

INTUITIVE SURGICAL, INC.
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Intuitive Surgical, Inc.
Trended Unaudited Quarterly and Annual Condensed Consolidated Statements of Income (GAAP) and Other Metrics
(in millions, except per share data and headcount)*
2021 - 2023

	<u>Q1'21</u>	<u>Q2'21</u>	<u>Q3'21</u>	<u>Q4'21</u>	<u>Q1'22</u>	<u>Q2'22</u>	<u>Q3'22</u>	<u>Q4'22</u>	<u>Q1'23</u>	<u>Q2'23</u>	<u>Q3'23</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u> <u>YTD</u>
<u>Condensed Consolidated Statements of Income</u>														
Revenue	\$ 1,292.1	\$ 1,464.0	\$ 1,403.3	\$ 1,550.7	\$ 1,487.7	\$ 1,522.1	\$ 1,557.4	\$ 1,655.0	\$ 1,696.2	\$ 1,755.9	\$ 1,743.7	\$ 5,710.1	\$ 6,222.2	\$ 5,195.8
Gross Profit	902.6	1,023.7	971.4	1,060.8	1,009.7	1,023.3	1,052.1	1,110.9	1,113.0	1,171.9	1,167.2	3,958.5	4,196.0	3,452.1
Gross Profit Margin	69.9%	69.9%	69.2%	68.4%	67.9%	67.2%	67.6%	67.1%	65.6%	66.7%	66.9%	69.3%	67.4%	66.4%
SG&A Expenses	326.0	350.2	363.3	427.0	391.1	418.4	436.1	494.3	480.5	464.3	452.0	1,466.5	1,739.9	1,396.8
Research and Development Expenses	159.8	162.3	165.5	183.4	210.5	207.3	217.1	244.1	244.9	244.4	249.4	671.0	879.0	738.7
Total Operating Expenses	485.8	512.5	528.8	610.4	601.6	625.7	653.2	738.4	725.4	708.7	701.4	2,137.5	2,618.9	2,135.5
Operating Income	416.8	511.2	442.6	450.4	408.1	397.6	398.9	372.5	387.6	463.2	465.8	1,821.0	1,577.1	1,316.6
Operating Margin	32.3%	34.9%	31.5%	29.0%	27.4%	26.1%	25.6%	22.5%	22.9%	26.4%	26.7%	31.9%	25.3%	25.3%
Interest and Other Income (Expense), Net	32.0	15.0	18.5	3.8	(5.7)	9.3	3.9	22.2	34.2	36.0	56.2	69.3	29.7	126.4
Income Before Taxes	448.8	526.2	461.1	454.2	402.4	406.9	402.8	394.7	421.8	499.2	522.0	1,890.3	1,606.8	1,443.0
Income Tax Expense	13.6	3.2	73.9	71.5	33.0	93.3	78.1	58.0	61.0	73.2	102.2	162.2	262.4	236.4
Effective Tax Rate	3.0%	0.6%	16.0%	15.7%	8.2%	22.9%	19.4%	14.7%	14.5%	14.7%	19.6%	8.6%	16.3%	16.4%
Net Income	435.2	523.0	387.2	382.7	369.4	313.6	324.7	336.7	360.8	426.0	419.8	1,728.1	1,344.4	1,206.6
Less: Net Income Attributable to Noncontrolling Interest in Joint Venture	8.9	5.8	6.7	2.1	3.8	5.8	0.7	11.8	5.5	5.2	4.1	23.5	22.1	14.8
Net Income Attributable to Intuitive Surgical, Inc.	\$ 426.3	\$ 517.2	\$ 380.5	\$ 380.6	\$ 365.6	\$ 307.8	\$ 324.0	\$ 324.9	\$ 355.3	\$ 420.8	\$ 415.7	\$ 1,704.6	\$ 1,322.3	\$ 1,191.8
Net Income Per Share Attributable to Intuitive Surgical, Inc.	\$ 1.17	\$ 1.42	\$ 1.04	\$ 1.04	\$ 1.00	\$ 0.85	\$ 0.90	\$ 0.91	\$ 1.00	\$ 1.18	\$ 1.16	\$ 4.66	\$ 3.65	\$ 3.34
Diluted Shares Outstanding	364.0	364.9	366.8	367.4	366.7	363.9	360.5	357.0	356.0	357.3	358.2	365.8	362.0	357.1
<u>Other Metrics</u>														
Cash and Investments	\$ 7,231	\$ 7,735	\$ 8,220	\$ 8,620	\$ 8,402	\$ 8,175	\$ 7,392	\$ 6,742	\$ 6,579	\$ 7,132	\$ 7,521	\$ 8,620	\$ 6,742	\$ 7,521
Capital Expenditures and Acquisitions	\$ 88.1	\$ 77.5	\$ 78.9	\$ 152.8	\$ 96.3	\$ 144.3	\$ 169.6	\$ 140.3	\$ 195.7	\$ 186.9	\$ 258.0	\$ 397.3	\$ 550.5	\$ 640.6
Share Repurchases	\$ —	\$ —	\$ —	\$ —	\$ 106.5	\$ 500.1	\$ 1,000.0	\$ 1,000.8	\$ 350.0	\$ —	\$ —	\$ —	\$ 2,607.4	\$ 350.0
Headcount	8,394	8,828	9,082	9,793	10,536	11,254	11,788	12,120	12,452	12,932	13,421	9,793	12,120	13,421

(*) Shares issued pursuant to the three-for-one stock split of the Company's issued and outstanding common stock, par value \$0.001 per share, were distributed on October 4, 2021, to stockholders of record as of September 27, 2021. All share and per-share information have been retroactively adjusted to reflect the stock split.

