



Masimo Reports Fourth Quarter and Full-Year 2022 Financial Results

Fourth Quarter 2022 Highlights:

- Consolidated revenue was \$617.0 million;
- Healthcare revenue was \$351.9 million, representing 7.4% reported growth and 10.1% constant currency growth; and
- Non-healthcare revenue was \$265.1 million.

Full-Year 2022 Highlights:

- Consolidated revenue was \$2,035.8 million;
- Healthcare revenue was \$1,340.3 million, representing 8.2% reported growth and 10.6% constant currency growth; and
- Non-healthcare revenue was \$695.5 million.

Irvine, California, February 28, 2023 - Masimo (Nasdaq: MASI) today announced its financial results for the fourth quarter and full-year ended December 31, 2022.

Fourth Quarter 2022 Results:

Consolidated revenue was \$617.0 million, representing 88.3% reported growth. Healthcare revenue was \$351.9 million, representing 7.4% reported growth and 10.1% growth on a constant currency basis. Non-healthcare revenue was \$265.1 million.

Excluding handheld and fingertip pulse oximeters, shipments of noninvasive technology boards and instruments were 78,800.

Consolidated GAAP operating income was \$73.5 million. Consolidated non-GAAP operating income was \$104.4 million. Consolidated GAAP net income was \$41.1 million, or \$0.76 per diluted share, which includes expenses related to the Sound United acquisition. Consolidated non-GAAP net income was \$71.3 million, or \$1.32 per diluted share.

Full-Year 2022 Results:

Consolidated revenue was \$2,035.8 million, representing 64.3% reported growth. Healthcare revenue was \$1,340.3 million, representing 8.2% reported growth and 10.6% growth on a constant currency basis. Non-healthcare revenue was \$695.5 million.

Excluding handheld and fingertip pulse oximeters, shipments of noninvasive technology boards and instruments were 307,600.

Consolidated GAAP operating income was \$210.0 million. Consolidated non-GAAP operating income was \$362.2 million. Consolidated GAAP net income was \$143.5 million, or \$2.60 per diluted share, which includes expenses related to the Sound United acquisition. Consolidated non-GAAP net income was \$253.2 million, or \$4.59 per diluted share.

Joe Kiani, Chairman and Chief Executive Officer of Masimo, said “2022 was a momentous year for Masimo. Our healthcare business outperformed expectations. We continued to innovate and deliver clinically proven new products in our professional healthcare markets. In addition, we accelerated our strategy to capture the vast consumer health market opportunity with the acquisition of Sound United and the introduction of new wearable technologies such as our W1™ biosensing watch. The acquisition has provided us with immediate scale across consumer engineering, sales, marketing and distribution that would have otherwise taken many years of dilutive investment to build. Instead, we’ve already completed the integration and are working to realize the tremendous potential of the hearables, wearables and telemonitoring markets unlocked by our unique combination of healthcare and consumer technology capabilities.”

For additional financial details, please visit the Investor Relations section of the Company’s website at investor.masimo.com to access the fourth quarter 2022 earnings presentation materials.

First Quarter 2023 and Full-Year 2023 Financial Guidance

The Company provided the following estimates for its full-year 2023 guidance:

(in millions, except earnings per diluted share)	Q1 2023 Guidance ⁽¹⁾		Updated Full-Year 2023 Guidance ⁽¹⁾	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Consolidated revenue	\$550 to \$565	\$550 to \$565	\$2,415 to \$2,460	\$2,415 to \$2,460
Healthcare revenue	\$340 to \$345	\$340 to \$345	\$1,450 to \$1,465	\$1,450 to \$1,465
Non-healthcare revenue	\$210 to \$220	\$210 to \$220	\$965 to \$995	\$965 to \$995
Consolidated operating profit	\$43 to \$46	\$72 to \$75	\$319 to \$324	\$400 to \$405
Consolidated earnings per diluted share	\$0.41 to \$0.46	\$0.81 to \$0.86	\$3.59 to \$3.69	\$4.70 to \$4.80

⁽¹⁾ Updated guidance provided February 28, 2023.

- For our healthcare segment, our first quarter and full-year 2023 revenue guidance includes year-over-year foreign currency headwinds of \$5.0 million and \$3.0 million, respectively.

