

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)*
2019 - 2021

	<u>Q1'19</u>	<u>Q2'19</u>	<u>Q3'19</u>	<u>Q4'19</u>	<u>Q1'20</u>	<u>Q2'20</u>	<u>Q3'20</u>	<u>Q4'20</u>	<u>Q1'21</u>	<u>Q2'21</u>	<u>Q3'21</u>	<u>Q4'21</u>	<u>FY19</u>	<u>FY20</u>	<u>FY 21</u>
Condensed Consolidated Statements of Income															
Revenue	\$973.7	\$1,098.9	\$1,128.2	\$1,277.7	\$1,099.5	\$852.1	\$1,077.7	\$1,329.1	\$1,292.1	\$1,464.0	\$1,403.3	\$1,550.7	\$4,478.5	\$4,358.4	\$5,710.1
Gross Profit	669.6	759.0	785.6	896.0	738.2	502.9	724.3	895.8	902.6	1,023.7	971.4	1,060.8	3,110.2	2,861.2	\$3,958.5
Gross Profit Margin	68.8 %	69.1 %	69.6 %	70.1 %	67.1 %	59.0 %	67.2 %	67.4 %	69.9 %	69.9 %	69.2 %	68.4 %	69.4 %	65.6 %	69.3 %
SG&A Expenses	273.4	279.2	284.0	341.8	308.1	279.1	298.9	330.2	326.0	350.2	363.3	427.0	1,178.4	1,216.3	1,466.5
Research and Development Expenses	144.0	120.8	135.9	156.6	147.1	143.2	155.0	149.8	159.8	162.3	165.5	183.4	557.3	595.1	671.0
Total Operating Expenses	417.4	400.0	419.9	498.4	455.2	422.3	453.9	480.0	485.8	512.5	528.8	610.4	1,735.7	1,811.4	2,137.5
Operating Income	252.2	359.0	365.7	397.6	283.0	80.6	270.4	415.8	416.8	511.2	442.6	450.4	1,374.5	1,049.8	\$1,821.0
Operating Margin	25.9 %	32.7 %	32.4 %	31.1 %	25.7 %	9.5 %	25.1 %	31.3 %	32.3 %	34.9 %	31.5 %	29.0 %	30.7 %	24.1 %	31.9 %
Interest and Other Income, net	27.5	32.8	33.3	34.1	25.1	26.6	84.8	20.7	32.0	15.0	18.5	3.8	127.7	157.2	69.3
Income Before Taxes	279.7	391.8	399.0	431.7	308.1	107.2	355.2	436.5	448.8	526.2	461.1	454.2	1,502.2	1,207.0	1,890.3
Income Tax Expense (Benefit)	(24.3)	75.4	0.3	69.0	(8.1)	37.0	38.4	72.9	13.6	3.2	73.9	71.5	120.4	140.2	162.2
Effective Tax Rate	(8.7)%	19.2 %	0.1 %	16.0 %	(2.6)%	34.5 %	10.8 %	16.7 %	3.0 %	0.6 %	16.0 %	15.7 %	8.0 %	11.6 %	8.6 %
Net Income	304.0	316.4	398.7	362.7	316.2	70.2	316.8	363.6	435.2	523.0	387.2	382.7	1,381.8	1,066.8	1,728.1
Less: Net Income (Loss) Attributable to Noncontrolling Interest in Joint Venture	(2.5)	(1.9)	1.9	5.0	2.7	2.2	2.9	(1.6)	8.9	5.8	6.7	2.1	2.5	6.2	23.5
Net Income Attributable to Intuitive Surgical, Inc.	\$306.5	\$318.3	\$396.8	\$357.7	\$313.5	\$ 68.0	\$313.9	\$365.2	\$426.3	\$517.2	\$380.5	\$380.6	\$1,379.3	\$1,060.6	\$1,704.6
Net Income Per Share Attributable to Intuitive Surgical, Inc.	\$ 0.86	\$ 0.89	\$ 1.11	\$ 1.00	\$ 0.87	\$ 0.19	\$ 0.87	\$ 1.01	\$ 1.17	\$ 1.42	\$ 1.04	\$ 1.04	\$11.54	\$ 2.94	\$ 4.66
Diluted Shares Outstanding	358.7	357.8	357.8	359.0	359.5	359.0	361.9	363.3	364.0	364.9	366.8	367.4	358.4	361.0	365.8
Other Metrics															
Cash and Investments	\$5,064.6	\$5,148.2	\$5,430.6	\$5,845.2	\$5,896.1	\$6,074.8	\$6,361.4	\$6,869.1	\$7,230.5	\$7,734.8	\$8,219.7	\$8,619.5	\$5,845.2	\$6,869.1	\$8,619.5
Capital Expenditures and Acquisitions	\$118.1	\$ 82.6	\$127.2	\$180.0	\$164.0	\$118.9	\$ 82.9	\$ 98.4	\$ 88.1	\$ 77.5	\$ 78.9	\$152.8	\$507.9	\$464.2	\$397.3
Share Repurchases	\$ —	\$200.0	\$ 69.5	\$ —	\$100.0	\$ —	\$ —	\$ 34.3	\$ —	\$ —	\$ —	\$ —	\$269.5	\$134.3	\$ —
Headcount	6,055	6,482	7,044	7,326	7,490	7,693	7,802	8,081	8,394	8,828	9,082	9,793	7,326	8,081	9,793