Intuitive Surgical, Inc.
Trended Unaudited Quarterly and Annual Non-GAAP Financial Measures (#)
(in millions, except per share data)*
2021 - 2023

	<u>Q1'21</u>	<u>Q2'21</u>	<u>Q3'21</u>	<u>Q4'21</u>	<u>Q1'22</u>	<u>Q2'22</u>	<u>Q3'22</u>	<u>Q4'22</u>	<u>Q1'23</u>	<u>Q2'23</u>	<u>Q3'23</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u> <u>YTD</u>
Non-GAAP Gross Profit Margin	71.8%	71.7%	71.3%	70.1%	69.8%	69.2%	69.8%	68.2%	67.2%	68.5%	68.8%	71.2%	69.2%	68.2%
Non-GAAP SG&A Expenses	\$ 271.5	\$ 294.1	\$ 300.3	\$ 358.3	\$ 331.6	\$ 354.0	\$ 357.7	\$ 402.1	\$ 411.5	\$ 394.0	\$ 383.3	\$ 1,224.2	\$ 1,445.4	\$ 1,188.8
Non-GAAP Research and Development (“R&D”) Expenses (1)	\$ 129.0	\$ 129.0	\$ 129.6	\$ 146.6	\$ 173.0	\$ 168.1	\$ 174.2	\$ 196.8	\$ 194.1	\$ 191.4	\$ 193.5	\$ 534.2	\$ 712.1	\$ 579.0
Non-GAAP Operating Margin (1)	40.8%	42.8%	40.6%	37.6%	35.8%	34.9%	35.6%	32.0%	31.5%	35.2%	35.8%	40.4%	34.5%	34.2%
Non-GAAP Income Before Taxes (1)	\$ 545.0	\$ 641.9	\$ 580.9	\$ 594.0	\$ 544.7	\$ 541.6	\$ 561.8	\$ 551.6	\$ 569.3	\$ 659.4	\$ 681.6	\$ 2,361.8	\$ 2,199.7	\$ 1,910.3
Non-GAAP Net Income Attributable to Intuitive Surgical, Inc. (1)	\$ 427.2	\$ 474.8	\$ 434.7	\$ 472.6	\$ 413.1	\$ 414.5	\$ 428.5	\$ 438.7	\$ 436.9	\$ 507.0	\$ 524.0	\$ 1,809.3	\$ 1,694.8	\$ 1,467.9
Non-GAAP Net Income Per Share Attributable to Intuitive Surgical, Inc. (1)	\$ 1.17	\$ 1.30	\$ 1.19	\$ 1.29	\$ 1.13	\$ 1.14	\$ 1.19	\$ 1.23	\$ 1.23	\$ 1.42	\$ 1.46	\$ 4.95	\$ 4.68	\$ 4.11
Diluted Shares Outstanding	364.0	364.9	366.8	367.4	366.7	363.9	360.5	357.0	356.0	357.3	358.2	365.8	362.0	357.1

(*) Shares issued pursuant to the three-for-one stock split of the Company’s issued and outstanding common stock, par value \$0.001 per share, were distributed on October 4, 2021, to stockholders of record as of September 27, 2021. All share and per-share information have been retroactively adjusted to reflect the stock split.

(1) Beginning with the quarter ended March 31, 2022, the Company is no longer adjusting non-GAAP research and development expenses, non-GAAP operating margin, non-GAAP income before taxes, non-GAAP net income attributable to Intuitive Surgical, Inc., or non-GAAP net income per share attributable to Intuitive Surgical, Inc. for charges relating to intellectual property and license arrangements expensed to R&D. The Company made these changes to its presentation of non-GAAP financial measures based on its understanding of the U.S. Securities and Exchange Commission’s (the “SEC”) current views on this practice from knowledge of communications between the SEC and a number of pharmaceutical and life sciences companies and independent registered public accounting firms. Historical non-GAAP measures have been adjusted for comparability.

Intuitive Surgical, Inc.
Trended Unaudited Quarterly and Annual Procedures, Revenue, and Related Metrics
Total Company
2021 - 2023