Supplementary Non-GAAP Financial Information

For additional non-GAAP financial details, please visit the Investor Relations section of the Company's website at www.masimo.com to access Supplementary Financial Information.

Non-GAAP Financial Measures

The non-GAAP financial measures contained herein are a supplement to the corresponding financial measures prepared in accordance with U.S. GAAP. The non-GAAP financial measures presented exclude the items described below. Management believes that adjustments for these items assist investors in making comparisons of period-to-period operating results. Furthermore, management also believes that these items are not indicative of the Company's on-going operating performance. These non-GAAP financial measures have certain limitations in that they do not reflect all of the costs associated with the operations of the Company's business as determined in accordance with GAAP.

Therefore, investors should consider non-GAAP financial measures in addition to, and not as a substitute for, or as superior to, measures of financial performance prepared in accordance with GAAP. The non-GAAP financial measures presented by the Company may be different from the non-GAAP financial measures used by other companies.

The Company has presented the following non-GAAP measures to assist investors in understanding the Company's net operating results on an on-going basis: (i) constant currency product revenue growth percentage, (ii) non-GAAP net income, (iii) non-GAAP (net income) earnings per diluted share and (iv) non-GAAP operating income/margin. These non-GAAP financial measures may also assist investors in making comparisons of the Company's operating results with those of other companies. Management believes constant currency product revenue growth, non-GAAP operating income/margin, non-GAAP net income and non-GAAP earnings per diluted share are important measures in the evaluation of the Company's performance and uses these measures to better understand and evaluate our business.

The non-GAAP financial measures reflect adjustments for the following items:

Constant currency revenue adjustments

Some of our sales agreements with foreign customers provide for payment in currencies other than the U.S. Dollar. These foreign currency revenues, when converted into U.S. Dollars, can vary significantly from period-to-period depending on the average and quarter-end exchange rates during a respective period. We believe that comparing these foreign currency denominated revenues by holding the exchange rates constant with the prior year period is useful to management and investors in evaluating our revenue

growth rates on a period-to-period basis. We anticipate that fluctuations in foreign exchange rates and the related constant currency adjustments for calculation of our revenue growth rate will continue to occur in future periods.

Acquired tangible asset amortization

These transactions represent amortization expense in connection with business or assets acquisitions associated with acquired tangible assets and asset valuation step-ups.

Acquired intangible asset amortization

These transactions represent amortization expense in connection with business or assets acquisitions associated with acquired intangible assets including, but not limited to customer relationships, intellectual property, trade names and non-competition agreements.

Acquisition, integration and related costs

These transactions represent gains, losses, and other related costs associated with acquisitions, integrations, investments, divestitures, assets impairments, and in-process research and development.

Litigation related expenses, settlements and awards

These transactions represent gains, losses, and other related costs associated with certain litigation matters, which can vary in their characteristics, frequency and significance to our operating results.

Other adjustments

In the event there are gains, losses and other adjustments which impact period-to-period comparability and do not represent the underlying ongoing results of the business, the Company may choose to exclude these from non-GAAP earnings.

Realized and unrealized gains or losses

These transactions represent gains, losses, and other related costs associated with foreign currency denominated transactions and investments. Changes in the underlying currency rates relative to the U.S. Dollar may result in realized and unrealized foreign currency gains and losses between the time these receivables and payables arise and the time that they are settled in cash. Unrealized and realized gains and losses on investments may impact the Company's reported results of operations for a period. These items are highly variable, difficult to predict and outside the control of those responsible for the underlying operations of the business. Other items included in realized and unrealized gains and losses are mark-to-market gains and losses of derivative contracts that are not designated as hedging instruments or the ineffective portions of cash flow hedges.

Financing related adjustments

The Company may enter into various financial arrangements whereby costs are incurred and certain instrument features are valued and expensed accordingly but are not necessarily indicative of the on-going cash flow generation of the Company and therefore excludes these costs from non-GAAP earnings. For GAAP earnings per diluted share purposes, the Company cannot reflect the anti-dilutive impact, if applicable, in its diluted shares calculations. However, the Company believes that reflecting the anti-dilutive impact of these instruments in non-GAAP earnings per diluted share provides management and investors with useful information in evaluating the financial performance of the Company on a per share basis.