(*) 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)*
2019 - 2021

	<u>Q1'19</u>	<u>Q2'19</u>	<u>Q3'19</u>	<u>Q4'19</u>	<u>Q1'20</u>	<u>Q2'20</u>	<u>Q3'20</u>	<u>Q4'20</u>	<u>Q1'21</u>	<u>Q2'21</u>	<u>Q3'21</u>	<u>Q4'21</u>	<u>FY19</u>	<u>FY20</u>	<u>FY 21</u>
Non-GAAP Gross Profit Margin	71.2 %	71.3 %	72.0 %	72.2 %	69.7 %	62.4 %	70.2 %	69.7 %	71.8 %	71.7 %	71.3 %	70.1 %	71.7 %	68.4 %	71.2 %
Non-GAAP SG&A Expenses	\$231.0	\$233.2	\$241.0	\$291.9	\$263.6	\$223.7	\$238.8	\$272.8	\$271.5	\$294.1	\$300.3	\$358.3	\$997.1	\$998.9	\$1,224.2
Non-GAAP Research and Development Expenses	\$100.4	\$ 95.2	\$108.9	\$125.1	\$118.0	\$114.9	\$115.6	\$119.4	\$129.0	\$126.0	\$129.6	\$141.6	\$429.6	\$467.9	\$526.2
Non-GAAP Operating Margin	37.1 %	41.4 %	41.0 %	39.6 %	35.0 %	22.7 %	37.3 %	40.2 %	40.8 %	43.0 %	40.6 %	37.9 %	39.9 %	34.8 %	40.5 %
Non-GAAP Income Before Taxes	\$390.5	\$487.3	\$495.6	\$539.7	\$409.4	\$219.9	\$425.5	\$549.9	\$545.0	\$644.9	\$580.9	\$599.0	\$1,913.1	\$1,604.7	\$2,369.8
Non-GAAP Net Income Attributable to Intuitive Surgical, Inc.	\$312.0	\$387.5	\$408.8	\$417.0	\$322.8	\$132.3	\$333.8	\$433.8	\$427.2	\$477.1	\$434.7	\$476.5	\$1,525.3	\$1,222.7	\$1,815.5
Non-GAAP Net Income Per Share Attributable to Intuitive Surgical, Inc.	\$ 0.87	\$ 1.08	\$ 1.14	\$ 1.16	\$ 0.90	\$ 0.37	\$ 0.92	\$ 1.19	\$ 1.17	\$ 1.31	\$ 1.19	\$ 1.30	\$ 4.26	\$ 3.39	\$ 4.96
Diluted Shares Outstanding	358.7	357.8	357.8	359.0	359.5	359.0	361.9	363.3	364.0	364.9	366.8	367.4	358.4	361.0	365.8

(*) 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 Procedures, Revenue, and Related Metrics
Total Company
2019 - 2021