	<u>Q1'21</u>	<u>Q2'21</u>	<u>Q3'21</u>	<u>Q4'21</u>	<u>Q1'22</u>	<u>Q2'22</u>	<u>Q3'22</u>	<u>Q4'22</u>	<u>Q1'23</u>	<u>Q2'23</u>	<u>Q3'23</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u> <u>YTD</u>
<i>Revenue and Related Metrics</i>														
Instruments and Accessories Revenue (millions)	\$ 705.9	\$ 796.4	\$ 755.4	\$ 842.8	\$ 810.3	\$ 895.3	\$ 871.6	\$ 940.7	\$ 985.6	\$ 1,075.9	\$ 1,071.4	\$ 3,100.5	\$ 3,517.9	\$ 3,132.9
Year-over-year growth	14%	73%	20%	13%	15%	12%	15%	12%	22%	20%	23%	26%	13%	22%
Quarter-over-quarter growth (decline)	(5)%	13%	(5)%	12%	(4)%	10%	(3)%	8%	5%	9%	—%			
Year-over-year da Vinci procedure growth	16%	68%	20%	19%	19%	14%	20%	18%	26%	22%	19%	28%	18%	22%
Quarter-over-quarter da Vinci procedure growth (decline)	—%	13%	(3)%	9%	(1)%	9%	2%	7%	6%	5%	—%			
Service Revenue (millions)	\$ 217.5	\$ 228.0	\$ 232.7	\$ 238.0	\$ 249.3	\$ 251.7	\$ 259.9	\$ 263.3	\$ 283.2	\$ 287.3	\$ 292.9	\$ 916.2	\$ 1,024.2	\$ 863.4
Year-over-year growth	9%	75%	30%	10%	15%	10%	12%	11%	14%	14%	13%	27%	12%	13%
Quarter-over-quarter growth	1%	5%	2%	2%	5%	1%	3%	1%	8%	1%	2%			
Operating Lease Revenue (millions)	\$ 59.0	\$ 67.3	\$ 72.5	\$ 78.1	\$ 83.2	\$ 93.0	\$ 97.5	\$ 102.8	\$ 112.0	\$ 122.7	\$ 127.1	\$ 276.9	\$ 376.5	\$ 361.8
Year-over-year growth	51%	59%	58%	58%	41%	38%	34%	32%	35%	32%	30%	57%	36%	32%
Quarter-over-quarter growth	20%	14%	8%	8%	7%	12%	5%	5%	9%	10%	4%			
Total Recurring Revenue (millions) (1)	\$ 982.4	\$ 1,091.7	\$ 1,060.6	\$ 1,158.9	\$ 1,142.8	\$ 1,240.0	\$ 1,229.0	\$ 1,306.8	\$ 1,380.8	\$ 1,485.9	\$ 1,491.4	\$ 4,293.6	\$ 4,918.6	\$ 4,358.1
Year-over-year growth	15%	72%	24%	15%	16%	14%	16%	13%	21%	20%	21%	28%	15%	21%
Quarter-over-quarter growth (decline)	(3)%	11%	(3)%	9%	(1)%	9%	(1)%	6%	6%	8%	—%			
% Recurring Revenue	76%	75%	76%	75%	77%	81%	79%	79%	81%	85%	86%	75%	79%	84%
Systems Revenue (millions)	\$ 368.7	\$ 439.6	\$ 415.2	\$ 469.9	\$ 428.1	\$ 375.1	\$ 425.9	\$ 451.0	\$ 427.4	\$ 392.7	\$ 379.4	\$ 1,693.4	\$ 1,680.1	\$ 1,199.5
Year-over-year growth (decline)	30%	68%	55%	28%	16%	(15)%	3%	(4)%	—%	5%	(11)%	44%	(1)%	(2)%
Quarter-over-quarter growth (decline)	1%	19%	(6)%	13%	(9)%	(12)%	14%	6%	(5)%	(8)%	(3)%			
Total Revenue (millions) (2)	\$ 1,292.1	\$ 1,464.0	\$ 1,403.3	\$ 1,550.7	\$ 1,487.7	\$ 1,522.1	\$ 1,557.4	\$ 1,655.0	\$ 1,696.2	\$ 1,755.9	\$ 1,743.7	\$ 5,710.1	\$ 6,222.2	\$ 5,195.8
Year-over-year growth	18%	72%	30%	17%	15%	4%	11%	7%	14%	15%	12%	31%	9%	14%
Quarter-over-quarter growth (decline)	(3)%	13%	(4)%	11%	(4)%	2%	2%	6%	2%	4%	(1)%			

(1) We present operating lease revenue, which is classified as systems revenue, as a component of total recurring revenue.

(2) Total revenue consists of instruments and accessories revenue, service revenue, and systems revenue.

Intuitive Surgical, Inc.
Trended Unaudited Quarterly and Annual Procedures, Revenue, and Related Metrics (continued)
Total Company
2021 - 2023

	<u>Q1'21</u>	<u>Q2'21</u>	<u>Q3'21</u>	<u>Q4'21</u>	<u>Q1'22</u>	<u>Q2'22</u>	<u>Q3'22</u>	<u>Q4'22</u>	<u>Q1'23</u>	<u>Q2'23</u>	<u>Q3'23</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u> <u>YTD</u>
<i>Installed System Base Rollforward</i>														
Beginning da Vinci Installed System Base	5,989	6,142	6,335	6,525	6,730	6,920	7,135	7,364	7,544	7,779	8,042	5,989	6,730	7,544
Systems Placed:														
Dual Console X Systems	5	2	3	1	5	3	—	5	1	1	2	11	13	4
Single Console X Systems	33	39	40	48	33	46	36	45	51	45	34	160	160	130
Dual Console Xi Systems	89	81	81	71	84	52	75	91	74	76	79	322	302	229
Single Console Xi Systems	165	202	202	255	182	173	189	222	176	197	181	824	766	554
SP Systems	6	4	10	10	7	5	5	6	10	12	16	30	23	38
Total System Units Placed*	298	328	336	385	311	279	305	369	312	331	312	1,347	1,264	955
Trade-Ins and Retirements**	(145)	(135)	(146)	(180)	(121)	(64)	(76)	(189)	(77)	(68)	(69)	(606)	(450)	(214)
Ending da Vinci Installed System Base	6,142	6,335	6,525	6,730	6,920	7,135	7,364	7,544	7,779	8,042	8,285	6,730	7,544	8,285
*Da Vinci Systems Placed under Fixed-Payment Operating Lease Arrangements (Included in Total System Units Placed)	81	69	87	96	66	67	59	84	69	73	70	333	276	212
*Percentage of da Vinci Systems Placed under Fixed-Payment Operating Lease Arrangements	27%	21%	26%	25%	21%	24%	19%	23%	22%	22%	22%	25%	22%	22%
*Da Vinci Systems Placed under Usage-Based Operating Lease Arrangements (Included in Total System Units Placed)	46	39	52	47	42	50	54	70	62	91	93	184	216	246
*Percentage of da Vinci Systems Placed under Usage-Based Operating Lease Arrangements	15%	12%	15%	12%	14%	18%	18%	19%	20%	27%	30%	14%	17%	26%
Da Vinci Installed System Base under Fixed-Payment Operating Lease Arrangements	709	732	783	841	884	930	967	1,018	1,052	1,108	1,151	841	1,018	1,151
Percentage of da Vinci Installed System Base under Fixed-Payment Operating Lease Arrangements	12%	12%	12%	12%	13%	13%	13%	13%	14%	14%	14%	12%	13%	14%
Da Vinci Installed System Base under Usage-Based Operating Lease Arrangements	297	341	396	453	493	539	595	665	728	817	913	453	665	913
Percentage of da Vinci Installed System Base under Usage-Based Operating Lease Arrangements	5%	5%	6%	7%	7%	8%	8%	9%	9%	10%	11%	7%	9%	11%
Ending Ion Installed System Base	50	70	98	129	163	204	254	321	376	435	490	129	321	490

