

# BOFA GLOBAL HEALTHCARE CONFERENCE 2021

September 15-17, 2021

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**Medtronic**

# 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 med tech industry. 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 material acquisitions or divestitures. Forward-looking diluted non-GAAP EPS projections exclude 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, we believe 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. GAAP to non-GAAP reconciliations can be found attached.

## **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.

# MEDTRONIC: ACCELERATING REVENUE GROWTH

## INDUSTRY LEADING PIPELINE COMING TO FRUITION

### ROBUST PIPELINE

- Best pipeline in company's history, launching now and waves to come
- Going on the offensive and winning share in an increasing number of businesses
- Creating and disrupting big markets with significant growth potential
- Putting the Tech in MedTech

### NEW OPERATING MODEL & ENHANCING CULTURE

- Empowering operating units to simplify the organization, accelerate decision making, and improve commercial execution
- Leveraging enterprise scale: technology platforms, strategic customer relationships, and operations
- Upgrading culture; being bold and competitive on top of mission
- ESG efforts grounded in our mission; goal of carbon neutral in operations by end of the decade

### DOUBLE DIGIT SHAREHOLDER RETURNS

- 5%+ annual organic revenue growth; 8%+ EPS growth target over long range
- Significant free cash flow conversion and strong balance sheet enables reinvestment in organic R&D, tuck-in M&A, venture investments, and strategic partnerships
- 44 consecutive years of dividend increases



# THE WORLD'S LEADING MEDICAL TECHNOLOGY COMPANY

WITH A MISSION TO ALLEVIATE PAIN, RESTORE HEALTH AND EXTEND LIFE

**72**  
MILLION+  
LIVES IMPROVED  
IN FY21

OPERATE IN  
**150+**  
COUNTRIES

**\$2.5B**

R&D SPEND  
IN FY21

**\$475M+**

CLINICAL INVESTMENTS  
IN FY21

**300+**

CLINICAL TRIALS  
IN FY21

**49,000+**

PATENTS  
IN OUR PORTFOLIO

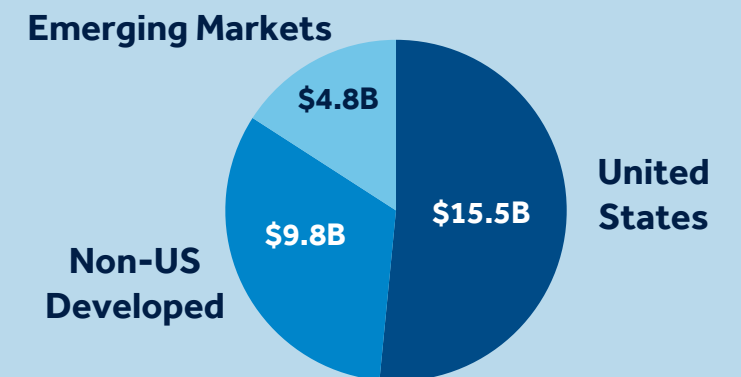
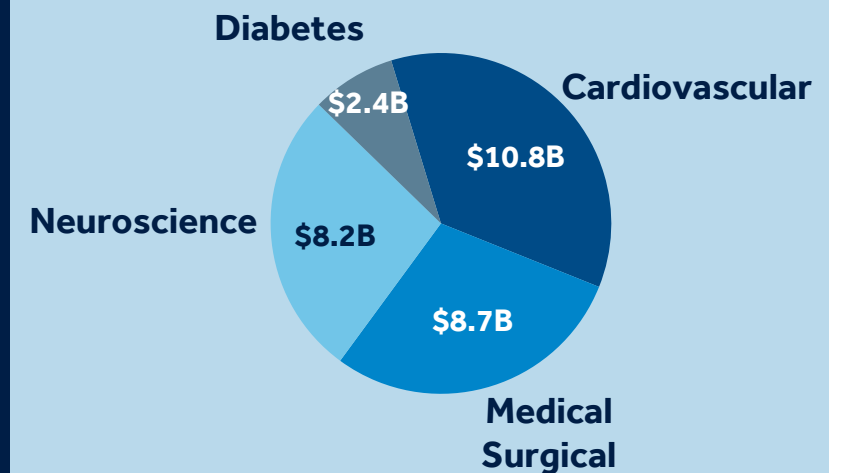
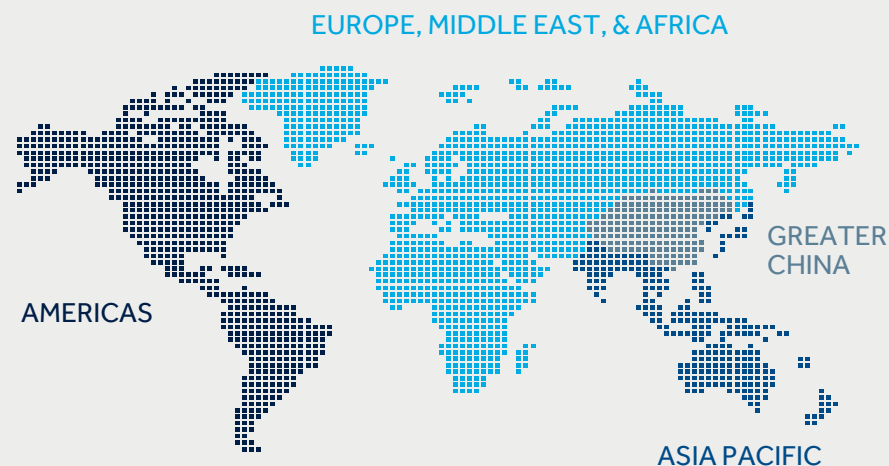
**90,000**  
EMPLOYEES

**11,200+**  
CLINICAL PROFESSIONALS  
SCIENTISTS  
ENGINEERS

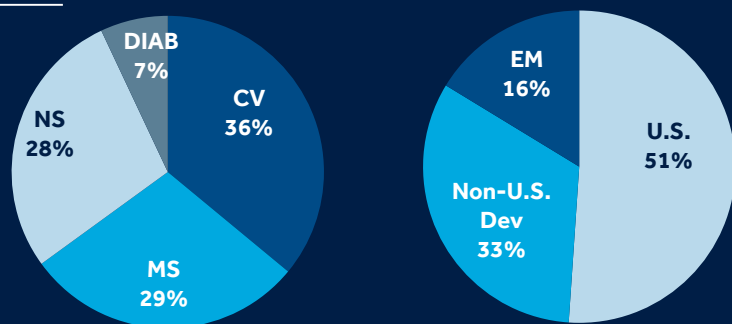
**\$30.1**  
**BILLION**

FY21  
TOTAL  
REVENUE

## OUR GLOBAL PRESENCE



### Revenue:



|                  | Revenue \$M <sup>1</sup> | As Rep Y/Y % | Organic <sup>2</sup> Y/Y % |
|------------------|--------------------------|--------------|----------------------------|
| Cardiovascular   | 2,890                    | 18.8         | 14.8                       |
| Medical Surgical | 2,322                    | 28.9         | 24.7                       |
| Neuroscience     | 2,204                    | 28.7         | 26.0                       |
| Diabetes         | 572                      | 1.8          | (2.8)                      |
| <b>Total</b>     | <b>\$7,987</b>           | <b>22.7%</b> | <b>19.0%</b>               |

|              |                |              |              |
|--------------|----------------|--------------|--------------|
| U.S.         | 4,101          | 22.4         | 22.4         |
| Non-U.S. Dev | 2,601          | 19.6         | 11.2         |
| EM           | 1,286          | 31.1         | 24.7         |
| <b>Total</b> | <b>\$7,987</b> | <b>22.7%</b> | <b>19.0%</b> |

### Other Financial Highlights:

|          | Diluted EPS | Y/Y    | CC <sup>3</sup> Y/Y | YTD Cash Flow from Ops          |        |
|----------|-------------|--------|---------------------|---------------------------------|--------|
| GAAP     | \$0.56      | 55.6%  | N/A                 | \$1.3B                          |        |
| Non-GAAP | \$1.41      | 127.4% | 122.6%              | YTD Free Cash Flow <sup>5</sup> | \$0.9B |

- REVENUE:** Grew 19% Y/Y; procedure volumes for most of our businesses at or above pre-pandemic levels despite pockets of COVID resurgence; market share gains across a number of our businesses
  - Cardiovascular:** Grew 15%; led by continued outperformance in CRM, which added over 3 points of share reaching highest market share in over a decade
  - Medical Surgical:** Grew 25%, elective procedures continue to recover; Hugo™ RAS launch underway with initial procedures in select markets
  - Neuroscience:** Grew 26%; above market growth in Spine, Pelvic Health, and Pain Stim
  - Diabetes:** Declined 3%, including approx. 6% negative impact from extra selling week in prior year; OUS strength offset by competitive pressure in the U.S. as we await product approvals
  - Geographies:** U.S. grew low-20s; Western Europe grew low-teens; Emerging markets grew mid-20s led by Latin America, Middle East & Africa, and China
- EPS:** Non-GAAP EPS \$1.41 grew 127% Y/Y

<sup>1</sup> Data has been intentionally rounded to the nearest million and, therefore, may not sum.

<sup>2</sup> Figures represent comparison to Q1 FY21 after adjusting for significant acquisitions or divestitures and currency.

<sup>3</sup> Figures represent comparison to Q1 FY21 on a constant currency basis.

<sup>4</sup> Operating cash flows less property, plant, and equipment additions.

