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FOR IMMEDIATE RELEASE

Medtronic reports full year and fourth quarter fiscal year 2022 financial results; announces 8% dividend increase

Mid-single digit FY22 revenue growth; Q4 results affected by temporary global supply chain impacts and China lockdowns

DUBLIN - May 26, 2022 - Medtronic plc (NYSE:MDT) today announced financial results for its fourth quarter and fiscal year 2022, which ended April 29, 2022.

Key Highlights

- FY22 revenue increased 5% reported and organic
- FY22 GAAP diluted EPS increased 40%; non-GAAP diluted EPS increased 26%
- FY22 cash flow from operations of \$7.3 billion increased 18%; FY22 free cash flow of \$6.0 billion increased 22%
- Quarterly dividend increased to \$0.68, annual \$2.72 from prior \$2.52; 45th consecutive year of dividend increases
- Q4 revenue of \$8.1 billion decreased 1% reported and increased 1% organic

- Q4 GAAP diluted EPS of \$1.10 increased 10%; non-GAAP diluted EPS of \$1.52 increased 2%
- Company issues FY23 guidance

Fiscal year 2022 revenue of \$31.686 billion increased 5% as reported and organic, which excludes the \$75 million negative impact of foreign currency translation. Unless otherwise stated, all revenue growth rates in this press release are stated on an organic basis, which excludes the impact of foreign currency translation. Fiscal year 2022 GAAP net income and diluted EPS were \$5.039 billion and \$3.73, respectively, both increases of 40%. 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. Historical non-GAAP financial measures detailed in the financial schedules included at the end of this release have been recast for comparability, resulting in a decrease in non-GAAP net income and diluted EPS of \$78 million and \$0.06, respectively, for the fiscal year ended April 29, 2022. After making this adjustment, fiscal year 2022 non-GAAP net income and diluted EPS were \$7.505 billion and \$5.55, respectively, both increases of 26%.

Fiscal year 2022 cash flow from operations of \$7.346 billion increased 18%. Fiscal year 2022 free cash flow of \$5.978 billion increased 22%, representing free cash flow conversion from non-GAAP net earnings of 80 percent.

The company reported fourth quarter worldwide revenue of \$8.089 billion, a decrease of 1% as reported and an increase of 1% on an organic basis, which excludes the \$215 million negative impact of foreign currency translation. The company's fourth quarter revenue results were affected by temporary issues related to global supply chain, particularly in Surgical Innovations, and China, due to recent COVID-19 lockdowns.

Fourth quarter GAAP net income and diluted earnings per share (EPS) were \$1.485 billion and \$1.10, respectively, increases of 9% and 10%, respectively. As detailed in the financial schedules included at the end of this release, fourth quarter non-GAAP net income of \$2.038 billion was flat year-over-year, and fourth quarter non-GAAP diluted EPS of \$1.52 increased 2%.

Fourth quarter U.S. revenue of \$4.097 billion represented 51% of company revenue and decreased 2%. Non-U.S. developed market revenue of \$2.609 billion represented 32% of company revenue and decreased 2% as reported and increased 4% organic. Emerging Markets revenue of \$1.383 billion represented 17% of company revenue and increased 4% as reported and 7% organic. China revenue, which represented 43% of Emerging Markets revenue, declined 10% as a result of COVID-19 lockdowns.

“Global supply chain and COVID-19 controls in China created acute impacts to our results in the fourth quarter. We understand the root causes, we’re addressing them, and we expect them to resolve over the near-term,” said Geoff Martha, Medtronic chairman and chief executive officer. “We remain keenly focused on delivering innovation-driven growth with a robust pipeline of technologies in fast-growing markets, and we’re committed to creating strong shareholder value through strategic capital allocation and active portfolio management.”

Cardiovascular Portfolio

The Cardiovascular Portfolio includes the Cardiac Rhythm & Heart Failure (CRHF), Structural Heart & Aortic (SHA), and Coronary & Peripheral Vascular (CPV) divisions. Fiscal year 2022 Cardiovascular revenue of \$11.423 billion increased 6% as reported and 6% organic. Fourth quarter Cardiovascular revenue of \$2.961 billion increased 2% as reported and 5% organic, driven by high-single digit organic growth in SHA and mid-single digit organic growth in CRM and CPV.