** During the fourth quarters of 2022 and 2021, we performed a verification audit of our installed base records that identified 70 and 54 systems, respectively, mostly older standard and S models, which had been retired. We removed these systems from our installed base estimate during the fourth quarters of 2022 and 2021, respectively.

Intuitive Surgical, Inc.
Trended Unaudited Quarterly and Annual Procedures, Revenue, and Related Metrics
United States
2021 - 2023

	<u>Q1'21</u>	<u>Q2'21</u>	<u>Q3'21</u>	<u>Q4'21</u>	<u>Q1'22</u>	<u>Q2'22</u>	<u>Q3'22</u>	<u>Q4'22</u>	<u>Q1'23</u>	<u>Q2'23</u>	<u>Q3'23</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u> <u>YTD</u>
<i>Revenue and Related Metrics</i>														
Instruments and Accessories Revenue (millions)	\$ 500.8	\$ 577.5	\$ 535.7	\$ 611.1	\$ 550.6	\$ 625.1	\$ 643.3	\$ 688.2	\$ 701.4	\$ 763.3	\$ 775.7	\$ 2,225.1	\$ 2,507.2	\$ 2,240.4
Year-over-year growth	13%	83%	15%	10%	10%	8%	20%	13%	27%	22%	21%	25%	13%	23%
Quarter-over-quarter growth (decline)	(10)%	15%	(7)%	14%	(10)%	14%	3%	7%	2%	9%	2%			
Year-over-year da Vinci procedure growth	14%	77%	16%	16%	16%	11%	18%	18%	26%	19%	17%	27%	16%	20%
Quarter-over-quarter da Vinci procedure growth (decline)	(3)%	16%	(6)%	9%	(3)%	11%	1%	9%	3%	5%	—%			
Service Revenue (millions)	\$ 144.0	\$ 150.7	\$ 153.1	\$ 155.5	\$ 165.9	\$ 168.0	\$ 175.0	\$ 175.5	\$ 186.7	\$ 189.4	\$ 188.5	\$ 603.3	\$ 684.4	\$ 564.6
Year-over-year growth	4%	87%	29%	7%	15%	11%	14%	13%	13%	13%	8%	25%	13%	11%
Quarter-over-quarter growth (decline)	(1)%	5%	2%	2%	7%	1%	4%	—%	6%	1%	—%			
Systems Revenue (millions)	\$ 202.7	\$ 277.6	\$ 263.4	\$ 281.1	\$ 248.3	\$ 218.0	\$ 264.7	\$ 235.0	\$ 221.8	\$ 189.8	\$ 216.0	\$ 1,024.8	\$ 966.0	\$ 627.6
Year-over-year growth (decline)	2%	99%	67%	41%	22%	(21)%	—%	(16)%	(11)%	(13)%	(18)%	47%	(6)%	(14)%
Quarter-over-quarter growth (decline)	2%	37%	(5)%	7%	(12)%	(12)%	21%	(11)%	(6)%	(14)%	14%			
Total Revenue (millions)	\$ 847.5	\$ 1,005.8	\$ 952.2	\$ 1,047.7	\$ 964.8	\$ 1,011.1	\$ 1,083.0	\$ 1,098.7	\$ 1,109.9	\$ 1,142.5	\$ 1,180.2	\$ 3,853.2	\$ 4,157.6	\$ 3,432.6
Year-over-year growth	8%	88%	28%	16%	14%	1%	14%	5%	15%	13%	9%	30%	8%	12%
Quarter-over-quarter growth (decline)	(6)%	19%	(5)%	10%	(8)%	5%	7%	1%	1%	3%	3%			
<i>Installed System Base Rollforward</i>														
Beginning da Vinci Installed System Base	3,720	3,793	3,896	4,005	4,139	4,238	4,342	4,470	4,563	4,668	4,805	3,720	4,139	4,563
Systems Placed:														
Dual Console X Systems	—	—	1	1	2	—	—	—	—	—	—	2	2	—
Single Console X Systems	7	9	6	12	5	5	3	5	2	2	3	34	18	7
Dual Console Xi Systems	59	58	65	51	53	33	58	58	32	51	56	233	202	139
Single Console Xi Systems	118	142	147	165	122	107	109	114	100	96	88	572	452	284
SP Systems	6	4	8	6	4	5	5	4	7	8	12	24	18	27
Total System Units Placed*	190	213	227	235	186	150	175	181	141	157	159	865	692	457
Trade-Ins and Retirements**	(117)	(110)	(118)	(101)	(87)	(46)	(47)	(88)	(36)	(20)	(21)	(446)	(268)	(77)
Ending da Vinci Installed System Base	3,793	3,896	4,005	4,139	4,238	4,342	4,470	4,563	4,668	4,805	4,943	4,139	4,563	4,943
*Da Vinci Systems Placed under Fixed-Payment Operating Lease Arrangements (Included in Total System Units Placed)	61	48	65	66	47	34	35	41	31	31	28	240	157	90
*Da Vinci Systems Placed under Usage-Based Operating Lease Arrangements (Included in Total System Units Placed)	44	36	50	45	41	43	49	67	52	90	83	175	200	225
Ending Ion Installed System Base	50	70	98	128	162	203	253	320	375	433	488	128	320	488