## GUIDANCE & OTHER ASSUMPTIONS GIVEN ON Q1 EARNINGS (AUG. 24, 2021)

| REVENUE                 | FY21 Base | Organic Growth Guidance | FX <sup>1</sup> | Implied Revenue Range |
|-------------------------|-----------|-------------------------|-----------------|-----------------------|
| Q4 Earnings Call        | \$30,117M | 9% +/-                  | \$400 - \$500M  | ~ \$33.2 - \$33.3B    |
| <b>Q1 Earnings Call</b> |           |                         | \$100 - \$200M  | ~ \$32.9 - \$33.1B    |

| EPS                     | FY21 Base | Implied Constant Currency | FX <sup>1</sup> | EPS Guidance           |
|-------------------------|-----------|---------------------------|-----------------|------------------------|
| Q4 Earnings Call        | \$4.44    | 23 - 27%                  | \$0.10 - \$0.15 | <b>\$5.60 - \$5.75</b> |
| <b>Q1 Earnings Call</b> |           | 26 - 27%                  | \$0.05 - \$0.10 | <b>\$5.65 - \$5.75</b> |

**Q2 FY22:** Around 4% organic revenue growth (+6% ex-ventilator sales), includes approx. 150 bps impact from COVID

<sup>1</sup> While FX rates are fluid, assumptions above are based on recent rates.

# **ROBUST PIPELINE WITH SEVERAL 2021 CATALYSTS**

# KEY PRODUCT APPROVALS

LAST 12 MONTHS: OVER 190 PRODUCT APPROVALS IN KEY GEOGRAPHIES<sup>1</sup>

AUGUST 2020

AUGUST 2021

InterStim™  
Micro (U.S.)



Vital Sync™  
remote  
control &  
access (U.S.)



MiniMed™  
770G (U.S.)



Adaptix™ Interbody  
System (U.S.)



Abre™  
Venous  
Stent (U.S.)



NIM® Vital  
Nerve  
Integrity  
Monitor (U.S.)



Cobalt™  
XT (U.S.)



Midas Rex™  
(U.S.)



DiamondTemp™  
Ablation System  
(U.S.)



GI Genius™  
(U.S.)

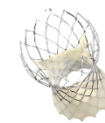


SenSight™  
Directional  
Leads (EU)



Expanded MRI labeling  
for InterStim™  
SureScan™ MRI Leads  
(U.S.)

Evolut™ PRO+  
TAVI System  
(EU)



SonarMed™  
Airway  
Monitoring  
System (U.S.)



Guardian™ 4  
Sensor (EU)



UNiD™ Rods (U.S.)



SenSight™  
Directional  
Leads (U.S.)



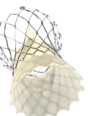
Vanta™ PC  
Spinal Cord  
Stim (U.S.)



First line  
indication for  
Arctic Front™  
(U.S.)



Evolut™ FX  
TAVR System



<sup>1</sup> Includes U.S., EU, Japan, and China

Note: Relative positioning is not intended to signify relative timing.



# INDUSTRY LEADING PIPELINE COMING TO FRUITION

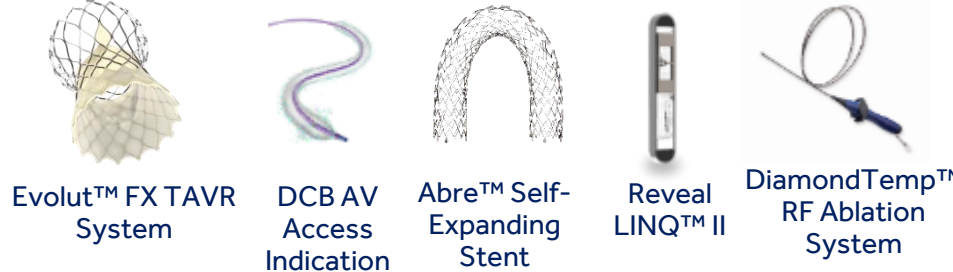
WAVES OF INNOVATION LAUNCHING NOW AND OVER COMING YEARS

## LAUNCHED

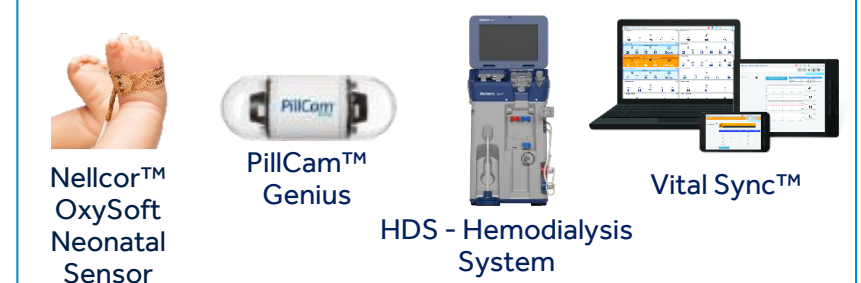
## JUST LAUNCHING / EXPECT IN NEXT FEW QUARTERS

## BEYOND

CARDIOVASCULAR



MEDICAL SURGICAL



NEUROSCIENCE



DIABETES



# GOING ON THE OFFENSIVE & WINNING SHARE IN A NUMBER OF BUSINESSES

## ACCELERATING GROWTH ON STRENGTH OF PIPELINE



- **Accelerating Growth:** Combination of a strong base business, recent product launches, and a robust pipeline
- **Product Launches:** Leveraging pipeline to win share in an increasing number of businesses
- **Embracing the “Medtronic Mindset”:** Acting boldly, competing to win, moving with speed and decisiveness in everything that we do, and getting results the right way

# CREATING & DISRUPTING BIG MARKETS

STRONG PIPELINE AIMED AT SIGNIFICANT GROWTH OPPORTUNITIES

SURGICAL ROBOTICS



Hugo™ Robotic Assisted Surgery (RAS) Platform

RENAL DENERVATION



Symplcity Spyral™ Multi-Electrode Renal Denervation Catheter

CARDIAC ABLATION SOLUTIONS



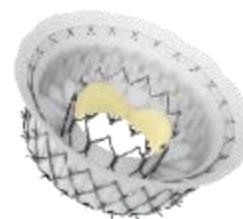
PulseSelect™ Pulsed Field Ablation (PFA) System

PERIPHERAL & ENDOVENOUS



IN.PACT™ AV drug-coated balloon (DCB)

TRANSCATHETER MITRAL & TRICUSPID



Intrepid™ Transcatheter Mitral & Tricuspid Valve Replacement System

GASTRO-INTESTINAL



PillCam™ Genius

MICRA & EV-ICD



Micra™ AV VR

Extravascular ICD (EV-ICD)



- Bringing inventive and disruptive technology to large healthcare opportunities
- Represent new, multi-billion dollar opportunities
- Further accelerate growth

# EMERGING MARKETS: ENHANCES OUR GROWTH PROFILE

SUPPORTED BY MARKET DIVERSIFICATION AND DIFFERENTIATED STRATEGIES

## Significant Growth over Last Decade

**\$1.5B**

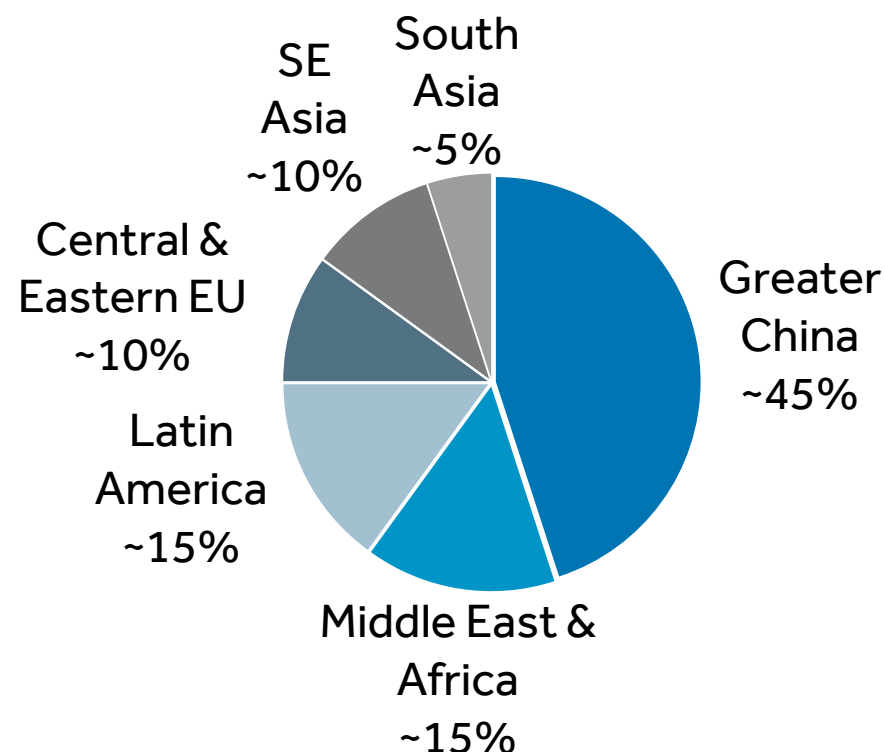
MDT EM Revenue FY10



**\$4.8B**

MDT EM Revenue FY21

## Market Diversification: 16% of FY21 Revenue



## Differentiated Strategies

Channel  
Optimization

+

Functional  
Capabilities

+

Localization

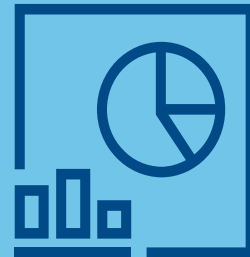
- Enhanced direct presence
- Well-aligned distribution partners
- Regulatory
- Government affairs
- Local manufacturing
- Innovation incubators
- Training centers

# PUTTING THE TECH INTO MEDTECH; TO DRIVE INNOVATION OVER NEXT DECADE

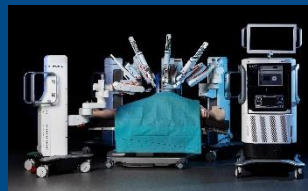
## TRANSFERRING ADVANCES FROM TECH WORLD TO MEDTECH