- **Cardiac Rhythm & Heart Failure** fourth quarter revenue of \$1.552 billion increased 1% reported and 4% organic. Adjusting for the discontinuation of HVAD™ System sales, CRHF revenue increased 6% organic. Cardiac Rhythm Management revenue increased in the mid-single digits, with low-single digit growth in Defibrillation Solutions and high-single digit growth in Cardiac Pacing Therapies, including low-twenties growth in leadless pacemakers on the continued global adoption of Micra™ transcatheter pacing systems. Procedure Innovations revenue increased in the mid-twenties on strong sales of TYRX™ absorbable antibacterial envelopes. Cardiovascular Diagnostics revenue increased in the mid-single digits, and Cardiac Ablation Solutions revenue increased in the mid-single digits, driven by the adoption of LINQ II™ insertable cardiac monitors and Arctic Front Advance™ cryoballoon catheters and consoles, respectively.
- **Structural Heart & Aortic** fourth quarter revenue of \$778 million increased 5% as reported and 8% organic. Structural Heart grew in the mid-teens, driven by mid-teens growth in transcatheter aortic valves (TAVR). Aortic declined in the mid-single digits due to product availability issues from supply chain and quality challenges. Cardiac Surgery increased in the high-single digits, driven by strength in the perfusion franchise.
- **Coronary & Peripheral Vascular** fourth quarter revenue of \$631 million increased 1% as reported and 4% organic. Coronary & Renal Denervation (CRDN) increased in the low-single digits, with high-teens growth in Guide Catheters offsetting low-single digit declines in drug-eluting stents. Peripheral Vascular Health increased in the mid-single digits, driven by low-twenties endovenous growth on strong sales of the VenaSeal™ closure system and the Abre™ deep venous stent.

Medical Surgical Portfolio

The Medical Surgical Portfolio includes the Surgical Innovations (SI) and the Respiratory, Gastrointestinal & Renal (RGR) divisions. Medical Surgical fiscal year 2022 revenue of \$9.141 billion increased 5% as reported and organic. Excluding the impact of ventilator sales given the increased COVID-19 related demand in the prior year, Medical Surgical fiscal year 2022 revenue increased 9% organic. Medical Surgical fourth quarter revenue of \$2.231 billion decreased 5% as reported and 1% organic, with flat year-over-year organic results in SI offset by mid-single digit organic declines in RGR. Excluding the impact of ventilator sales, Medical Surgical fourth quarter revenue was flat year-over-year organic.

- **Surgical Innovations** fourth quarter revenue of \$1.491 billion decreased 3% as reported and was flat year-over-year organic due to supply constraints of certain raw materials. In addition, the division was affected by recent COVID-19 lockdowns in China, resulting in a mid-teens decline in SI revenue in China. These challenges resulted in Advanced Surgical Instruments declining in the low-single digits globally, including low-single digit declines in Advanced Stapling and mid-single digit declines in Advanced Energy. This was partially offset by high-teens growth in Hernia & Wound Management.
- **Respiratory, Gastrointestinal & Renal** fourth quarter revenue of \$740 million decreased 7% as reported and 4% organic. Excluding the impact of ventilator sales, RGR revenue was flat year-over-year organic. Respiratory Interventions decreased in the mid-teens, with sales of ventilators declining in the mid-thirties as demand returned to pre-pandemic levels. Patient Monitoring increased in the mid-single digits, with mid-single digit growth in both Nellcor™ pulse oximetry products and Perioperative Complications products, offset by low-double digit declines in Respiratory Compromise solutions. Gastrointestinal revenue decreased in the mid-single digits given pressure on procedure volumes from COVID-19. Renal Care Solutions increased in the low-single digits, including high-single digit growth in acute therapies.