** During the fourth quarters of 2022 and 2021, we performed a verification audit of our installed base records that identified 26 and 17 systems, respectively, mostly older standard and S models, which had been retired. We removed these systems from our installed base estimate during the fourth quarters of 2022 and 2021, respectively.

Intuitive Surgical, Inc.
Trended Unaudited Quarterly and Annual Procedures, Revenue, and Related Metrics
Outside of the United States
2021 - 2023

	<u>Q1'21</u>	<u>Q2'21</u>	<u>Q3'21</u>	<u>Q4'21</u>	<u>Q1'22</u>	<u>Q2'22</u>	<u>Q3'22</u>	<u>Q4'22</u>	<u>Q1'23</u>	<u>Q2'23</u>	<u>Q3'23</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u> <u>YTD</u>
<i>Revenue and Related Metrics</i>														
Instruments and Accessories Revenue (millions)	\$ 205.1	\$ 218.9	\$ 219.7	\$ 231.7	\$ 259.7	\$ 270.2	\$ 228.3	\$ 252.5	\$ 284.2	\$ 312.6	\$ 295.7	\$ 875.4	\$ 1,010.7	\$ 892.5
Year-over-year growth	18%	51%	35%	23%	27%	23%	4%	9%	9%	16%	30%	31%	15%	18%
Quarter-over-quarter growth (decline)	9%	7%	—%	5%	12%	4%	(16)%	11%	13%	10%	(5)%			
Year-over-year da Vinci procedure growth	23%	51%	30%	28%	25%	22%	24%	18%	28%	28%	24%	32%	22%	27%
Quarter-over-quarter da Vinci procedure growth	8%	7%	2%	9%	5%	4%	4%	3%	14%	5%	1%			
Service Revenue (millions)	\$ 73.5	\$ 77.3	\$ 79.6	\$ 82.5	\$ 83.4	\$ 83.7	\$ 84.9	\$ 87.8	\$ 96.5	\$ 97.9	\$ 104.4	\$ 312.9	\$ 339.8	\$ 298.8
Year-over-year growth	22%	56%	31%	17%	13%	8%	7%	6%	16%	17%	23%	30%	9%	19%
Quarter-over-quarter growth	4%	5%	3%	4%	1%	—%	1%	3%	10%	1%	7%			
Systems Revenue (millions)	\$ 166.0	\$ 162.0	\$ 151.8	\$ 188.8	\$ 179.8	\$ 157.1	\$ 161.2	\$ 216.0	\$ 205.6	\$ 202.9	\$ 163.4	\$ 668.6	\$ 714.1	\$ 571.9
Year-over-year growth (decline)	96%	33%	38%	13%	8%	(3)%	6%	14%	14%	29%	1%	38%	7%	15%
Quarter-over-quarter growth (decline)	(1)%	(2)%	(6)%	24%	(5)%	(13)%	3%	34%	(5)%	(1)%	(19)%			
Total Revenue (millions)	\$ 444.6	\$ 458.2	\$ 451.1	\$ 503.0	\$ 522.9	\$ 511.0	\$ 474.4	\$ 556.3	\$ 586.3	\$ 613.4	\$ 563.5	\$ 1,856.9	\$ 2,064.6	\$ 1,763.2
Year-over-year growth	40%	45%	35%	18%	18%	12%	5%	11%	12%	20%	19%	33%	11%	17%
Quarter-over-quarter growth (decline)	4%	3%	(2)%	12%	4%	(2)%	(7)%	17%	5%	5%	(8)%			
<i>Installed System Base Rollforward</i>														
Beginning da Vinci Installed System Base	2,269	2,349	2,439	2,520	2,591	2,682	2,793	2,894	2,981	3,111	3,237	2,269	2,591	2,981
Systems Placed:														
Dual Console X Systems	5	2	2	—	3	3	—	5	1	1	2	9	11	4
Single Console X Systems	26	30	34	36	28	41	33	40	49	43	31	126	142	123
Dual Console Xi Systems	30	23	16	20	31	19	17	33	42	25	23	89	100	90
Single Console Xi Systems	47	60	55	90	60	66	80	108	76	101	93	252	314	270
SP Systems	—	—	2	4	3	—	—	2	3	4	4	6	5	11
Total System Units Placed*	108	115	109	150	125	129	130	188	171	174	153	482	572	498
Trade-Ins and Retirements**	(28)	(25)	(28)	(79)	(34)	(18)	(29)	(101)	(41)	(48)	(48)	(160)	(182)	(137)
Ending da Vinci Installed System Base	2,349	2,439	2,520	2,591	2,682	2,793	2,894	2,981	3,111	3,237	3,342	2,591	2,981	3,342
*Da Vinci Systems Placed under Fixed-Payment Operating Lease Arrangements (Included in Total System Units Placed)	20	21	22	30	19	33	24	43	38	42	42	93	119	122
*Da Vinci Systems Placed under Usage-Based Operating Lease Arrangements (Included in Total System Units Placed)	2	3	2	2	1	7	5	3	10	1	10	9	16	21
Ending Ion Installed System Base	—	—	—	1	1	1	1	1	1	2	2	1	1	2

** During the fourth quarters of 2022 and 2021, we performed a verification audit of our installed base records that identified 44 and 37 systems, respectively, mostly older standard and S models, which had been retired. We removed these systems from our installed base estimate during the fourth quarters of 2022 and 2021, respectively.