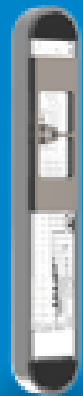
**WAFER SCALE  
MANUFACTURING**



**BIG DATA  
SETS**



**ROBOTICS**



**SENSOR  
TECHNOLOGY**



**MACHINE  
LEARNING**



**ARTIFICIAL  
INTELLIGENCE**

- **Remote Monitoring and Remote Programming:** Added advanced capabilities in cardiac rhythm, diabetes insulin pumps, and ventilators, among others
- **Robotics:** Leading the development of robotics in spine and cranial; preparing to enter soft-tissue
- **Wafer Scale Manufacturing:** Drives new capabilities and product cost reduction
- **Data, AI, & Machine Learning:** Leading this new frontier of MedTech innovation by collecting data, developing personalized algorithms, and implementing solutions that improve outcomes and create better patient and physician experiences



# FINANCIAL MODEL & CAPITAL ALLOCATION

# MEDTRONIC FINANCIAL MODEL

STARTS WITH ACCELERATING REVENUE GROWTH TO 5%+

**5%+**

Annual organic revenue growth

**8%+**

Adjusted EPS growth over Long Range Plan

**>80%**

Cash conversion ratio

**DIVIDEND GROWTH**

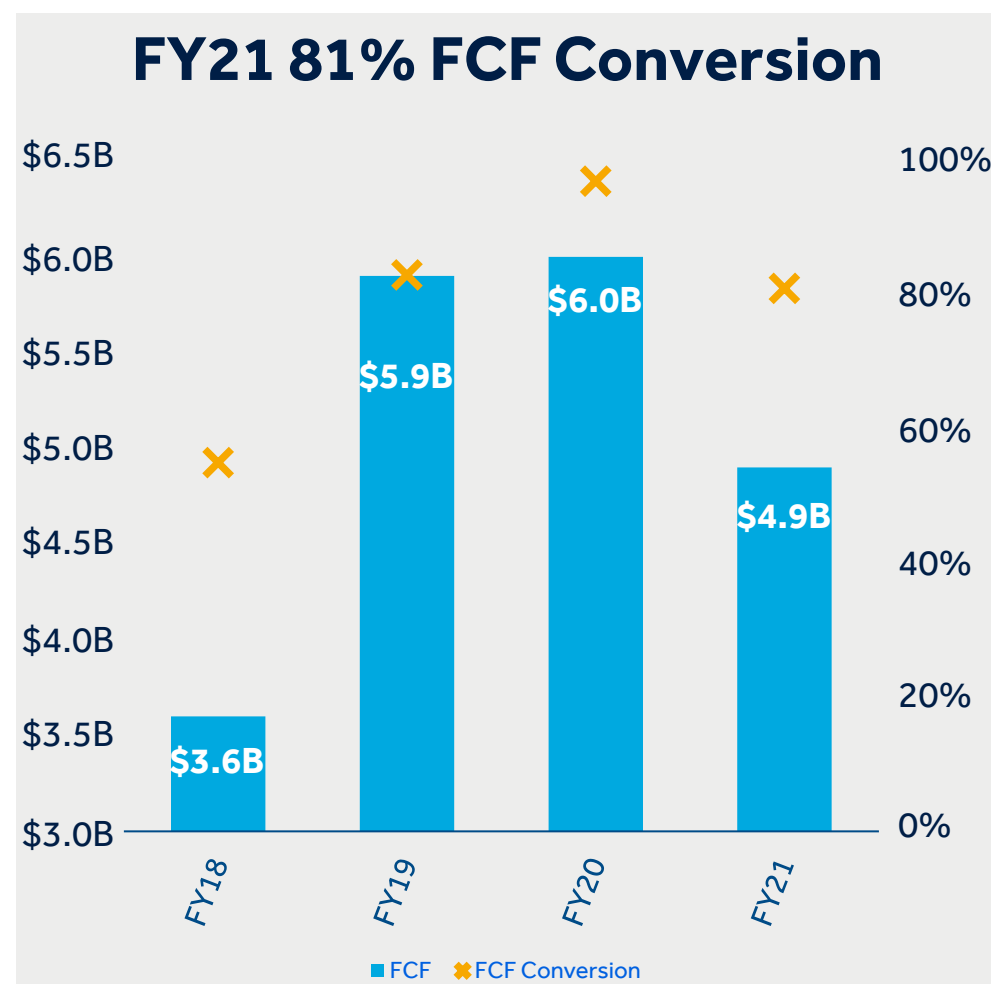
(In-line with earnings)

**COMMITTED TO DOUBLE-DIGIT TOTAL SHAREHOLDER RETURN**

# LONG TERM RETURNS: FREE CASH FLOW

COMMITTED TO DELIVERING STRONG FREE CASH FLOW CONVERSION

## FCF<sup>1</sup> IMPROVEMENTS AHEAD OF SCHEDULE



## SUCCESSFUL EMPLOYEE ENGAGEMENT PROGRAMS DRIVING STRONG CONVERSION

### WORKING CAPITAL

Driving working capital improvement; moving away from consistent use of cash

### ONE-TIME ITEMS

Keen focus on reducing one-time items through diligent tracking & accountability

### TOTAL MDT FOCUS

Leverage strong financial position to support customers while investing for the long term, including CapEx

**Exceeded** 80% Conversion Ratio Target set at beginning of FY19 in FY19, FY20 & FY21

Note:  
Free cash flow is operating cash flow less property, plant equipment additions  
Conversion Ratio = Free Cash Flow divided by Non-GAAP Net Income



# ACTIVE CAPITAL ALLOCATION PROCESS DRIVES GROWTH

## BALANCING INVESTMENT WITH RETURN TO SHAREHOLDERS

- New capital allocation process at enterprise level; CEO, CFO, SVP Strategy, and Portfolio leaders allocate capital to highest growth opportunities.
- Active Portfolio Management implemented to prioritize business objectives.

### INVESTMENT



#### TUCK-IN M&A

Increasing our WAMGR, differentiating our portfolio, and accelerating our time to market



#### VENTURE

Minority investments portfolio to develop and facilitate potential future tuck-in acquisitions



#### STRATEGIC PARTNERSHIPS

Third-party funding to leverage our own R&D investment and accelerate growth

### RETURN TO SHAREHOLDERS

*(MINIMUM 50% OF FCF)*



#### DIVIDEND GROWTH

Committed to growing in line with earnings; raised dividend by 9% in May 2021



#### SHARE REPURCHASES

Deprioritized but will continue to offset dilution

# INVESTING IN THE INNOVATION PIPELINE

## CREATIVE ALLOCATION OF CAPITAL

### ORGANIC R&D INVESTMENT

>\$2.7B

Forecasted organic R&D spend in FY22  
Increase of more than 10% over FY21

### MINORITY INVESTMENTS

40+ | ~\$500M

Companies | Invested

Facilitates Potential Future Tuck-In Acquisitions

### ACCELERATING TUCK-IN M&A

7

Acquisitions announced  
since beginning of FY21

>\$2.3B

In total consideration



### STRATEGIC PARTNERSHIPS

Diabetes:

**Blackstone**

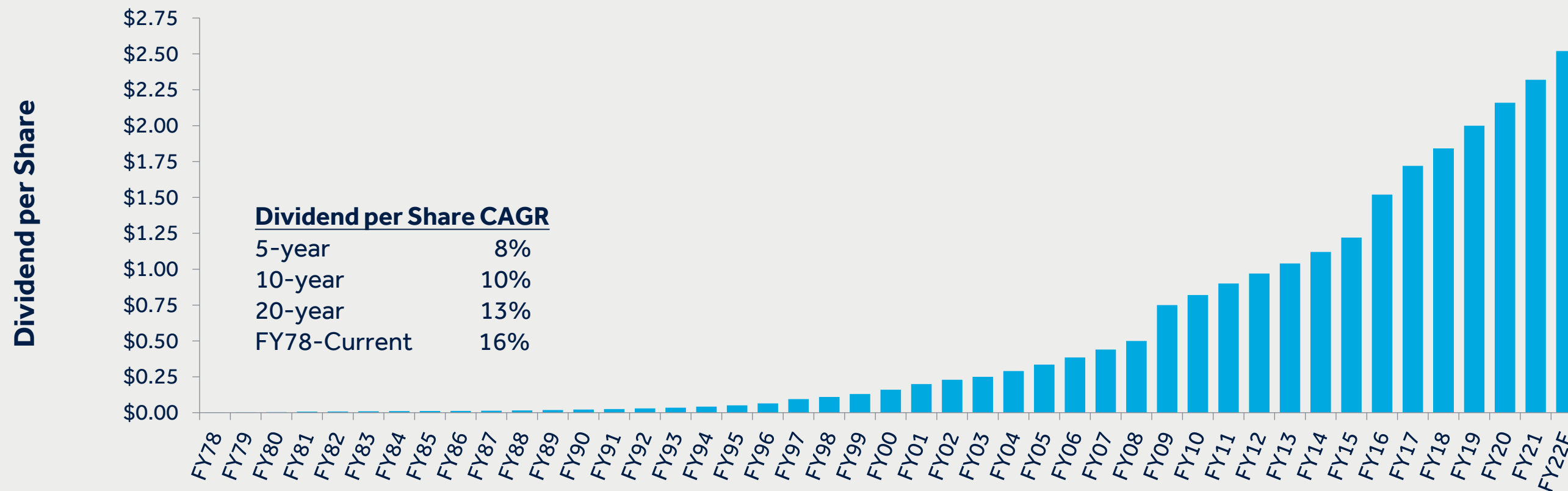
Transcatheter Mitral Repair:

THE  
**FOUNDRY**<sup>®</sup>  
Half Moon Medical

# 44 YEARS OF INCREASING DIVIDEND

DIVIDEND EXPECTED TO GROW IN-LINE WITH EARNINGS GROWTH

## 16% Dividend per Share CAGR over 44 Year History

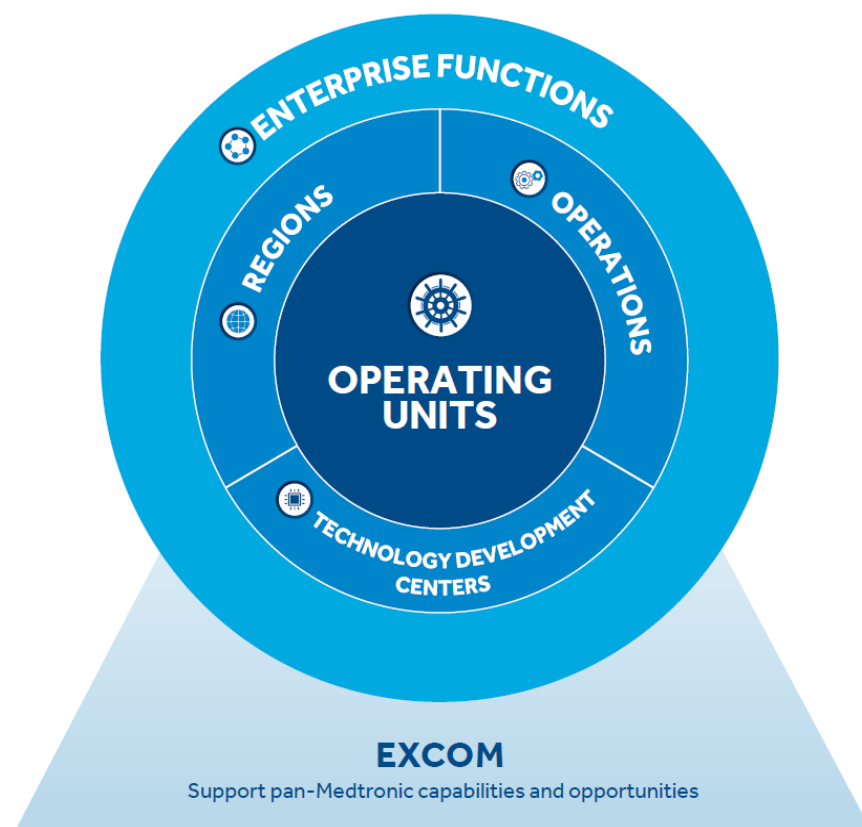


**Member of S&P 500 Dividend Aristocrats**

# **NEW OPERATING MODEL AND CULTURE ENHANCEMENTS**

# NEW OPERATING MODEL

MAKING THE ORGANIZATION MORE NIMBLE AND MORE COMPETITIVE



- **Designed to Accelerate Innovation, Enhance Customer Experience, Drive Revenue Growth, and Win Market Share**
  - Simplifies org structure, accelerates decision-making and execution
  - Supported by incentives and rewards aligned to op model objectives
- **Creating Focused, Accountable, and Empowered Operating Units**
  - Full P&L responsibility
  - Control product development and clinical resources
  - Direct own sales organizations in larger geographies
- **Leveraging the Enterprise Scale, Expertise, and Resources**
  - Operations (manufacturing, supply chain, facilities)
  - Technology development centers
  - Enterprise sales
- **Effective at start of Q4 FY21**

# NEW OPERATING MODEL

TWENTY FOCUSED, EMPOWERED, AND ACCOUNTABLE OPERATING UNITS

## PRIOR MODEL

- Three large business groups (CVG, MITG, RTG) + Diabetes
- Layers underneath the groups
- Matrix that cut across businesses, geographies, and functions

## NEW MODEL

# 20 Operating Units

Focused on specific therapy areas

## OPERATING UNIT LEADERS

- Full control of P&L
- Full control of product development and clinical resources
- Full control of sales forces in larger geographies, including go-to-market strategy

## OUTCOME

- More Decentralized & delayed
- Increased transparency
- Increased accountability
- Eliminated bureaucracy by pushing decision rights into the businesses
- Operating with more speed and decisiveness

# LEVERAGING ENTERPRISE SCALE

## SHORT LIST OF FOCUSED AREAS

Playing **BIG**

- **Core advanced technologies**
  - Leveraged across multiple businesses
  - Accelerate product R&D programs
  - Includes technologies such as implantable batteries and robotics
- **Manufacturing / Supply chain**
  - Consolidating to realize economies of scale
  - Save costs and increase quality
- **Strategic account sales**
  - Single point of contact for large customers such as governments, large healthcare systems, and GPO's

# MEDTRONIC CULTURE CHANGING

MAXIMIZING PERFORMANCE & REALIZING FULL POTENTIAL OF OUR TECHNOLOGIES

**MAINTAINING OUR MISSION-DRIVEN CULTURE**



**MEDTRONIC MINDSET:  
INJECTING TRAITS INTO OUR CULTURE**



- ✓ Act boldly
- ✓ Compete to win
- ✓ Move with speed and decisiveness
- ✓ Foster belonging
- ✓ Deliver results...the right way

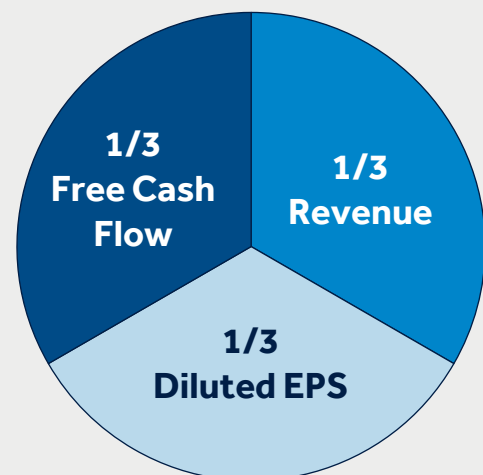
**EMPLOYEES QUICKLY EMBRACING CHANGE  
WITH HIGH ENGAGEMENT SCORES**



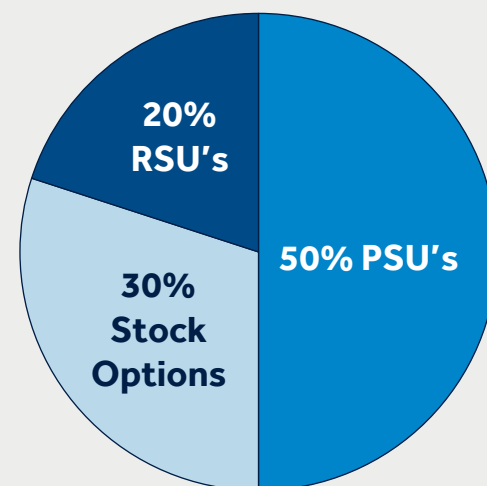
# INCENTIVE PLANS ALIGNED WITH COMPANY STRATEGY & SHAREHOLDERS

## FY21 INCENTIVE PLANS

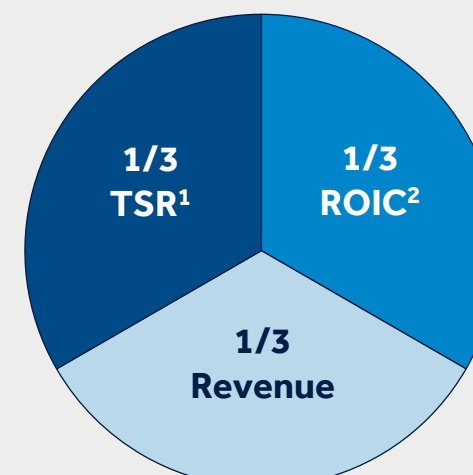
### ANNUAL INCENTIVES



### LONG-TERM INCENTIVE PLAN



### LONG-TERM PERFORMANCE PLAN



## FY22 ANTICIPATED CHANGES

In order to support Medtronic's strategic and financial performance, the below non-financial metrics will be included in incentive plans:

- Market Share
- Culture
- Diversity, Equity, and Inclusion

### FY21 Changes

- Replaced Cash component with Performance Share Units (PSU's); modified component weighting
- RSU's no longer have minimum EPS hurdle
- PSUs - TSR and Revenue weighted 50% each and ROIC now a modifier (30% reduction)

<sup>1</sup> Relative Total Shareholder Return (TSR) = (End Average Share Price x Dividend Re-Investment Factor) / Start Average Share Price.

<sup>2</sup> Return On Invested Capital = Non-GAAP Net Income after removal of after-tax impact of amortization plus interest expense net of tax / Invested Capital. Invested Capital is Total Equity plus interest bearing liabilities less cash and cash equivalents.

# FOCUS ON ESG

# ESG ALIGNS WITH MEDTRONIC MISSION

## CARBON NEUTRAL GOAL IN OPERATIONS BY END OF DECADE

### UN Sustainability Development Goal

| Mission   | Material Issue   | UN Sustainability Development Goal  |
|---|--|---|
| <p><b>Tenet 1:</b> Contribute to human welfare by alleviating pain, restoring health, and extending life</p> <p><b>Tenet 2:</b> Direct growth in areas of biomedical engineering through education and knowledge assimilation</p> | <ul style="list-style-type: none"> <li>▪ Innovation and Access</li> <li>▪ Integrated Care</li> </ul>   |    |
| <p><b>Tenet 3:</b> Strive without reserve for the greatest possible reliability and quality in our products and being recognized as a company of dedication, honesty, integrity, and service</p>                                  | <ul style="list-style-type: none"> <li>▪ Product Quality and Safety</li> <li>▪ Technology and Device Security</li> <li>▪ Data Privacy and Security</li> <li>▪ Ethics in Sales and Marketing</li> <li>▪ Corruption and Bribery</li> <li>▪ Transparency</li> </ul> |    |
| <p><b>Tenet 4:</b> Make a fair profit by meeting our obligations, sustaining our growth, and reaching our goals</p>   | <ul style="list-style-type: none"> <li>▪ Affordability and Fair Pricing</li> <li>▪ Climate Risk and Resilience</li> <li>▪ Responsible Supply Management</li> <li>▪ Product Stewardship</li> </ul>  |  |
| <p><b>Tenet 5:</b> Recognize the personal worth of all employees by advancing opportunity</p>   | <ul style="list-style-type: none"> <li>▪ Inclusion and Diversity</li> <li>▪ Talent</li> </ul>  |  |
| <p><b>Tenet 6:</b> Maintain good citizenship as a company</p>   | <ul style="list-style-type: none"> <li>▪ As a good corporate citizen, we use all of our resources, including philanthropy and community investment, to address our material ESG issues</li> </ul>  |   |