Neuroscience Portfolio

The Neuroscience Portfolio includes the Cranial & Spinal Technologies (CST), Specialty Therapies, and Neuromodulation divisions. Neuroscience fiscal year 2022 revenue of \$8.784 billion increased 7% as reported and organic. Neuroscience fourth quarter revenue of \$2.299 billion was flat year-over-year as reported and increased 2% organic, with mid-single digit organic growth in Specialty Therapies and low-single digit organic growth in Neuromodulation partially offset by low-single digit organic declines in CST.

- **Cranial & Spinal Technologies** fourth quarter revenue of \$1.165 billion decreased 2% as reported and 1% organic. Spine & Biologics was flat year-over-year, with low-single digit growth in Core Spine offset by low-single digit declines in Biologics. Neurosurgery grew in the low-single digits with mid-twenties growth in robotics and high-single digit growth in both navigation and powered surgical instruments on strong demand for capital equipment, offset by declines in both imaging and CSF (cerebral spinal fluid) management as a result of supply constraints.
- **Specialty Therapies** fourth quarter revenue of \$684 million increased 5% as reported and 6% organic. Neurovascular increased in the low double-digits, driven by high-teens growth in hemorrhagic stroke products. Pelvic Health decreased in the mid-single digits on increased competition, and ENT increased in the mid-single digits on strength in sales of StealthStation™ ENT navigation systems.
- **Neuromodulation** fourth quarter revenue of \$451 million was flat year-over-year as reported and increased 2% organic. Brain Modulation increased in the low-double digits, driven by the continued adoption of the Percept™ PC deep brain stimulation (DBS) system and SenSight™ directional DBS lead system. Pain Therapies declined in the low-single digits, with mid-single digit declines

in Targeted Drug Delivery partially offset by low-single digit increases in Pain Stim on the continued adoption of the Vanta™ and Intellis™ with DTM™ SCS neurostimulators.

Diabetes

Diabetes fiscal year 2022 revenue of \$2.338 billion decreased 3% as reported and organic. Diabetes fourth quarter revenue of \$597 million decreased 8% as reported and 5% organic. U.S. revenue declined in the high-twenties, given the absence of new product approvals. This was offset by low-double digit organic growth in non-U.S. developed markets and high-teens organic growth in emerging markets. International sales were driven by mid-single digit organic growth of durable insulin pumps, mid-teens organic growth in consumables, and low-twenties organic growth of continuous glucose monitoring (CGM) products.

Guidance

The company today issued its fiscal year 2023 revenue growth and EPS guidance.

The company expects organic revenue growth in its fiscal year 2023 in the range of 4% to 5%. If recent foreign currency exchange rates hold, fiscal year 2023 revenue would be negatively affected by approximately \$1.0 billion to \$1.1 billion.

The company expects fiscal year 2023 non-GAAP EPS in the range of \$5.53 to \$5.65, including an estimated 20 to 25 cent negative impact from foreign currency translation based on recent foreign currency exchange rates.

“We expect recent and upcoming product launches to make a difference across our businesses this coming fiscal year,” said Karen Parkhill, Medtronic chief financial officer. “Supply chain, inflation, and foreign exchange are expected to create near-term pressure. Yet, we remain focused on driving our R&D investments to accelerate our growth and create large, long-term returns for our shareholders.”

Dividend Increase

The company today announced that effective May 25, 2022, the Medtronic board of directors approved an increase in Medtronic's cash dividend for the first quarter of fiscal year 2023, raising the quarterly amount to \$0.68 per ordinary share. This would translate into an annual amount of \$2.72 per ordinary share, an 8% increase from the prior \$2.52. Medtronic has a long history of dividend growth, and the company is a constituent of the S&P 500 Dividend Aristocrats index. Today's announcement marks the 45th consecutive year of an increase in the dividend payment. Including today's increase, Medtronic's dividend per share has grown by 48% over the past 5 years and has grown at a 16% compounded annual growth rate over the past 45 years.

Medtronic has a strong track record of returning capital to its shareholders, including \$5.5 billion in fiscal year 2022. The company remains committed to returning a minimum of 50 percent of its free cash flow to shareholders, primarily through dividends, and to a lesser extent, share repurchases. The dividend is payable on July 15, 2022, to shareholders of record at the close of business on June 24, 2022.