	<u>Q1'19</u>	<u>Q2'19</u>	<u>Q3'19</u>	<u>Q4'19</u>	<u>Q1'20</u>	<u>Q2'20</u>	<u>Q3'20</u>	<u>Q4'20</u>	<u>Q1'21</u>	<u>Q2'21</u>	<u>Q3'21</u>	<u>Q4'21</u>	<u>FY19</u>	<u>FY20</u>	<u>FY 21</u>
<i>Revenue and Related Metrics</i>															
Instruments and Accessories Revenue (millions)	\$552.3	\$578.5	\$606.2	\$671.2	\$617.5	\$460.8	\$630.5	\$746.9	\$705.9	\$796.4	\$755.4	\$842.8	\$2,408.2	\$2,455.7	\$3,100.5
Year-over-year growth (decline)	20 %	22 %	25 %	24 %	12 %	(20)%	4 %	11 %	14 %	73 %	20 %	13 %	23 %	2 %	26 %
Quarter-over-quarter growth (decline)	2 %	5 %	5 %	11 %	(8)%	(25)%	37 %	18 %	(5)%	13 %	(5)%	12 %			
Year-over-year procedure growth (decline)	18 %	17 %	20 %	19 %	10 %	(19)%	7 %	6 %	16 %	68 %	20 %	19 %	18 %	1 %	28 %
Quarter-over-quarter procedure growth (decline)	(1)%	7 %	2 %	11 %	(9)%	(22)%	36 %	10 %	— %	13 %	(3)%	9 %			
Service Revenue (millions)	\$173.9	\$176.6	\$183.4	\$190.3	\$198.7	\$130.3	\$179.4	\$215.4	\$217.5	\$228.0	\$232.7	\$238.0	\$724.2	\$723.8	\$916.2
Year-over-year growth (decline)	14 %	13 %	15 %	14 %	14 %	(26)%	(2)%	13 %	9 %	75 %	30 %	10 %	14 %	— %	27 %
Quarter-over-quarter growth (decline)	4 %	2 %	4 %	4 %	4 %	(34)%	38 %	20 %	1 %	5 %	2 %	2 %			
Operating Lease Revenue (millions)	\$ 20.4	\$ 25.1	\$ 27.4	\$ 34.0	\$ 39.2	\$ 42.3	\$ 45.9	\$ 49.3	\$ 59.0	\$ 67.3	\$ 72.5	\$ 78.1	\$106.9	\$176.7	\$276.9
Year-over-year growth	115 %	118 %	96 %	107 %	92 %	69 %	68 %	45 %	51 %	59 %	58 %	58 %	108 %	65 %	57 %
Quarter-over-quarter growth	24 %	23 %	9 %	24 %	15 %	8 %	9 %	7 %	20 %	14 %	8 %	8 %			
Total Recurring Revenue (millions) (1)	\$746.6	\$780.2	\$817.0	\$895.5	\$855.4	\$633.4	\$855.8	\$1,011.6	\$982.4	\$1,091.7	\$1,060.6	\$1,158.9	\$3,239.3	\$3,356.2	\$4,293.6
Year-over-year growth (decline)	20 %	21 %	24 %	24 %	15 %	(19)%	5 %	13 %	15 %	72 %	24 %	15 %	22 %	4 %	28 %
Quarter-over-quarter growth (decline)	3 %	5 %	5 %	10 %	(4)%	(26)%	35 %	18 %	(3)%	11 %	(3)%	9 %			
% Recurring Revenue	77 %	71 %	72 %	70 %	78 %	74 %	79 %	76 %	76 %	75 %	76 %	75 %	72 %	77 %	75 %
Systems Revenue (millions)	\$247.5	\$343.8	\$338.6	\$416.2	\$283.3	\$261.0	\$267.8	\$366.8	\$368.7	\$439.6	\$415.2	\$469.9	\$1,346.1	\$1,178.9	\$1,693.4
Year-over-year growth (decline)	6 %	24 %	23 %	22 %	14 %	(24)%	(21)%	(12)%	30 %	68 %	55 %	28 %	19 %	(12)%	44 %
Quarter-over-quarter growth (decline)	(27)%	39 %	(2)%	23 %	(32)%	(8)%	3 %	37 %	1 %	19 %	(6)%	13 %			
Total Revenue (millions) (2)	\$973.7	\$1,098.9	\$1,128.2	\$1,277.7	\$1,099.5	\$852.1	\$1,077.7	\$1,329.1	\$1,292.1	\$1,464.0	\$1,403.3	\$1,550.7	\$4,478.5	\$4,358.4	\$5,710.1
Year-over-year growth (decline)	15 %	21 %	23 %	22 %	13 %	(22)%	(4)%	4 %	18 %	72 %	30 %	17 %	20 %	(3)%	31 %
Quarter-over-quarter growth (decline)	(7)%	13 %	3 %	13 %	(14)%	(23)%	26 %	23 %	(3)%	13 %	(4)%	11 %			