# COVID-19 RESPONSE: EMPLOYEES, CUSTOMERS, AND COMMUNITIES

## UNPRECEDENTED CHALLENGE REQUIRED UNPRECEDENTED RESPONSE



### EMPLOYEE SAFETY AND PROTECTION

- **Monetary Assistance and Aid:** Financial support and awards granted through programs and policies developed for employees significantly impacted by COVID-19; instituted measures to help protect field employees from significant impacts to their incentive compensation
- **Facility Sanitization:** Facilities regularly cleaned and sanitized while utilizing personal protection equipment and social distancing best practices for employees
- **Telehealth:** Employees and their family members provided with access to a free, virtual COVID-19 evaluation and monitoring tool



### CUSTOMER SUPPORT AND PRODUCT AVAILABILITY

- **Ventilators:** With the help of other members of the U.S. Chamber of Commerce Global Task Force on Pandemic Response, we're working to supply 1,000 ventilators to India.
- **Collaboration and Partnership:** Partnered with technology and manufacturing companies, such as Intel, SpaceX, and Foxconn, to create significant capacity and add remote monitoring features; released Puritan Bennett™ 560 ventilator design specifications publicly, resulting in over 200,000 registrations
- **Remote Monitoring Solutions:** Developed and deployed remote monitoring solutions to reduce exposure to COVID-19 for employees, customers and patients



### COMMUNITY CITIZENSHIP

- **Donations & Matching:** Pledged ~ \$56 million in monetary and product donations since February to support health systems and global communities while offering a 2:1 match on monetary donations made by employees and retirees
- **External News Hub:** Launched platform to provide latest updates to company's response to the pandemic: [Medtronic.com/covid19](https://www.medtronic.com/covid19)
- **Expansion of Medtronic Assurance Program:** Provided support to diabetes customers who lost their health insurance due to COVID-19-related job loss; eligible U.S. customers received a 3-month supply of glucose sensors, infusion sets and reservoirs at no cost

# MEDTRONIC AWARDS

## LEADING IN ENGAGEMENT, CITIZENSHIP AND INNOVATION IN 2021

### BEST PLACE TO WORK



Department of Defense  
Employer Support  
Freedom Award



One of Best Places to  
Work for LGBTQ  
Equality 2021



One of Forbes 2021 & 2020  
America's Best Employers  
for New Graduates



One of Australia's  
Best Places to Work



Four Category Winner in Asia  
Society's Corporate Survey &  
Runner up for Best Overall  
Employer 2020



One of Canada's Top  
Employers, 7<sup>th</sup> year  
running



One of the Top  
Companies for Excellence  
in Enlightened Growth  
Leadership



One of the Top Global  
100 Companies for  
Innovators



One of the 50 Best  
Workplaces to Grow  
Your Career in the U.S.

### CITIZENSHIP AWARDS



One of America's Top  
Corporations for Women's  
Business Enterprises



One of America's Best  
Employers for Diversity



One of the 100 Best  
Corporate Citizens,  
5<sup>th</sup> year running



Ranked 11<sup>th</sup>,  
Highest-ever Ranked Year



Ranked 3<sup>rd</sup>,  
Highest-ever Ranked Year



Ranked 5<sup>th</sup>,  
Biggest Irish Company



1<sup>st</sup> in Healthcare  
Equipment & Services,  
and 29<sup>th</sup> Overall



Scored 100% for LGBTQ  
Inclusive Workplace  
Practices and Policies



Finalists & Honorable  
Mentions in 6  
Categories



Top 100 U.S. Companies  
Supporting Healthy  
Families & Communities

### INNOVATION & INDUSTRY LEADERSHIP



Geoff Martha Ranks #1  
in the Top 50 Healthcare  
Technology CEO of 2021



Karen Parkhill Ranks #2  
in the Top 25 Women Leaders  
in Medical Devices of 2021



One of Fortune Global  
500 Companies



Canada's Top 50 Great  
Places to Work & Best  
Workplaces™ for Women,  
2<sup>nd</sup> year running



One of Fortune's  
Most Admired  
Companies



Named Best Overall U.S. Investor  
Relations in Large Cap & Best  
Investor Relations in Healthcare



SVP & Chief Communicators  
Officer, Torod Neptune,  
2021 & 2020

# APPENDIX

- Slides 31-34: “Going on the Offensive” Examples by Business
- Slides 35-41: “Creating and Disrupting Big Markets” Opportunities

# GOING ON THE OFFENSIVE & WINNING SHARE

## CARDIOVASCULAR PORTFOLIO<sup>1</sup>

### CARDIAC RHYTHM MANAGEMENT



Micra™  
Transcatheter  
Pacing Systems



Cobalt™ &  
Crome™ ICDs &  
CRT-Ds

- \$9B+ Global CRM Implantables Market; growing modestly
- #1 Product Leader in Pacemakers, Defibrillators, CRT HF Devices and Diagnostics
- Disrupting the pacing market with Micra transcatheter pacing systems
- Revolutionized digital and remote patient management with Cobalt and Crome

### CARDIOVASCULAR DIAGNOSTICS & SERVICES



Reveal  
LINQ™ II

- First Medtronic technology to leverage the wafer scale platform
- LINQ II offers 50% greater longevity than Boston Scientific and Abbott's devices
- Remote capabilities reduce need for patients to return to hospital or clinic for programming
- Designed for future expansion into new, chronic disease states such as stroke and heart failure

### TAVR



Evolut™ PRO+ and  
Evolut™ FX TAVR  
Systems

- TAVR market: expected low-teens CAGR growth, reaching \$7B+ by FY25
- Announced head-to-head SMART trial vs. Sapien 3 to evaluate hemodynamic superiority and clinical noninferiority
- Hemodynamics are the key determinant of durable valve performance and is a priority in device selection to help reduce the risk of reintervention due to early valve failure



# GOING ON THE OFFENSIVE & WINNING SHARE

## MEDICAL SURGICAL PORTFOLIO<sup>1</sup>

### ADVANCED STAPLING



Signia™  
8mm Small  
Diameter  
Reload

- #1 in \$3B+ endostapling market
- Open and circular stapling market >\$1B opportunity combined
  - Represents 35-40% of all global stapling procedures
  - Medtronic share ~40%, >\$500M of opportunity

### ADVANCED ENERGY



LigaSure™  
Maryland Jaw  
Thoracic  
Sealer/Divider

- #1 in \$3B+ advanced energy market
- Leading RF segment, ~60% of advanced energy market
- Going after ultrasonic market where MDT share is only high-single digits; Ultrasonic market >\$1B, ~40% of market

### VISUALIZATION



EleVision™  
HD2  
Platform

- \$2B, fast growing market
- Launched outside the U.S.
- Provides an optimized, customizable minimally invasive surgery solution

### PATIENT MONITORING



Nellcor™  
Pulse  
Oximetry

- Growth well above market rate
- Majority share in the space with acceleration of new technology
- Strategy focused on clinically-differentiating Nellcor pulse oximetry in high acuity patients (where it matters most) and driving growth by preventing respiratory compromise and reducing perioperative complications



# GOING ON THE OFFENSIVE & WINNING SHARE

## NEUROSCIENCE PORTFOLIO<sup>1</sup>

### CRANIAL & SPINAL TECHNOLOGIES



Mazor X  
Stealth  
Edition™

- Medtronic has market leadership in the future of spine surgery: implants, instrumentations, and enabling technologies
- Our Spine Surgery ecosystem expected to lead to multi-year share gains, market expansion, and revenue growth acceleration

### NEUROMODULATION



DTM™ SCS  
on the  
Intellis™  
platform

- Neuromodulation is poised for share capture after a period of significant reinvestment to reestablish our technological leadership
- Transformative innovations include BrainSense™ in Deep Brain Stimulation, and DTM in Spinal Cord Stimulation



Vanta™  
Recharge  
Free SCS

- Vanta™ presents meaningful share capture potential within the PC segment, in combination with Intellis™ with DTM™ SCS Therapy our portfolio is complete
- Vanta™ offers battery longevity, unmatched MRI access, and automatic personalization with AdaptiveStim™

### NEUROVASCULAR



Solitaire™ X  
Revascularization  
Device

- Neurovascular market: \$3B+; grown double-digits for the past 6 years
- Medtronic is the market leader in stroke since 2009
- Three Growth Vectors: Investing in new technology; Partnering across care continuum; and, Expanding access globally

### PELVIC HEALTH



InterStim™ II  
&  
InterStim™  
Micro

- Pelvic Health is driving market growth and taking back share in the Sacral Neuromodulation market
- InterStim™ Micro has significant competitive advantages:
  1. ~50% smaller
  2. 4x faster recharge
  3. Near zero battery fade

# GOING ON THE OFFENSIVE & WINNING SHARE

## DIABETES

### INSULIN PUMPS



MiniMed® 770G  
Bluetooth  
Enabled



MiniMed® 780G  
Advanced Hybrid  
Closed Loop  
System

- 770G launched in U.S.; only hybrid closed loop(HCL) system with 2+ age indication
- 780G launched in Europe; addresses carb counting at meal-times; provides lowest blood glucose target of any automated insulin delivery system
- Submitted the adult and pediatric 780G to U.S. FDA and is under active review

### CGM SENSORS



Guardian™ 4 Sensor  
(Zeus)  
CGM Sensor



Synergy™  
CGM Sensor

- G4S pivotal results looking very good and should support a non-adjunctive claim in the U.S. and a substantial reduction or potential elimination in finger sticks
- Recently received CE Mark for G4S; FDA filing package is included in 780G submission
- Synergy will be disposable and 50% smaller than G4S; merges sensor and transmitter into one device