"Our substantial dividend increase reflects the confidence of our Board of Directors and executive management in Medtronic's financial strength and future earnings power," said Martha. "We've increased our dividend for the past 45 years and growing our dividend is an important component of the total return we generate for our shareholders."

New Kidney Health Technology Company

As part of its portfolio management strategy, Medtronic announced today together with DaVita the intent to form a new, independent kidney care-focused medical device company. Medtronic will contribute its Renal Care Solutions (RCS) business to the new company, which will focus on developing a broad suite of novel kidney care products and solutions, including future home-based products, to make different dialysis treatments more accessible to patients. Additional details on the agreement are available in the joint press release issued today by Medtronic and DaVita, and in

the Form 8-K that Medtronic filed today with the U.S. Securities and Exchange Commission.

Webcast Information

Medtronic will host a webcast today, May 26, at 8:00 a.m. EDT (7:00 a.m. CDT) to provide information about its businesses for the public, investors, analysts, and news media. This webcast can be accessed by clicking on the Investor Events link at investorrelations.medtronic.com and this earnings release will be archived at news.medtronic.com. Medtronic will be live tweeting during the webcast on its Newsroom Twitter account, [@Medtronic](https://twitter.com/Medtronic). Within 24 hours of the webcast, a replay of the webcast and transcript of the company's prepared remarks will be available by clicking on the Investor Events link at investorrelations.medtronic.com.

Medtronic plans to report its fiscal year 2023 first, second, third, and fourth quarter results on Tuesday, August 23, 2022, November 22, 2022, February 21, 2023, and Thursday, May 25, 2023, respectively. Confirmation and additional details will be provided closer to the specific event.

Financial Schedules

The fourth quarter financial schedules and non-GAAP reconciliations can be viewed by clicking on the Investor Events link at investorrelations.medtronic.com. To view a printable PDF of the financial schedules and non-GAAP reconciliations, [click here](#). To view the fourth quarter and fiscal year 2022 earnings presentation, [click here](#).

About Medtronic

Bold thinking. Bolder actions. We are Medtronic. Medtronic plc, headquartered in Dublin, Ireland, is the leading global healthcare technology company that boldly attacks the most challenging health problems facing humanity by searching out and finding solutions. Our Mission – to alleviate pain, restore health, and extend life – unites a global team of 90,000+ passionate people across 150 countries. Our technologies and therapies treat 70 health conditions and include cardiac devices,

surgical robotics, insulin pumps, surgical tools, patient monitoring systems, and more. Powered by our diverse knowledge, insatiable curiosity, and desire to help all those who need it, we deliver innovative technologies that transform the lives of two people every second, every hour, every day. Expect more from us as we empower insight-driven care, experiences that put people first, and better outcomes for our world. In everything we do, we are engineering the extraordinary. For more information on Medtronic (NYSE:MDT), visit www.Medtronic.com and follow [@Medtronic](https://twitter.com/Medtronic) on Twitter and [LinkedIn](https://www.linkedin.com/company/medtronic).

FORWARD LOOKING STATEMENTS

This press release 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. In some cases, you can identify these statements by forward-looking words or expressions, such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "intend," "looking ahead," "may," "plan," "possible," "potential," "project," "should," "going to," "will," and similar words or expressions, the negative or plural of such words or expressions and other comparable terminology. 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 press release, including to reflect future events or circumstances.

NON-GAAP FINANCIAL MEASURES

This press release contains financial measures, including adjusted net income, adjusted diluted EPS, and organic revenue, which are considered "non-GAAP" financial measures under applicable SEC rules and regulations. References to quarterly and annual figures increasing, decreasing or remaining flat are in comparison to fiscal year 2021.

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. Non-GAAP net income and diluted EPS exclude the effect of certain charges or gains that

contribute to or reduce earnings but that result from transactions or events that management believes may or may not recur with similar materiality or impact to operations in future periods (Non-GAAP Adjustments). Medtronic generally uses non-GAAP financial measures to facilitate management's review of the operational performance of the company and as a basis for strategic planning. 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. 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. Historical non-GAAP financial measures have been recast for comparability. Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the financial schedules accompanying this press release.

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.

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