(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
2019 - 2021

	<u>Q1'19</u>	<u>Q2'19</u>	<u>Q3'19</u>	<u>Q4'19</u>	<u>Q1'20</u>	<u>Q2'20</u>	<u>Q3'20</u>	<u>Q4'20</u>	<u>Q1'21</u>	<u>Q2'21</u>	<u>Q3'21</u>	<u>Q4'21</u>	<u>FY19</u>	<u>FY20</u>	<u>FY 21</u>
<i>Installed System Base Rollforward</i>															
Beginning da Vinci Installed System Base	4,986	5,114	5,270	5,406	5,582	5,669	5,764	5,865	5,989	6,142	6,335	6,525	4,986	5,582	5,989
Systems Shipped:															
Single Console Si Systems	13	5	7	5	—	—	—	—	—	—	—	—	30	—	—
Dual Console X Systems	5	4	3	5	5	1	1	1	5	2	3	1	17	8	11
Single Console X Systems	53	50	44	48	27	25	27	45	33	39	40	48	195	124	160
Dual Console Xi Systems	58	63	56	64	40	37	44	65	89	81	81	71	241	186	322
Single Console Xi Systems	100	138	161	208	162	110	117	203	165	202	202	255	607	592	824
SP Systems	6	13	4	6	3	5	6	12	6	4	10	10	29	26	30
Total System Units Shipped*	235	273	275	336	237	178	195	326	298	328	336	385	1,119	936	1,347
Trade-Ins and Retirements**	(107)	(117)	(139)	(160)	(150)	(83)	(94)	(202)	(145)	(135)	(146)	(180)	(523)	(529)	(606)
Ending da Vinci Installed System Base	5,114	5,270	5,406	5,582	5,669	5,764	5,865	5,989	6,142	6,335	6,525	6,730	5,582	5,989	6,730
*Da Vinci Systems Shipped under Operating Leases (Included in Total System Units Shipped)	78	88	92	126	77	52	68	120	127	108	139	143	384	317	517
*Percentage of da Vinci Systems Shipped under Operating Leases	33 %	32 %	33 %	38 %	32 %	29 %	35 %	37 %	43 %	33 %	41 %	37 %	34 %	34 %	38 %
Da Vinci Installed System Base under Operating Leases	423	486	560	658	721	758	806	901	1,006	1,073	1,179	1,294	658	901	1,294
Percentage of da Vinci Installed System Base under Operating Leases	8 %	9 %	10 %	12 %	13 %	13 %	14 %	15 %	16 %	17 %	18 %	19 %	12 %	15 %	19 %
Ion Installed System Base	—	—	3	10	18	21	32	36	50	70	98	129	10	36	129

**During the fourth quarters of 2021 and 2020, we performed a verification audit of our installed base records that identified 54 and 33 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 2021 and 2020, respectively.

Intuitive Surgical, Inc.
Trended Unaudited Quarterly and Annual Procedures, Revenue, and Related Metrics
United States
2019 - 2021

	<u>Q1'19</u>	<u>Q2'19</u>	<u>Q3'19</u>	<u>Q4'19</u>	<u>Q1'20</u>	<u>Q2'20</u>	<u>Q3'20</u>	<u>Q4'20</u>	<u>Q1'21</u>	<u>Q2'21</u>	<u>Q3'21</u>	<u>Q4'21</u>	<u>FY19</u>	<u>FY20</u>	<u>FY 21</u>
<u>Revenue and Related Metrics</u>															
Instruments and Accessories Revenue (millions)	\$407.4	\$428.6	\$450.7	\$503.7	\$444.4	\$315.6	\$467.2	\$557.9	\$500.8	\$577.5	\$535.7	\$611.1	\$1,790.4	\$1,785.1	\$2,225.1
Year-over-year growth (decline)	21 %	19 %	22 %	20 %	9 %	(26)%	4 %	11 %	13 %	83 %	15 %	10 %	21 %	— %	25 %
Quarter-over-quarter growth (decline)	(3)%	5 %	5 %	12 %	(12)%	(29)%	48 %	19 %	(10)%	15 %	(7)%	14 %			
Year-over-year procedure growth (decline)	17 %	16 %	18 %	18 %	9 %	(24)%	7 %	5 %	14 %	77 %	16 %	16 %	17 %	(1)%	27 %
Quarter-over-quarter procedure growth (decline)	(4)%	8 %	2 %	11 %	(11)%	(25)%	44 %	9 %	(3)%	16 %	(6)%	9 %			
Service Revenue (millions)	\$123.5	\$124.1	\$128.5	\$132.3	\$138.4	\$ 80.6	\$118.8	\$144.8	\$144.0	\$150.7	\$153.1	\$155.5	\$508.4	\$482.6	\$603.3
Year-over-year growth (decline)	11 %	11 %	12 %	12 %	12 %	(35)%	(8)%	9 %	4 %	87 %	29 %	7 %	11 %	(5)%	25 %
Quarter-over-quarter growth (decline)	4 %	— %	4 %	3 %	5 %	(42)%	47 %	22 %	(1)%	5 %	2 %	2 %			
Systems Revenue (millions)	\$160.7	\$232.6	\$217.2	\$220.2	\$198.8	\$139.3	\$157.7	\$199.2	\$202.7	\$277.6	\$263.4	\$281.1	\$830.7	\$695.0	\$1,024.8
Year-over-year growth (decline)	30 %	35 %	12 %	9 %	24 %	(40)%	(27)%	(10)%	2 %	99 %	67 %	41 %	20 %	(16)%	47 %
Quarter-over-quarter growth (decline)	(21)%	45 %	(7)%	1 %	(10)%	(30)%	13 %	26 %	2 %	37 %	(5)%	7 %			
Total Revenue (millions)	\$691.6	\$785.3	\$796.4	\$856.2	\$781.6	\$535.5	\$743.7	\$901.9	\$847.5	\$1,005.8	\$952.2	\$1,047.7	\$3,129.5	\$2,962.7	\$3,853.2
Year-over-year growth (decline)	21 %	22 %	18 %	16 %	13 %	(32)%	(7)%	5 %	8 %	88 %	28 %	16 %	19 %	(5)%	30 %
Quarter-over-quarter growth (decline)	(7)%	14 %	1 %	8 %	(9)%	(31)%	39 %	21 %	(6)%	19 %	(5)%	10 %			
<u>Installed System Base Rollforward</u>															
Beginning da Vinci Installed System Base	3,204	3,283	3,383	3,459	3,531	3,581	3,618	3,664	3,720	3,793	3,896	4,005	3,204	3,531	3,720
Systems Shipped:															
Single Console Si Systems	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Dual Console X Systems	4	2	—	1	2	—	—	1	—	—	1	1	7	3	2
Single Console X Systems	18	26	17	18	11	8	4	12	7	9	6	12	79	35	34
Dual Console Xi Systems	47	50	45	40	34	26	30	38	59	58	65	51	182	128	233
Single Console Xi Systems	80	102	119	133	133	69	76	134	118	142	147	165	434	412	572
SP Systems	5	13	4	4	2	3	6	11	6	4	8	6	26	22	24
Total System Units Shipped*	154	193	185	196	182	106	116	196	190	213	227	235	728	600	865
Trade-Ins and Retirements**	(75)	(93)	(109)	(124)	(132)	(69)	(70)	(140)	(117)	(110)	(118)	(101)	(401)	(411)	(446)
Ending da Vinci Installed System Base	3,283	3,383	3,459	3,531	3,581	3,618	3,664	3,720	3,793	3,896	4,005	4,139	3,531	3,720	4,139
*Da Vinci Systems Shipped under Operating Leases (Included in Total System Units Shipped)	67	76	71	94	70	44	53	93	105	84	115	111	308	260	415
Ion Installed System Base	—	—	3	10	18	21	32	36	50	70	98	128	10	36	128