Intuitive Surgical, Inc.
Reconciliation of Unaudited GAAP to Non-GAAP Financial Measures (#)
(in millions, except per share data)*
2021 - 2023

	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	FY21	FY22	FY23 YTD
GAAP gross profit	\$902.6	\$1,023.7	\$971.4	\$1,060.8	\$1,009.7	\$1,023.3	\$1,052.1	\$1,110.9	\$1,113.0	\$1,171.9	\$1,167.2	\$3,958.5	\$4,196.0	\$3,452.1
Share-based compensation expense	20.7	21.3	24.5	22.4	24.0	25.9	28.2	11.9	23.5	27.3	29.5	88.9	90.0	80.3
Long-term incentive plan expense	—	—	—	0.7	0.3	0.2	0.3	0.3	0.4	0.3	0.1	0.7	1.1	0.8
Amortization of intangible assets	4.5	5.0	4.0	3.9	3.8	3.9	5.9	5.6	3.4	3.5	3.7	17.4	19.2	10.6
Non-GAAP gross profit	\$927.8	\$1,050.0	\$999.9	\$1,087.8	\$1,037.8	\$1,053.3	\$1,086.5	\$1,128.7	\$1,140.3	\$1,203.0	\$1,200.5	\$4,065.5	\$4,306.3	\$3,543.8
Non-GAAP gross profit margin (1)	71.8%	71.7%	71.3%	70.1%	69.8%	69.2%	69.8%	68.2%	67.2%	68.5%	68.8%	71.2%	69.2%	68.2%
GAAP SG&A expenses	\$326.0	\$350.2	\$363.3	\$427.0	\$391.1	\$418.4	\$436.1	\$494.3	\$480.5	\$464.3	\$452.0	\$1,466.5	\$1,739.9	\$1,396.8
Share-based compensation expense	(52.8)	(55.1)	(61.2)	(59.4)	(60.0)	(62.3)	(67.6)	(69.1)	(66.2)	(66.9)	(71.3)	(228.5)	(259.0)	(204.4)
Long-term incentive plan expense	—	—	—	(7.4)	(1.7)	(0.5)	(2.5)	(1.0)	(1.9)	(2.6)	(0.6)	(7.4)	(5.7)	(5.1)
Amortization of intangible assets	(1.7)	(1.9)	(1.8)	(1.9)	(1.6)	(1.6)	(1.4)	(1.3)	(0.9)	(0.8)	(0.8)	(7.3)	(5.9)	(2.5)
Litigation (charges) recoveries	—	0.9	—	—	—	—	(6.9)	(20.8)	—	—	4.0	0.9	(27.7)	4.0
Gain on sale of business	—	—	—	—	3.8	—	—	—	—	—	—	—	3.8	—
Non-GAAP SG&A expenses	\$271.5	\$294.1	\$300.3	\$358.3	\$331.6	\$354.0	\$357.7	\$402.1	\$411.5	\$394.0	\$383.3	\$1,224.2	\$1,445.4	\$1,188.8
GAAP R&D expenses	\$159.8	\$162.3	\$165.5	\$183.4	\$210.5	\$207.3	\$217.1	\$244.1	\$244.9	\$244.4	\$249.4	\$671.0	\$879.0	\$738.7
Share-based compensation expense	(30.1)	(32.6)	(35.4)	(36.0)	(36.8)	(38.5)	(42.3)	(46.6)	(50.1)	(52.3)	(55.3)	(134.1)	(164.2)	(157.7)
Amortization of intangible assets (2)	(0.7)	(0.7)	(0.5)	(0.8)	(0.7)	(0.7)	(0.6)	(0.7)	(0.7)	(0.7)	(0.6)	(2.7)	(2.7)	(2.0)
Non-GAAP R&D expenses	\$129.0	\$129.0	\$129.6	\$146.6	\$173.0	\$168.1	\$174.2	\$196.8	\$194.1	\$191.4	\$193.5	\$534.2	\$712.1	\$579.0
GAAP income from operations	\$416.8	\$511.2	\$442.6	\$450.4	\$408.1	\$397.6	\$398.9	\$372.5	\$387.6	\$463.2	\$465.8	\$1,821.0	\$1,577.1	\$1,316.6
Share-based compensation expense	103.6	109.0	121.1	117.8	120.8	126.7	138.1	127.6	139.8	146.5	156.1	451.5	513.2	442.4
Long-term incentive plan expense	—	—	—	8.1	2.0	0.7	2.8	1.3	2.3	2.9	0.7	8.1	6.8	5.9
Amortization of intangible assets (2)	6.9	7.6	6.3	6.6	6.1	6.2	7.9	7.6	5.0	5.0	5.1	27.4	27.8	15.1
Litigation charges (recoveries)	—	(0.9)	—	—	—	—	6.9	20.8	—	—	(4.0)	(0.9)	27.7	(4.0)
Gain on sale of business	—	—	—	—	(3.8)	—	—	—	—	—	—	—	(3.8)	—
Non-GAAP income from operations	\$527.3	\$626.9	\$570.0	\$582.9	\$533.2	\$531.2	\$554.6	\$529.8	\$534.7	\$617.6	\$623.7	\$2,307.1	\$2,148.8	\$1,776.0
Non-GAAP operating margin (3)	40.8%	42.8%	40.6%	37.6%	35.8%	34.9%	35.6%	32.0%	31.5%	35.2%	35.8%	40.4%	34.5%	34.2%