### SMART PENS

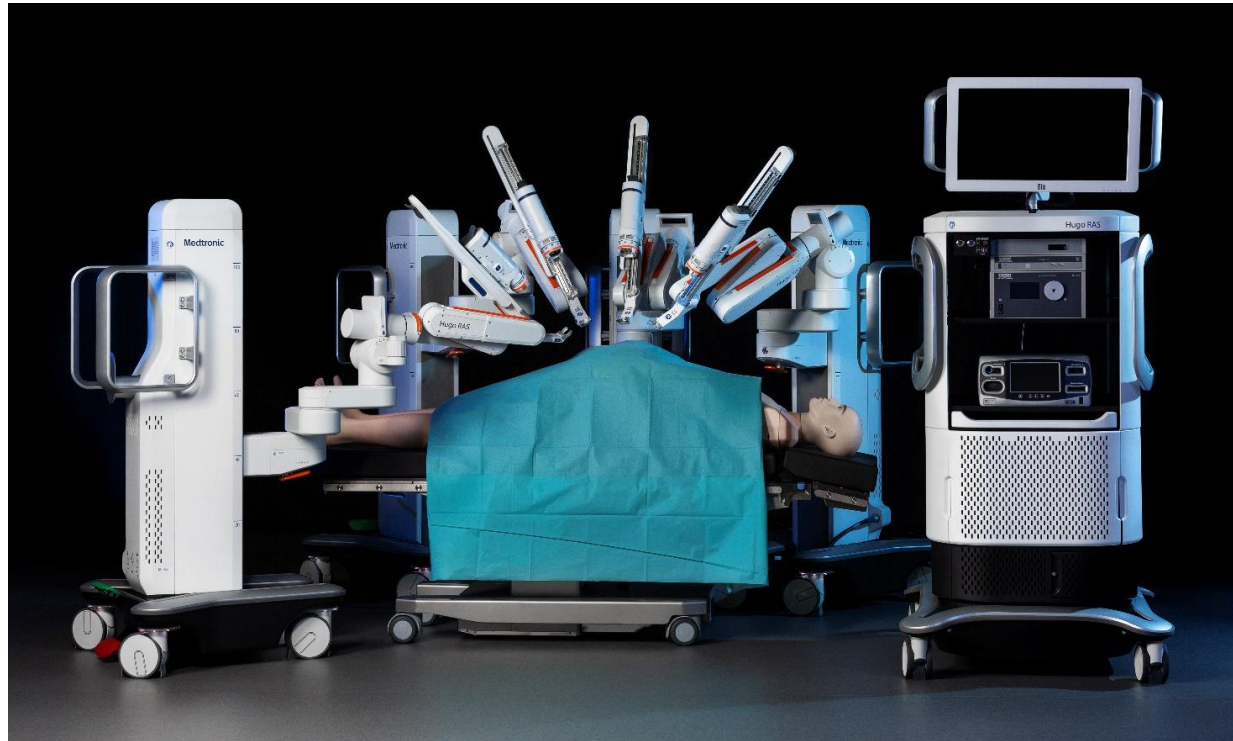


Companion InPen™

- First FDA cleared smart insulin pen on the market
- Expanding into largest segment of patients who choose multiple daily injections (MDI) instead of automated insulin delivery
- ~12 times larger than the insulin pump segment of mostly type 1 patients we serve today
- Goal to “close the loop” for MDI patients

# CREATING & DISRUPTING BIG MARKETS

## HUGO™ SOFT-TISSUE ROBOTIC-ASSISTED SURGERY PLATFORM



- Builds upon our decades of leadership, innovation, and expertise in minimally invasive surgery, dating back to U.S. Surgical
- Highly underpenetrated market, due to cost and utilization barriers
- Performed first urological procedures at Clinica Santa Maria in Chile, followed by first gynecological procedures performed at the Pacifica Salud Hospital in Panama
- Received positive feedback from OR staff, including appreciation of the modularity, open console, 3D visualization, and flexibility
- Submitted for CE Mark and U.S. IDE approval in March 2021; FDA granted IDE approval; Preparing commencement of U.S. Expand URO trial for urologic procedures
- Expect \$50-100M in revenue in FY22; Expect to roughly double or triple in FY23
- Combining with Touch Surgery™ Enterprise, our AI and image capturing platform

# CREATING & DISRUPTING BIG MARKETS

## SYMPPLICITY™ RENAL DENERVATION SYSTEM



- Treats hypertension through a one-time, minimally invasive, catheter-based ablation procedure that is “always on”
- Expect \$1B market by 2026; \$3B by 2030
- In May, presented Global SYMPPLICITY Registry data showing clinically significant and sustained blood pressure reductions in a real-world hypertensive patient population through 3 years
- SPYRAL HTN-ON MED, a prospectively powered, randomized, sham-controlled study evaluating patients with uncontrolled blood pressure in presence of anti-hypertensive medications; data presentation expected in calendar 2021 (likely TCT in November)
- Received Breakthrough Device Designation by the FDA; goal of FDA approval in calendar 2022
- Granted Green Channel priority review in China; potential approval in China within a few months of U.S. approval



# CREATING & DISRUPTING BIG MARKETS

## DIAMONDTEMP™ AND PULSED FIELD ABLATION



### DiamondTemp™

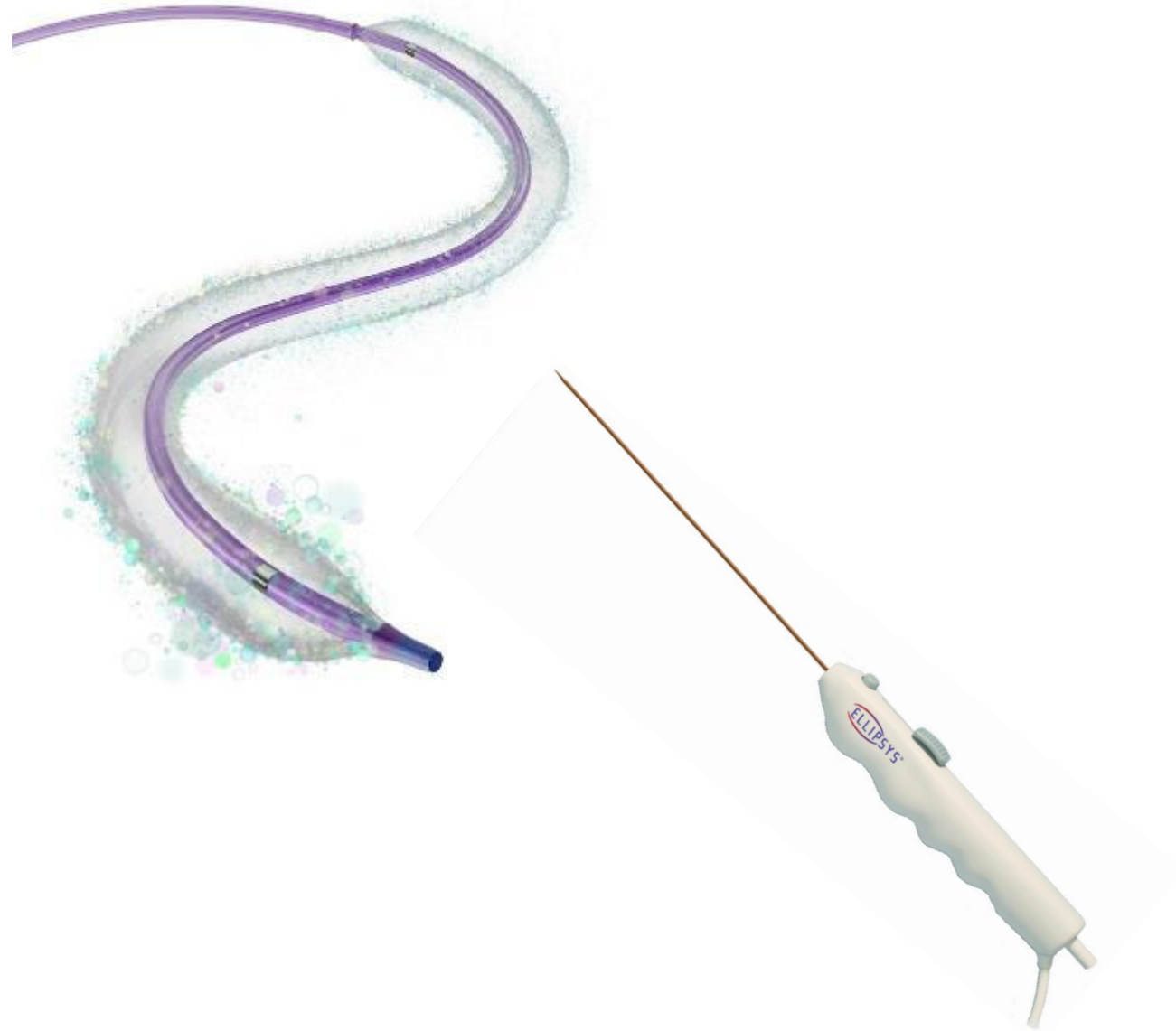
- Unique, real-time, irrigated catheter uses closed-loop temperature control enabled diamond inserts for thermal management
- Enables improved feedback and greater control during the ablation procedure
- Launched in limited European markets; Received U.S. FDA approval in January; First commercial procedures expected in Q1'FY22

### Pulsed Field Ablation

- Could completely disrupt \$7 billion EP ablation market
- Uses pulsed electric fields to ablate cardiac tissues through irreversible electroporation; does not require tissue contact
- PULSED AF pivotal trial is underway
- Received breakthrough device designation from U.S. FDA