**During the fourth quarters of 2021 and 2020, we performed a verification audit of our installed base records that identified 17 and 8 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 2021 and 2020, respectively.

Intuitive Surgical, Inc.
Trended Unaudited Quarterly and Annual Procedures, Revenue, and Related Metrics
Outside of the United States
2019 - 2021

	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	FY19	FY20	FY 21
<u>Revenue and Related Metrics</u>															
Instruments and Accessories Revenue (millions)	\$144.9	\$149.9	\$155.5	\$167.5	\$173.1	\$145.2	\$163.3	\$189.0	\$205.1	\$218.9	\$219.7	\$231.7	\$617.8	\$670.6	\$875.4
Year-over-year growth (decline)	18 %	29 %	32 %	39 %	19 %	(3)%	5 %	13 %	18 %	51 %	35 %	23 %	30 %	9 %	31 %
Quarter-over-quarter growth (decline)	21 %	3 %	4 %	8 %	3 %	(16)%	12 %	16 %	9 %	7 %	— %	5 %			
Year-over-year procedure growth (decline)	22 %	20 %	23 %	22 %	12 %	(7)%	9 %	11 %	23 %	51 %	30 %	28 %	21 %	6 %	32 %
Quarter-over-quarter procedure growth (decline)	6 %	4 %	1 %	9 %	(3)%	(13)%	19 %	11 %	8 %	7 %	2 %	9 %			
Service Revenue (millions)	\$ 50.4	\$ 52.5	\$ 54.9	\$ 58.0	\$ 60.3	\$ 49.7	\$ 60.6	\$ 70.6	\$ 73.5	\$ 77.3	\$ 79.6	\$ 82.5	\$215.8	\$241.2	\$312.9
Year-over-year growth (decline)	20 %	20 %	21 %	21 %	20 %	(5)%	10 %	22 %	22 %	56 %	31 %	17 %	21 %	12 %	30 %
Quarter-over-quarter growth (decline)	5 %	4 %	5 %	6 %	4 %	(18)%	22 %	17 %	4 %	5 %	3 %	4 %			
Systems Revenue (millions)	\$ 86.8	\$111.2	\$121.4	\$196.0	\$ 84.5	\$121.7	\$110.1	\$167.6	\$166.0	\$162.0	\$151.8	\$188.8	\$515.4	\$483.9	\$668.6
Year-over-year growth (decline)	(21)%	6 %	50 %	42 %	(3)%	9 %	(9)%	(14)%	96 %	33 %	38 %	13 %	19 %	(6)%	38 %
Quarter-over-quarter growth (decline)	(37)%	28 %	9 %	61 %	(57)%	44 %	(10)%	52 %	(1)%	(2)%	(6)%	24 %			
Total Revenue (millions)	\$282.1	\$313.6	\$331.8	\$421.5	\$317.9	\$316.6	\$334.0	\$427.2	\$444.6	\$458.2	\$451.1	\$503.0	\$1,349.0	\$1,395.7	\$1,856.9
Year-over-year growth	3 %	19 %	36 %	37 %	13 %	1 %	1 %	1 %	40 %	45 %	35 %	18 %	24 %	3 %	33 %
Quarter-over-quarter growth (decline)	(8)%	11 %	6 %	27 %	(25)%	— %	5 %	28 %	4 %	3 %	(2)%	12 %			
<u>Installed System Base Rollforward</u>															
Beginning da Vinci Installed System Base	1,782	1,831	1,887	1,947	2,051	2,088	2,146	2,201	2,269	2,349	2,439	2,520	1,782	2,051	2,269
Systems Shipped:															
Single Console Si Systems	13	5	7	5	—	—	—	—	—	—	—	—	30	—	—
Dual Console X Systems	1	2	3	4	3	1	1	—	5	2	2	—	10	5	9
Single Console X Systems	35	24	27	30	16	17	23	33	26	30	34	36	116	89	126
Dual Console Xi Systems	11	13	11	24	6	11	14	27	30	23	16	20	59	58	89
Single Console Xi Systems	20	36	42	75	29	41	41	69	47	60	55	90	173	180	252
SP Systems	1	—	—	2	1	2	—	1	—	—	2	4	3	4	6
Total System Units Shipped*	81	80	90	140	55	72	79	130	108	115	109	150	391	336	482
Trade-Ins and Retirements**	(32)	(24)	(30)	(36)	(18)	(14)	(24)	(62)	(28)	(25)	(28)	(79)	(122)	(118)	(160)
Ending da Vinci Installed System Base	1,831	1,887	1,947	2,051	2,088	2,146	2,201	2,269	2,349	2,439	2,520	2,591	2,051	2,269	2,591
*Da Vinci Systems Shipped under Operating Leases (Included in Total System Units Shipped)	11	12	21	32	7	8	15	27	22	24	24	32	76	57	102
Ion Installed System Base	—	—	—	—	—	—	—	—	—	—	—	1	—	—	1