GAAP income before taxes	\$448.8	\$526.2	\$461.1	\$454.2	\$402.4	\$406.9	\$402.8	\$394.7	\$421.8	\$499.2	\$522.0	\$1,890.3	\$1,606.8	\$1,443.0
Share-based compensation expense	103.6	109.0	121.1	117.8	120.8	126.7	138.1	127.6	139.8	146.5	156.1	451.5	513.2	442.4
Long-term incentive plan expense	—	—	—	8.1	2.0	0.7	2.8	1.3	2.3	2.9	0.7	8.1	6.8	5.9
Amortization of intangible assets (2)	6.9	7.6	6.3	6.6	6.1	6.2	7.9	7.6	5.0	5.0	5.1	27.4	27.8	15.1
Litigation charges (recoveries)	—	(0.9)	—	—	—	—	6.9	20.8	—	—	(4.0)	(0.9)	27.7	(4.0)
Gain on sale of business	—	—	—	—	(3.8)	—	—	—	—	—	—	—	(3.8)	—
(Gains) losses on strategic investments	(14.3)	—	(7.6)	7.3	17.2	1.1	3.3	(0.4)	0.4	5.8	1.7	(14.6)	21.2	7.9
Non-GAAP income before taxes	\$545.0	\$641.9	\$580.9	\$594.0	\$544.7	\$541.6	\$561.8	\$551.6	\$569.3	\$659.4	\$681.6	\$2,361.8	\$2,199.7	\$1,910.3
GAAP net income attributable to Intuitive Surgical, Inc.	\$426.3	\$517.2	\$380.5	\$380.6	\$365.6	\$307.8	\$324.0	\$324.9	\$355.3	\$420.8	\$415.7	\$1,704.6	\$1,322.3	\$1,191.8
Share-based compensation expense	103.6	109.0	121.1	117.8	120.8	126.7	138.1	127.6	139.8	146.5	156.1	451.5	513.2	442.4
Long-term incentive plan expense	—	—	—	8.1	2.0	0.7	2.8	1.3	2.3	2.9	0.7	8.1	6.8	5.9
Amortization of intangible assets (2)	6.9	7.6	6.3	6.6	6.1	6.2	7.9	7.6	5.0	5.0	5.1	27.4	27.8	15.1
Litigation charges (recoveries)	—	(0.9)	—	—	—	—	6.9	20.8	—	—	(4.0)	(0.9)	27.7	(4.0)
Gain on sale of business	—	—	—	—	(3.8)	—	—	—	—	—	—	—	(3.8)	—
(Gains) losses on strategic investments	(14.3)	—	(7.6)	7.3	17.2	1.1	3.3	(0.4)	0.4	5.8	1.7	(14.6)	21.2	7.9
Tax adjustments (2)	(94.9)	(157.7)	(65.1)	(44.4)	(93.9)	(27.5)	(53.3)	(42.4)	(64.8)	(73.8)	(51.0)	(362.1)	(217.1)	(189.6)
Adjustments attributable to noncontrolling interest in joint venture	(0.4)	(0.4)	(0.5)	(3.4)	(0.9)	(0.5)	(1.2)	(0.7)	(1.1)	(0.2)	(0.3)	(4.7)	(3.3)	(1.6)
Non-GAAP net income attributable to Intuitive Surgical, Inc.	\$427.2	\$474.8	\$434.7	\$472.6	\$413.1	\$414.5	\$428.5	\$438.7	\$436.9	\$507.0	\$524.0	\$1,809.3	\$1,694.8	\$1,467.9
Non-GAAP net income per share attributable to Intuitive Surgical, Inc. - diluted*	\$ 1.17	\$ 1.30	\$ 1.19	\$ 1.29	\$ 1.13	\$ 1.14	\$ 1.19	\$ 1.23	\$ 1.23	\$ 1.42	\$ 1.46	\$ 4.95	\$ 4.68	\$ 4.11
Non-GAAP diluted shares outstanding*	364.0	364.9	366.8	367.4	366.7	363.9	360.5	357.0	356.0	357.3	358.2	365.8	362.0	357.1

(1) Non-GAAP gross profit margin is calculated by dividing non-GAAP gross profit by revenue.

(2) Beginning with the quarter ended March 31, 2022, the Company is no longer adjusting non-GAAP financial measures for charges relating to intellectual property and license arrangements expensed to R&D. The Company made these changes to its presentation of non-GAAP financial measures based on its understanding of the U.S. Securities and Exchange Commission's (the "SEC") current views on this practice from knowledge of communications between the SEC and a number of pharmaceutical and life sciences companies and independent registered public accounting firms. Historical non-GAAP measures have been adjusted for comparability.

(3) Non-GAAP operating margin is calculated by dividing non-GAAP income from operations divided by revenue.