# CREATING & DISRUPTING BIG MARKETS

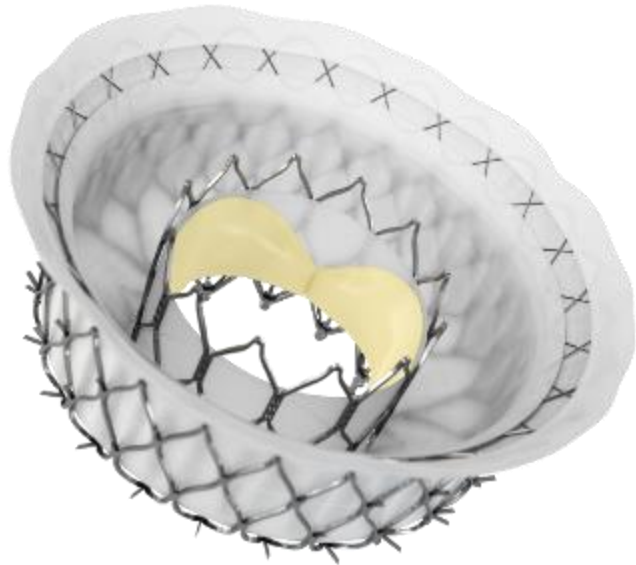
## AV FISTULA CREATION AND MAINTENANCE



- IN.PACT AV is the first and only drug-coated balloon (DCB) to meet both its safety and efficacy endpoints in an AV access trial
- Announced the acquisition of Avenu in September 2020
  - Avenu's Ellipsys Vascular Access System creates an immediate and durable connection between an adjacent artery and vein
  - Ellipsys percutaneous AVF's demonstrated significantly shorter procedure times without a need for radiation exposure and with superior secondary patency compared to Becton Dickinson's WaveLinQ
  - Ellipsys is available today in the U.S. and EU
- Both IN.PACT AV and Ellipsys have the potential to become standard of care, and represent a \$900M market opportunity in the U.S. alone

# CREATING & DISRUPTING BIG MARKETS

## TRANSCATHETER MITRAL AND TRICUSPID



- 20M+ patients with moderate and severe Mitral & Tricuspid Regurgitation
  - Combined Mitral & Tricuspid Market: \$800M today; growing to \$3B+ by 2025
  - Tricuspid Market: \$200M by 2025
- Intrepid Transcatheter Valve Replacement System
  - Transfemoral system is now in clinical use in an early feasibility study
- APOLLO Pivotal Trial for TMVR
  - Restructured to new single-arm design from 1-to-1 randomization of Intrepid vs. Surgery
- Half Moon Medical
  - In 2017, Medtronic invested seed money and IP to create Half Moon Medical in partnership with The Foundry
  - Potential to fully eliminate mitral regurgitation (MR)
  - Received FDA approval for early feasibility study in patients with severe symptomatic MR

# CREATING & DISRUPTING BIG MARKETS

## PILLCAM GENIUS



- We're taking advances in cloud technology and artificial intelligence and implementing them into our PillCam device with the aim to create the only device that can see, size, and localize pre-cancerous lesions
- Partnering with Amazon — leveraging their delivery network, customer reach, and cloud-based technologies to bring to the market
- >10M screening colonoscopies in the U.S. per year; 22M people in U.S. every year that should get screened but don't; millions more will need screening as the American Cancer Society dropped the age recommendation from 50 to 45



# CREATING & DISRUPTING BIG MARKETS

## MICRA™ TRANSCATHETER PACING AND EXTRAVASCULAR ICD



### Micra™

- Only company with approved leadless pacing technology on the market
  - Leadless pacing expected to lead to a \$2B market by 2030
- With the combination of Micra VR and AV, leadless pacing is an option for ~50% of all patients
- Micra AR will reside in the atrium, the upper chamber of the heart and offer pacing to those with sinus node dysfunction

### EV-ICD

- Goal for EV-ICD to be first and only ICD that uses a lead placed outside the heart in the extravascular space under the patient's sternum
- CE Mark submission filed in Q1'FY22 to support entry in Europe in H1 CY22; H1 CY23 in the U.S.
- Segment estimated at \$300M today; \$1B expected by 2030

# **NON-GAAP RECONCILIATIONS**

# NON-GAAP RECONCILIATIONS: WORLDWIDE REVENUE BY SEGMENT

## MEDTRONIC PLC WORLD WIDE REVENUE<sup>(1)</sup> (Unaudited)

| (in millions)                          | REPORTED            |                  |              |                                | CONSTANT CURRENCY   |              |
|--|---------------------|------------------|--------------|--------------------------------|---------------------|--------------|
|  | FY21 <sup>(2)</sup> | FY20             | Growth       | Currency Impact <sup>(5)</sup> | FY21 <sup>(2)</sup> | Growth       |
| <b>Cardiovascular<sup>(3)</sup></b>    | <b>\$ 10,772</b>    | <b>\$ 10,468</b> | <b>2.9 %</b> | <b>\$ 131</b>                  | <b>\$ 10,641</b>    | <b>1.7 %</b> |
| Cardiac Rhythm & Heart Failure         | 5,584               | 5,141            | 8.6          | 79                             | 5,505               | 7.1          |
| Structural Heart & Aortic              | 2,834               | 2,842            | (0.3)        | 38                             | 2,796               | (1.6)        |
| Coronary & Peripheral Vascular         | 2,354               | 2,486            | (5.3)        | 13                             | 2,341               | (5.8)        |
| <b>Medical Surgical</b>                | <b>8,737</b>        | <b>8,352</b>     | <b>4.6</b>   | <b>87</b>                      | <b>8,650</b>        | <b>3.6</b>   |
| Surgical Innovations                   | 5,438               | 5,513            | (1.4)        | 66                             | 5,372               | (2.6)        |
| Respiratory, Gastrointestinal, & Renal | 3,298               | 2,839            | 16.2         | 22                             | 3,276               | 15.4         |
| <b>Neuroscience<sup>(4)</sup></b>      | <b>8,195</b>        | <b>7,725</b>     | <b>6.1</b>   | <b>75</b>                      | <b>8,120</b>        | <b>5.1</b>   |
| Cranial & Spinal Technologies          | 4,288               | 4,082            | 5.0          | 34                             | 4,254               | 4.2          |
| Specialty Therapies                    | 2,307               | 2,147            | 7.5          | 26                             | 2,281               | 6.2          |
| Neuromodulation                        | 1,601               | 1,497            | 6.9          | 16                             | 1,585               | 5.9          |
| <b>Diabetes</b>                        | <b>2,413</b>        | <b>2,368</b>     | <b>1.9</b>   | <b>37</b>                      | <b>2,376</b>        | <b>0.3</b>   |
| <b>TOTAL</b>                           | <b>\$ 30,117</b>    | <b>\$ 28,913</b> | <b>4.2 %</b> | <b>\$ 331</b>                  | <b>\$ 29,786</b>    | <b>3.0 %</b> |

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

(2) Fiscal year 2021 is a 53-week fiscal year, with the extra week occurring in the first fiscal month of the first quarter and included in reported year-to-date results. While it is difficult to calculate the impact of the extra week, the Company estimates the extra week benefited year-to-date constant currency growth by approximately \$360 to \$390 million. Year-to-date revenue also includes \$15 million of inorganic revenue related to the Titan Spine acquisition, which is included in the reported results of the Cranial & Spinal Technologies division within Neuroscience. When excluding the impact of currency, inorganic Titan Spine revenue, and the estimated impact of the extra week, year-to-date revenue for fiscal year 2021 increased approximately 2 percent organic.

(3) In the fourth quarter of fiscal year 2021, the Company realigned its divisions within Cardiovascular. As a result, fiscal year 2020 results have been recast to adjust for this realignment.

(4) In the first quarter of fiscal year 2021, the Company realigned its divisions with Neuroscience. As a result, fiscal year 2020 results have been recast to adjust for this realignment.

(5) The currency impact to revenue measures the change in revenue between current and prior year periods using constant exchange rates.

# NON-GAAP RECONCILIATIONS: WORLDWIDE REVENUE BY GEOGRAPHY

**MEDTRONIC PLC**  
**WORLD WIDE REVENUE: GEOGRAPHIC** <sup>(1)(2)</sup>  
(Unaudited)

| (in millions)           | FIRST QUARTER <sup>(3)</sup> |                 |               |                                   |                   |               |
|-------------------------|------------------------------|-----------------|---------------|-----------------------------------|-------------------|---------------|
|                         | REPORTED                     |                 |               | Currency<br>Impact <sup>(4)</sup> | CONSTANT CURRENCY |               |
|                         | FY22                         | FY21            | Growth        |                                   | FY22              | Growth        |
| U.S.                    | \$ 1,420                     | \$ 1,206        | 17.7 %        | \$ —                              | \$ 1,420          | 17.7 %        |
| Non-U.S. Developed      | 1,003                        | 853             | 17.6          | 72                                | 931               | 9.1           |
| Emerging Markets        | 467                          | 374             | 24.9          | 24                                | 443               | 18.4          |
| <b>Cardiovascular</b>   | <b>2,890</b>                 | <b>2,433</b>    | <b>18.8</b>   | <b>96</b>                         | <b>2,794</b>      | <b>14.8</b>   |
| U.S.                    | 990                          | 722             | 37.1          | —                                 | 990               | 37.1          |
| Non-U.S. Developed      | 869                          | 719             | 20.9          | 57                                | 812               | 12.9          |
| Emerging Markets        | 463                          | 359             | 29.0          | 19                                | 444               | 23.7          |
| <b>Medical Surgical</b> | <b>2,322</b>                 | <b>1,801</b>    | <b>28.9</b>   | <b>77</b>                         | <b>2,245</b>      | <b>24.7</b>   |
| U.S.                    | 1,446                        | 1,136           | 27.3          | —                                 | 1,446             | 27.3          |
| Non-U.S. Developed      | 465                          | 376             | 23.7          | 30                                | 435               | 15.7          |
| Emerging Markets        | 293                          | 199             | 47.2          | 17                                | 276               | 38.7          |
| <b>Neuroscience</b>     | <b>2,204</b>                 | <b>1,712</b>    | <b>28.7</b>   | <b>47</b>                         | <b>2,157</b>      | <b>26.0</b>   |
| U.S.                    | 245                          | 287             | (14.6)        | —                                 | 245               | (14.6)        |
| Non-U.S. Developed      | 263                          | 226             | 16.4          | 23                                | 240               | 6.2           |
| Emerging Markets        | 63                           | 48              | 31.3          | 3                                 | 60                | 25.0          |
| <b>Diabetes</b>         | <b>572</b>                   | <b>562</b>      | <b>1.8</b>    | <b>26</b>                         | <b>546</b>        | <b>(2.8)</b>  |
| U.S.                    | 4,101                        | 3,351           | 22.4          | —                                 | 4,101             | 22.4          |
| Non-U.S. Developed      | 2,601                        | 2,175           | 19.6          | 182                               | 2,419             | 11.2          |
| Emerging Markets        | 1,286                        | 981             | 31.1          | 63                                | 1,223             | 24.7          |
| <b>TOTAL</b>            | <b>\$ 7,987</b>              | <b>\$ 6,507</b> | <b>22.7 %</b> | <b>\$ 245</b>                     | <b>\$ 7,742</b>   | <b>19.0 %</b> |

(1) U.S. includes the United States and U.S. territories. Non-U.S. developed markets include Japan, Australia, New Zealand, Korea, Canada, and the countries of Western Europe. Emerging Markets include the countries of the Middle East, Africa, Latin America, Eastern Europe, and the countries of Asia that are not included in the non-U.S. developed markets, as previously defined.

