverage the connectivity that we've established within the health system.

As we move to the future, Medtronic's established success and commitment to innovation position us to drive creative partnerships that collectively advance integrated healthcare solutions.

Paving the way with new products, infrastructure improvements, and durable growth

Medtronic has pioneered the MedTech industry for the last 75 years and we're uniquely positioned to do it again. It's in our DNA. In fact, in FY24, we achieved significant innovation across our four portfolios, with ~130 product approvals and early milestones in key markets. We're primed for growth in attractive markets, including atrial fibrillation, structural heart, robotics, neuromodulation, hypertension, and diabetes.

Our advancements across product development, manufacturing, technology, and operations have positioned us for sustained revenue growth. We reported \$32.4 billion in FY24 revenue, with 5.2% organic revenue growth, non-GAAP diluted EPS of \$5.20, and free cash flow of \$5.2 billion that increased 14%. We boosted our investment in R&D, and we returned \$5.5 billion to shareholders through dividends and share repurchases, maintaining our commitment to return at least 50% of free cash flow. This year marks our 47th consecutive dividend increase, with 30% growth over the past 5 years and 130% over the past decade. Building on these results, we are confident in our ability to channel our significant strengths to deliver for customers, patients, and shareholders.

Building on our legacy to revolutionize healthcare for the future

As we push the boundaries of what's possible, our focus remains unwavering: to contribute to human welfare through the application of medical technology. As the world's healthcare technology leader, every innovation we create enables better outcomes for patients, while also bringing us closer to a future where high-quality healthcare is accessible to all, not just a privileged few. The possibilities ahead are boundless, and I am thrilled by the potential that awaits us. Medtronic is not just adapting; we are leading the charge into a bold new era. As we deliver on this promise, we will create significant value for our shareholders, and amplify our impact on society.

Steadfast as ever, our enduring Mission – to alleviate pain, restore health, and extend life – guides us into our 76th year and well into the future. Together, we are pioneering the future, where our technologies will continue to revolutionize healthcare and improve lives everywhere.

Sincerely,

A handwritten signature in black ink, reading "Geoff A Martha". The signature is written in a cursive style with a long horizontal line extending to the right.

Geoff Martha
Chairman & CEO

Reconciliation of Non-GAAP Financial Measures

The Shareholder Letter set forth in this Annual Report includes financial measures that are not prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). Management believes that such non-GAAP financial measures provide useful information to investors regarding the underlying business trends and performance of Medtronic's ongoing operations. Investors should consider non-GAAP measures set forth in the Shareholder Letter to be in addition to, and not a substitute for, financial performance measures prepared in accordance with U.S. GAAP. In addition, such non-GAAP financial measures may not be the same as, or similar to, measures presented by other companies. Reconciliations of the non-GAAP financial measures referenced in the Shareholder Letter to the most directly comparable GAAP financial measures are included in the following financial schedules.

MEDTRONIC PLC
WORLD WIDE REVENUE ⁽¹⁾
(Unaudited)

(in millions)	Fiscal Year 2024	Fiscal Year 2023	Growth
Total reported revenue	\$ 32,364	\$ 31,227	3.6 %
Organic adjustments ⁽²⁾	(154)	(623)	1.6
Organic revenue ⁽²⁾	\$ 32,210	\$ 30,604	5.2 %

(1) The data in this schedule has been intentionally rounded to the nearest million and, therefore, may not sum.

(2) Organic revenue represents fiscal year 2024 revenue in comparison to fiscal year 2023 revenue at constant currencies and adjusted for significant acquisitions, divestitures, and a one-time payment in fiscal year 2023 relating to an intellectual property agreement. The currency impact to revenue measures the change in revenue between current and prior year periods using constant exchange rates.

MEDTRONIC PLC
GAAP TO NON-GAAP RECONCILIATIONS ⁽¹⁾

(Unaudited)

(in millions, except per share data)

Fiscal Year 2024

(in millions, except per share data)	Fiscal Year 2024	
GAAP Diluted EPS	\$	2.76
Non-GAAP Adjustments:		
Amortization of intangible assets		1.08
Restructuring and associated costs ⁽²⁾		0.24
Acquisition and divestiture-related items ⁽³⁾		0.50
Certain litigation charges, net		0.09
(Gain)/loss on minority investments ⁽⁴⁾		0.23
Medical device regulations ⁽⁵⁾		0.07
Certain tax adjustments, net ⁽⁶⁾		0.22
Non-GAAP Diluted EPS	\$	5.20

- (1) The data in this schedule has been intentionally rounded to the nearest million or \$0.01 for EPS figures, and, therefore, may not sum.
- (2) Associated costs include costs incurred as a direct result of the restructuring program, such as salaries for employees supporting the program, consulting expenses, and asset write-offs.
- (3) The charges predominantly include \$439 million of charges related to the February 20, 2024 decision to exit the Company's ventilator product line, which primarily includes long-lived intangible asset impairments and inventory write-downs. In addition, other charges primarily consist of changes in fair value of contingent consideration and associated costs related to the previously contemplated separation of the Patient Monitoring & Respiratory Interventions businesses.
- (4) 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.
- (5) The charges represent incremental costs of complying with the new European Union 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.
- (6) The net charge primarily relates to an income tax reserve adjustment associated with the June 2023, Israeli Central-Lod District Court decision and the establishment of a valuation allowance against certain net operating losses which were partially offset by a benefit from the change in a Swiss Cantonal tax rate associated with previously established deferred tax assets from intercompany intellectual property transactions and the step up in tax basis for Swiss Cantonal purposes.

MEDTRONIC PLC
GAAP TO NON-GAAP RECONCILIATIONS ⁽¹⁾
(Unaudited)

(in millions)	Fiscal year 2024		Fiscal year 2023	
Net cash provided by operating activities	\$	6,787	\$	6,039
Additions to property, plant, and equipment		(1,587)		(1,459)
Free Cash Flow ⁽²⁾	\$	5,200	\$	4,580

(1) The data in this schedule has been intentionally rounded to the nearest million, and, therefore, may not sum.

(2) Free cash flow represents operating cash flows less property, plant and equipment additions.