**During the fourth quarters of 2021 and 2020, we performed a verification audit of our installed base records that identified 37 and 25 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 2021 and 2020, respectively.

Intuitive Surgical, Inc.
Reconciliation of Unaudited GAAP to Non-GAAP Financial Measures (#)
(in millions, except per share data)*
2019 - 2021

	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	FY19	FY20	FY 21
GAAP gross profit	\$669.6	\$759.0	\$785.6	\$896.0	\$738.2	\$502.9	\$724.3	\$895.8	\$902.6	\$1,023.7	\$971.4	\$1,060.8	\$3,110.2	\$2,861.2	\$3,958.5
Share-based compensation expense	15.1	16.0	17.8	17.1	18.0	19.2	22.6	21.5	20.7	21.3	24.5	22.4	66.0	81.3	88.9
Long-term incentive plan expense	—	—	—	—	—	—	—	—	—	—	—	0.7	—	—	0.7
Intangible asset charges	8.2	8.7	8.8	9.5	9.7	9.8	9.9	9.5	4.5	5.0	4.0	3.9	35.2	38.9	17.4
Non-GAAP gross profit	\$692.9	\$783.7	\$812.2	\$922.6	\$765.9	\$531.9	\$756.8	\$926.8	\$927.8	\$1,050.0	\$999.9	\$1,087.8	\$3,211.4	\$2,981.4	\$4,065.5
Non-GAAP gross profit margin (1)	71.2 %	71.3 %	72.0 %	72.2 %	69.7 %	62.4 %	70.2 %	69.7 %	71.8 %	71.7 %	71.3 %	70.1 %	71.7 %	68.4 %	71.2 %
GAAP SG&A expenses	\$273.4	\$279.2	\$284.0	\$341.8	\$308.1	\$279.1	\$298.9	\$330.2	\$326.0	\$350.2	\$363.3	\$427.0	\$1,178.4	\$1,216.3	\$1,466.5
Share-based compensation expense	(38.2)	(40.5)	(44.6)	(45.1)	(45.4)	(49.3)	(53.7)	(52.2)	(52.8)	(55.1)	(61.2)	(59.4)	(168.4)	(200.6)	(228.5)
Long-term incentive plan expense	—	—	—	—	—	—	—	—	—	—	—	(7.4)	—	—	(7.4)
Intangible asset charges	(1.2)	(1.4)	(1.4)	(1.7)	(1.7)	(1.7)	(1.8)	(1.6)	(1.7)	(1.9)	(1.8)	(1.9)	(5.7)	(6.8)	(7.3)
Litigation recoveries	—	—	—	—	1.2	—	—	—	—	0.9	—	—	—	1.2	0.9
Acquisition-related items	(3.0)	(4.1)	3.0	(3.1)	1.4	(4.4)	(4.6)	(3.6)	—	—	—	—	(7.2)	(11.2)	—
Non-GAAP SG&A expenses	\$231.0	\$233.2	\$241.0	\$291.9	\$263.6	\$223.7	\$238.8	\$272.8	\$271.5	\$294.1	\$300.3	\$358.3	\$997.1	\$998.9	\$1,224.2
GAAP research and development expenses	\$144.0	\$120.8	\$135.9	\$156.6	\$147.1	\$143.2	\$155.0	\$149.8	\$159.8	\$162.3	\$165.5	\$183.4	\$557.3	\$595.1	\$671.0
Share-based compensation expense	(22.8)	(25.1)	(26.5)	(27.0)	(27.2)	(27.4)	(29.5)	(29.5)	(30.1)	(32.6)	(35.4)	(36.0)	(101.4)	(113.6)	(134.1)
Intangible asset charges	(20.8)	(0.5)	(0.5)	(4.5)	(1.9)	(0.9)	(9.9)	(0.9)	(0.7)	(3.7)	(0.5)	(5.8)	(26.3)	(13.6)	(10.7)
Non-GAAP research and development expenses	\$100.4	\$95.2	\$108.9	\$125.1	\$118.0	\$114.9	\$115.6	\$119.4	\$129.0	\$126.0	\$129.6	\$141.6	\$429.6	\$467.9	\$526.2
GAAP income from operations	\$252.2	\$359.0	\$365.7	\$397.6	\$283.0	\$80.6	\$270.4	\$415.8	\$416.8	\$511.2	\$442.6	\$450.4	\$1,374.5	\$1,049.8	\$1,821.0
Share-based compensation expense	76.1	81.6	88.9	89.2	90.6	95.9	105.8	103.2	103.6	109.0	121.1	117.8	335.8	395.5	451.5
Long-term incentive plan expense	—	—	—	—	—	—	—	—	—	—	—	8.1	—	—	8.1
Intangible asset charges	30.2	10.6	10.7	15.7	13.3	12.4	21.6	12.0	6.9	10.6	6.3	11.6	67.2	59.3	35.4