(*) Shares issued pursuant to the three-for-one stock split of the Company's issued and outstanding common stock, par value \$0.001 per share, were distributed on October 4, 2021, to stockholders of record as of September 27, 2021. All share and per-share information have been retroactively adjusted to reflect the stock split.

This information is supplemental to the third quarter 2023 earnings press release issued by Intuitive Surgical, Inc., on October 19, 2023, and should be read in conjunction with that release and the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2023, when filed with the U.S. Securities and Exchange Commission.

(#) About Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with accounting principles generally accepted in the United States ("GAAP"), we use the following non-GAAP financial measures: non-GAAP gross profit, non-GAAP gross profit margin, non-GAAP SG&A expenses, non-GAAP research and development ("R&D") expenses, non-GAAP income from operations, non-GAAP operating margin, non-GAAP income before taxes, non-GAAP net income attributable to Intuitive Surgical, Inc., non-GAAP net income per diluted share attributable to Intuitive Surgical, Inc. ("EPS"), and non-GAAP diluted shares outstanding. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We use these non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. We believe that these non-GAAP financial measures provide meaningful supplemental information regarding our performance by excluding items such as amortization of intangible assets, share-based compensation ("SBC") and long-term incentive plan expenses, and other special items. Long-term incentive plan expense relates to phantom share awards granted in China by our Intuitive-Fosun joint venture, to its employees that vest over four years and can remain outstanding for seven to ten years. These awards are valued based on certain key performance metrics. Accordingly, they are subject to significant volatility based on the performance of these metrics and are not tied to performance of our business within the period. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting, and analyzing future periods. These non-GAAP financial measures also facilitate management's internal comparisons to our historical performance. We believe that these non-GAAP financial measures are useful to investors, because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making, and (2) they are used by institutional investors and the analyst community to help them analyze the performance of our business.

Non-GAAP gross profit. We define non-GAAP gross profit as gross profit, excluding amortization of intangible assets and SBC and long-term incentive plan expenses.

Non-GAAP SG&A expenses. We define non-GAAP SG&A expenses as SG&A expenses, excluding amortization of intangible assets, SBC and long-term incentive plan expenses, litigation charges and recoveries, and a gain on the sale of a business.

Non-GAAP R&D expenses. We define non-GAAP R&D expenses as R&D expenses, excluding amortization of intangible assets and SBC expenses.

Non-GAAP income from operations. We define non-GAAP income from operations as income from operations, excluding amortization of intangible assets, SBC and long-term incentive plan expenses, litigation charges and recoveries, and a gain on the sale of a business.

Non-GAAP income before taxes. We define non-GAAP income before taxes as income before taxes, excluding amortization of intangible assets, SBC and long-term incentive plan expenses, litigation charges and recoveries, a gain on the sale of a business, and gains (losses) on strategic investments.

Non-GAAP net income attributable to Intuitive Surgical, Inc. and EPS. We define non-GAAP net income as net income attributable to Intuitive Surgical, Inc., excluding amortization of intangible assets, SBC and long-term incentive plan expenses, litigation charges and recoveries, a gain on the sale of a business, gains (losses) on strategic investments, adjustments attributable to noncontrolling interest in joint venture, net of the related tax effects, and tax adjustments, including excess tax benefits or deficiencies associated with SBC arrangements, a one-time tax benefit from re-measurement of certain deferred tax assets, and the net tax effects related to intra-entity transfers of non-inventory assets. We exclude a one-time tax benefit from re-measurement of certain deferred tax assets, because it is discrete in nature, and exclude the excess tax benefits or deficiencies associated with SBC arrangements as well as the tax effects associated with non-cash amortization of deferred tax assets related to intra-entity non-inventory transfers, because we do not believe these items correlate with the on-going results of our core operations. The tax effects of the non-GAAP items are determined by applying a calculated non-GAAP effective tax rate, which is commonly referred to as the with-and-without method. Without excluding these tax effects, investors would only see the gross effect that these non-GAAP adjustments had on our operating results. Our calculated non-GAAP effective tax rate is generally higher than our GAAP effective tax rate. We define non-GAAP EPS as non-GAAP net income attributable to Intuitive Surgical, Inc. divided by non-GAAP diluted shares, which are calculated as GAAP weighted-average outstanding shares plus dilutive potential shares outstanding during the period.

There are a number of limitations related to the use of non-GAAP measures versus measures calculated in accordance with GAAP. Non-GAAP gross profit, non-GAAP SG&A expenses, non-GAAP R&D expenses, non-GAAP income from operations, non-GAAP income before taxes, non-GAAP net income attributable to Intuitive Surgical, Inc., and non-GAAP EPS exclude items such as

amortization of intangible assets, re-measurement of contingent consideration, SBC and long-term incentive plan expenses, excess tax benefits or deficiencies associated with SBC arrangements, and non-cash amortization of deferred tax assets related to intra-entity transfer of non-inventory assets, which are primarily recurring items. SBC expense has been, and will continue to be for the foreseeable future, a significant recurring expense in our business. In addition, the components of the costs that we exclude in our calculation of non-GAAP net income attributable to Intuitive Surgical, Inc. and non-GAAP EPS may differ from the components that our peer companies exclude when they report their results of operations. Management addresses these limitations by providing specific information regarding the GAAP amounts excluded from non-GAAP net income attributable to Intuitive Surgical, Inc. and non-GAAP EPS and evaluating non-GAAP net income attributable to Intuitive Surgical, Inc. and non-GAAP EPS together with net income attributable to Intuitive Surgical, Inc. and net income per share attributable to Intuitive Surgical, Inc. calculated in accordance with GAAP.