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

(3) Fiscal year 2021 was a 53-week fiscal year, with the extra week occurring in the first fiscal month of the first quarter. While it is difficult to calculate the impact of the extra week, the Company estimates the extra week benefited the first quarter of fiscal year 2021 revenue by approximately \$360 to \$390 million.

(4) The currency impact to revenue measures the change in revenue between current and prior year periods using constant exchange rates.

# Q4'FY21 GAAP TO NON-GAAP RECONCILIATIONS

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

|   | Three months ended July 30, 2021 |                       |                      |                  |                          |                            |                                      |                |                    |
|---|----------------------------------|-----------------------|----------------------|------------------|--------------------------|----------------------------|--------------------------------------|----------------|--------------------|
| (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>                             | \$ 7,987                         | \$ 2,598              | 67.5 %               | \$ 859           | 10.8 %                   | \$ 833                     | \$ 763                               | \$ 0.56        | 7.7 %              |
| Non-GAAP Adjustments:                   |                                  |                       |                      |                  |                          |                            |                                      |                |                    |
| Restructuring and associated costs (2)  | —                                | (33)                  | 0.4                  | 81               | 1.0                      | 81                         | 65                                   | 0.05           | 21.0               |
| Acquisition-related items (3)           | —                                | (5)                   | 0.1                  | 109              | 1.4                      | 109                        | 87                                   | 0.06           | 20.2               |
| Certain litigation charges              | —                                | —                     | —                    | 26               | 0.3                      | 26                         | 21                                   | 0.02           | 19.2               |
| (Gain)/loss on minority investments (4) | —                                | —                     | —                    | —                | —                        | (31)                       | (29)                                 | (0.02)         | —                  |
| Medical device regulations (5)          | —                                | (11)                  | 0.1                  | 21               | 0.3                      | 21                         | 17                                   | 0.01           | 19.0               |
| Amortization of intangible assets       | —                                | —                     | —                    | 436              | 5.5                      | 436                        | 366                                  | 0.27           | 15.8               |
| MCS impairments / costs (6)             | —                                | (58)                  | 0.7                  | 726              | 9.1                      | 726                        | 564                                  | 0.42           | 22.3               |
| Certain tax adjustments, net (7)        | —                                | —                     | —                    | —                | —                        | —                          | 53                                   | 0.04           | —                  |
| <b>Non-GAAP</b>                         | <b>\$ 7,987</b>                  | <b>\$ 2,491</b>       | <b>68.8 %</b>        | <b>\$ 2,258</b>  | <b>28.3 %</b>            | <b>\$ 2,201</b>            | <b>\$ 1,908</b>                      | <b>\$ 1.41</b> | <b>13.2 %</b>      |
| Currency impact                         | (245)                            | (56)                  | (0.3)                | (47)             | 0.3                      | —                          | —                                    | (0.03)         | —                  |
| <b>Currency Adjusted</b>                | <b>\$ 7,742</b>                  | <b>\$ 2,435</b>       | <b>68.5 %</b>        | <b>\$ 2,211</b>  | <b>28.6 %</b>            | —                          | —                                    | <b>\$ 1.38</b> | —                  |

(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 and consulting expenses.

(3) The charges primarily include acquisitions of, and certain license payments for, unapproved technology, business combination costs, and changes in fair value of contingent consideration.

(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.

(6) The charges relate to the Company's June 3, 2021 decision to stop the distribution and sale of the Medtronic HVAD System within the Mechanical Circulatory Support Operating Unit (MCS). Medtronic is committed to serving the needs of the approximately 4,000 patients currently implanted with the HVAD System. The charges include \$515 million of non-cash impairments, primarily related to \$409 million of intangible asset impairments, as well as \$211 million for commitments and obligations in connection with our decision, including customer support obligations, restructuring, and other associated costs.

(7) The charges are associated with a change in the company's permanent reinvestment assertion on certain historical earnings and the amortization on previously established deferred tax assets from intercompany intellectual property transactions.

(8) The charges primarily include business combination costs, certain license payments for unapproved technology, changes in fair value of contingent consideration, and a change in amounts accrued for certain contingent liabilities for recent acquisitions.



# FY21 GAAP TO NON-GAAP RECONCILIATIONS

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

| (in millions, except per share data)    | Three months ended July 30, 2021 |                       |                      |                  |                          |                            |                                      |                |                    |
|---|----------------------------------|-----------------------|----------------------|------------------|--------------------------|----------------------------|--------------------------------------|----------------|--------------------|
|   | 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>                             | \$ 7,987                         | \$ 2,598              | 67.5 %               | \$ 859           | 10.8 %                   | \$ 833                     | \$ 763                               | \$ 0.56        | 7.7 %              |
| Non-GAAP Adjustments:                   |                                  |                       |                      |                  |                          |                            |                                      |                |                    |
| Restructuring and associated costs (2)  | —                                | (33)                  | 0.4                  | 81               | 1.0                      | 81                         | 65                                   | 0.05           | 21.0               |
| Acquisition-related items (3)           | —                                | (5)                   | 0.1                  | 109              | 1.4                      | 109                        | 87                                   | 0.06           | 20.2               |
| Certain litigation charges              | —                                | —                     | —                    | 26               | 0.3                      | 26                         | 21                                   | 0.02           | 19.2               |
| (Gain)/loss on minority investments (4) | —                                | —                     | —                    | —                | —                        | (31)                       | (29)                                 | (0.02)         | —                  |
| Medical device regulations (5)          | —                                | (11)                  | 0.1                  | 21               | 0.3                      | 21                         | 17                                   | 0.01           | 19.0               |
| Amortization of intangible assets       | —                                | —                     | —                    | 436              | 5.5                      | 436                        | 366                                  | 0.27           | 15.8               |
| MCS impairments / costs (6)             | —                                | (58)                  | 0.7                  | 726              | 9.1                      | 726                        | 564                                  | 0.42           | 22.3               |
| Certain tax adjustments, net (7)        | —                                | —                     | —                    | —                | —                        | —                          | 53                                   | 0.04           | —                  |
| <b>Non-GAAP</b>                         | <b>\$ 7,987</b>                  | <b>\$ 2,491</b>       | <b>68.8 %</b>        | <b>\$ 2,258</b>  | <b>28.3 %</b>            | <b>\$ 2,201</b>            | <b>\$ 1,908</b>                      | <b>\$ 1.41</b> | <b>13.2 %</b>      |
| Currency impact                         | (245)                            | (56)                  | (0.3)                | (47)             | 0.3                      | —                          | —                                    | (0.03)         | —                  |
| <b>Currency Adjusted</b>                | <b>\$ 7,742</b>                  | <b>\$ 2,435</b>       | <b>68.5 %</b>        | <b>\$ 2,211</b>  | <b>28.6 %</b>            | <b>\$ 2,201</b>            | <b>\$ 1,908</b>                      | <b>\$ 1.38</b> | <b>13.2 %</b>      |

(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 and consulting expenses.

(3) The charges primarily include acquisitions of, and certain license payments for, unapproved technology, business combination costs, and changes in fair value of contingent consideration.

(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.

(6) The charges relate to the Company's June 3, 2021 decision to stop the distribution and sale of the Medtronic HVAD System within the Mechanical Circulatory Support Operating Unit (MCS). Medtronic is committed to serving the needs of the approximately 4,000 patients currently implanted with the HVAD System. The charges include \$515 million of non-cash impairments, primarily related to \$409 million of intangible asset impairments, as well as \$211 million for commitments and obligations in connection with our decision, including customer support obligations, restructuring, and other associated costs.

(7) The charges are associated with a change in the company's permanent reinvestment assertion on certain historical earnings and the amortization on previously established deferred tax assets from intercompany intellectual property transactions.

(8) The charges primarily include business combination costs, certain license payments for unapproved technology, changes in fair value of contingent consideration, and a change in amounts accrued for certain contingent liabilities for recent acquisitions.

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

| (in millions)                                    | Three Months Ended | Fiscal Year     |                 |                 |                 |
|--|--------------------|-----------------|-----------------|-----------------|-----------------|
|  | July 30, 2021      | 2021            | 2020            | 2019            | 2018            |
| <b>Net cash provided by operating activities</b> | \$ 1,292           | \$ 6,240        | \$ 7,234        | \$ 7,007        | \$ 4,684        |
| Additions to property, plant, and equipment      | (378)              | (1,355)         | (1,213)         | (1,134)         | (1,068)         |
| <b>Free Cash Flow (1)</b>                        | <b>\$ 914</b>      | <b>\$ 4,885</b> | <b>\$ 6,021</b> | <b>\$ 5,873</b> | <b>\$ 3,616</b> |

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