Litigation recoveries	—	—	—	—	(1.2)	—	—	—	—	(0.9)	—	—	—	(1.2)	(0.9)
Acquisition-related items	3.0	4.1	(3.0)	3.1	(1.4)	4.4	4.6	3.6	—	—	—	—	7.2	11.2	—
Non-GAAP income from operations	\$361.5	\$455.3	\$462.3	\$505.6	\$384.3	\$193.3	\$402.4	\$534.6	\$527.3	\$629.9	\$570.0	\$587.9	\$1,784.7	\$1,514.6	\$2,315.1
Non-GAAP operating margin (2)	37.1 %	41.4 %	41.0 %	39.6 %	35.0 %	22.7 %	37.3 %	40.2 %	40.8 %	43.0 %	40.6 %	37.9 %	39.9 %	34.8 %	40.5 %
GAAP income before taxes	\$279.7	\$391.8	\$399.0	\$431.7	\$308.1	\$107.2	\$355.2	\$436.5	\$448.8	\$526.2	\$461.1	\$454.2	\$1,502.2	\$1,207.0	\$1,890.3
Share-based compensation expense	76.1	81.6	88.9	89.2	90.6	95.9	105.8	103.2	103.6	109.0	121.1	117.8	335.8	395.5	451.5
Long-term incentive plan expense	—	—	—	—	—	—	—	—	—	—	—	8.1	—	—	8.1
Intangible asset charges	30.2	10.6	10.7	15.7	13.3	12.4	21.6	12.0	6.9	10.6	6.3	11.6	67.2	59.3	35.4
Litigation recoveries	—	—	—	—	(1.2)	—	—	—	—	(0.9)	—	—	—	(1.2)	(0.9)
Impairment charges (recoveries)	1.5	(0.8)	—	—	—	—	—	—	—	—	—	—	0.7	—	—
Acquisition-related items	3.0	4.1	(3.0)	3.1	(1.4)	4.4	4.6	2.9	—	—	—	—	7.2	10.5	—
(Gains) losses on strategic investments	—	—	—	—	—	—	(61.7)	(4.7)	(14.3)	—	(7.6)	7.3	—	(66.4)	(14.6)
Non-GAAP income before taxes	\$390.5	\$487.3	\$495.6	\$539.7	\$409.4	\$219.9	\$425.5	\$549.9	\$545.0	\$644.9	\$580.9	\$599.0	\$1,913.1	\$1,604.7	\$2,369.8
GAAP net income attributable to Intuitive Surgical, Inc.	\$306.5	\$318.3	\$396.8	\$357.7	\$313.5	\$68.0	\$313.9	\$365.2	\$426.3	\$517.2	\$380.5	\$380.6	\$1,379.3	\$1,060.6	\$1,704.6
Share-based compensation expense	76.1	81.6	88.9	89.2	90.6	95.9	105.8	103.2	103.6	109.0	121.1	117.8	335.8	395.5	451.5
Long-term incentive plan expense	—	—	—	—	—	—	—	—	—	—	—	8.1	—	—	8.1
Intangible asset charges	30.2	10.6	10.7	15.7	13.3	12.4	21.6	12.0	6.9	10.6	6.3	11.6	67.2	59.3	35.4
Litigation recoveries	—	—	—	—	(1.2)	—	—	—	—	(0.9)	—	—	—	(1.2)	(0.9)
Impairment charges (recoveries)	1.5	(0.8)	—	—	—	—	—	—	—	—	—	—	0.7	—	—
Acquisition-related items	3.0	4.1	(3.0)	3.1	(1.4)	4.4	4.6	2.9	—	—	—	—	7.2	10.5	—
(Gains) losses on strategic investments	—	—	—	—	—	—	(61.7)	(4.7)	(14.3)	—	(7.6)	7.3	—	(66.4)	(14.6)
Tax adjustments	(101.5)	(22.1)	(83.2)	(44.9)	(90.0)	(44.1)	(46.0)	(40.8)	(94.9)	(158.4)	(65.1)	(45.5)	(251.7)	(220.9)	(363.9)
Adjustments attributable to noncontrolling interest in joint venture	(3.8)	(4.2)	(1.4)	(3.8)	(2.0)	(4.3)	(4.4)	(4.0)	(0.4)	(0.4)	(0.5)	(3.4)	(13.2)	(14.7)	(4.7)
Non-GAAP net income attributable to Intuitive Surgical, Inc.	\$312.0	\$387.5	\$408.8	\$417.0	\$322.8	\$132.3	\$333.8	\$433.8	\$427.2	\$477.1	\$434.7	\$476.5	\$1,525.3	\$1,222.7	\$1,815.5
Non-GAAP net income per share attributable to Intuitive Surgical, Inc. - diluted*	\$0.87	\$1.08	\$1.14	\$1.16	\$0.90	\$0.37	\$0.92	\$1.19	\$1.17	\$1.31	\$1.19	\$1.30	\$4.26	\$3.39	\$4.96
Non-GAAP diluted shares outstanding*	358.7	357.8	357.8	359.0	359.5	359.0	361.9	363.3	364.0	364.9	366.8	367.4	358.4	361.0	365.8

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

(2) 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 fourth quarter 2021 earnings press release issued by Intuitive Surgical, Inc., on January 20, 2022, and should be read in conjunction with that release and the Company's Annual Report on Form 10-K for the period ended December 31, 2021, 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 intangible asset charges, share-based compensation ("SBC") and long-term incentive plan expenses, and other special items. Intangible asset charges consist of non-cash charges, such as the amortization of intangible assets as well as in-process R&D charges. Long-term incentive plan expense relates to phantom share awards granted in China by our joint venture, Shanghai Fosun Pharmaceutical (Group) Co., Ltd., to its employees that vest over four years and can remain outstanding for seven to ten years. These awards were modified in the fourth quarter of 2021 and are now 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 intangible asset charges 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 intangible asset charges, SBC and long-term incentive plan expenses, litigation charges and recoveries, and certain acquisition-related items for the re-measurement of contingent consideration.

Non-GAAP R&D expenses. We define non-GAAP R&D expenses as R&D expenses, excluding intangible asset charges and SBC expenses.

Non-GAAP income from operations. We define non-GAAP income from operations as income from operations, excluding intangible asset charges, SBC and long-term incentive plan expenses, litigation charges and recoveries, and certain acquisition-related items for the re-measurement of contingent consideration.

Non-GAAP income before taxes. We define non-GAAP income before taxes as income before taxes, excluding intangible asset charges, SBC and long-term incentive plan expenses, litigation charges and recoveries, non-cash impairment charges and recoveries, certain acquisition-related items for the re-measurement of contingent consideration, 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 intangible asset charges, non-cash impairment charges and recoveries, certain acquisition-related items for the re-measurement of contingent consideration, SBC and long-term incentive plan expenses, litigation charges and recoveries, 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, the one-time impact of the enactment of the 2019 Swiss tax reform, 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 the one-time impact of the enactment of the 2019 Swiss tax reform and a one-time tax benefit from re-measurement of certain deferred tax assets, because they are 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 intangible asset charges, 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.