Tax impact of non-GAAP adjustments

In order to reflect the tax effected impact of the non-GAAP adjustments, the Company will adjust the non-GAAP earnings by the approximate tax impact of these adjustments.

Excess tax benefits from stock-based compensation expense

GAAP requires that excess tax benefits recognized on stock-based compensation expense be reflected in our provision for income taxes rather than paid-in capital. As these excess tax benefits may be highly variable from period-to-period, the Company may choose to exclude these tax benefits from non-GAAP earnings to facilitate comparability between periods and with peers.

Fourth Quarter and Full-Year 2022 Actuals versus Fourth Quarter and Full-Year 2021 Actuals:**RECONCILIATION OF HEALTHCARE GAAP TO NON-GAAP CONSTANT CURRENCY REVENUE⁽¹⁾:**

(in millions, except percentages)	Three Months Ended	
	December 31, 2022	January 1, 2022
GAAP healthcare revenue	\$ 351.9	\$ 327.6
Constant currency revenue adjustments	8.6	N/A
Non-GAAP healthcare constant currency revenue	<u>\$ 360.5</u>	<u>\$ 327.6</u>
GAAP healthcare revenue growth percentage	7.4 %	
Non-GAAP healthcare constant currency revenue growth percentage	10.1 %	

⁽¹⁾ May not foot due to rounding.

RECONCILIATION OF HEALTHCARE GAAP TO NON-GAAP CONSTANT CURRENCY REVENUE⁽¹⁾:

(in millions, except percentages)	Twelve Months Ended	
	December 31, 2022	January 1, 2022
GAAP healthcare revenue	\$ 1,340.3	\$ 1,239.2
Constant currency revenue adjustments	30.0	N/A
Non-GAAP healthcare constant currency revenue	<u>\$ 1,370.4</u>	<u>\$ 1,239.2</u>
GAAP healthcare revenue growth percentage	8.2 %	
Non-GAAP healthcare constant currency revenue growth percentage	10.6 %	

⁽¹⁾ May not foot due to rounding.

RECONCILIATION OF GAAP TO NON-GAAP CONSOLIDATED OPERATING INCOME⁽¹⁾:

(in millions)	Three Months Ended	
	December 31, 2022	January 1, 2022
GAAP operating income	\$ 73.5	\$ 77.4
Non-GAAP adjustments:		
Acquired tangible asset amortization	2.4	0.1
Acquired intangible asset amortization	10.1	1.5
Acquisition, integration and related costs	5.8	0.8
Litigation related expenses, settlements and awards	12.6	4.4
Total non-GAAP adjustments	<u>30.9</u>	<u>6.8</u>
Non-GAAP operating income	<u>\$ 104.4</u>	<u>\$ 84.2</u>

⁽¹⁾ May not foot due to rounding.

RECONCILIATION OF GAAP TO NON-GAAP CONSOLIDATED OPERATING INCOME⁽¹⁾:

(in millions)	Twelve Months Ended	
	December 31, 2022	January 1, 2022
GAAP operating income	\$ 210.0	\$ 275.8
Non-GAAP adjustments:		
Acquired tangible asset amortization	59.4	0.5
Acquired intangible asset amortization	25.5	6.1
Acquisition, integration and related costs	38.4	3.1
Litigation related expenses, settlements and awards	28.7	6.0
Other adjustments	—	3.4
Total non-GAAP adjustments	152.0	19.0
Non-GAAP operating income	<u>\$ 362.2</u>	<u>\$ 294.8</u>

⁽¹⁾ May not foot due to rounding.

RECONCILIATION OF GAAP TO NON-GAAP NET INCOME AND NET INCOME PER DILUTED SHARE⁽¹⁾:

(in millions, except per diluted share amounts)	Three Months Ended			
	December 31, 2022		January 1, 2022	
	\$	Per Diluted Share	\$	Per Diluted Share
GAAP net income	\$ 41.1	\$ 0.76	\$ 68.3	\$ 1.18
Non-GAAP adjustments:				
Acquired tangible asset amortization	2.4	0.04	0.1	—
Acquired intangible asset amortization	10.1	0.19	1.5	0.03
Acquisition, integration and related costs	5.8	0.11	0.8	0.01
Litigation related expenses, settlements and awards	12.6	0.23	4.4	0.08
Realized and unrealized gains or losses	7.3	0.14	0.8	0.01
Financing related adjustments	0.5	0.01	—	—
Tax impact of non-GAAP adjustments	(8.2)	(0.15)	(1.4)	(0.02)
Excess tax benefits from stock-based compensation expense	(0.2)	—	(4.4)	(0.08)
Total non-GAAP adjustments	30.3	0.56	1.8	0.03
Non-GAAP net income	<u>\$ 71.3</u>	<u>\$ 1.32</u>	<u>\$ 70.1</u>	<u>\$ 1.21</u>
Weighted average shares outstanding-diluted		54.1		57.8

⁽¹⁾ May not foot due to rounding.

RECONCILIATION OF GAAP TO NON-GAAP NET INCOME AND NET INCOME PER DILUTED SHARE⁽¹⁾:

(in millions, except per diluted share amounts)	Twelve Months Ended			
	December 31, 2022		January 1, 2022	
	\$	Per Diluted Share	\$	Per Diluted Share
GAAP net income	\$ 143.5	\$ 2.60	\$ 229.6	\$ 3.98
Non-GAAP adjustments:				
Acquired tangible asset amortization	59.4	1.08	0.5	0.01
Acquired intangible asset amortization	25.5	0.46	6.1	0.11
Acquisition, integration and related costs	38.4	0.70	3.1	0.05
Litigation related expenses, settlements and awards	28.7	0.52	6.0	0.10
Other adjustments	(0.9)	(0.02)	3.4	0.06
Realized and unrealized gains or losses	(5.5)	(0.10)	1.9	0.03
Financing related adjustments	1.5	0.03	—	—
Tax impact of non-GAAP adjustments	(35.2)	(0.64)	(3.7)	(0.06)
Excess tax benefits from stock-based compensation expense	(2.4)	(0.04)	(16.4)	(0.28)
Total non-GAAP adjustments	109.4	1.98	0.7	0.01
Non-GAAP net income	\$ 253.2	\$ 4.59	\$ 230.4	\$ 3.99
Weighted average shares outstanding-diluted		55.2		57.7

⁽¹⁾ May not foot due to rounding.

First Quarter 2023 and Full-Year 2023 Financial Guidance:

RECONCILIATION OF HEALTHCARE GAAP TO NON-GAAP CONSTANT CURRENCY REVENUE⁽¹⁾:

(in millions, except percentages)	Q1 2023 Guidance ⁽²⁾	Updated Full-Year 2023 Guidance ⁽²⁾
GAAP healthcare revenue	\$340 to \$345	\$1,450 to \$1,465
Constant currency revenue adjustments	5	3
Non-GAAP constant currency revenue	\$345 to \$350	\$1,453 to \$1,468
GAAP healthcare revenue growth percentage	12% to 13%	8% to 9%
Non-GAAP healthcare constant currency revenue growth percentage	13% to 15%	8% to 10%

⁽¹⁾ May not foot due to rounding.

⁽²⁾ Updated guidance provided on February 28, 2023.

RECONCILIATION OF GAAP TO NON-GAAP CONSOLIDATED OPERATING INCOME⁽¹⁾:

(in millions)	Q1 2023 Guidance⁽²⁾	Updated Full-Year 2023 Guidance⁽²⁾
GAAP operating income	\$43 to \$46	\$319 to \$324
Non-GAAP adjustments:		
Acquired tangible asset amortization	2	9
Acquired intangible asset amortization	10	42
Acquisition, integration and related costs	5	8
Litigation related expenses, settlements and awards	12	22
Total non-GAAP adjustments	29	81
Non-GAAP operating income	\$72 to \$75	\$400 to \$405

⁽¹⁾ May not foot due to rounding.

⁽²⁾ Updated guidance provided on February 28, 2023.

RECONCILIATION OF GAAP TO NON-GAAP NET INCOME AND NET INCOME PER DILUTED SHARE⁽¹⁾:

(in millions, except per diluted share amounts)	Q1 2023 Guidance⁽²⁾		Updated Full-Year 2023 Guidance⁽²⁾	
	\$	Per Diluted Share	\$	Per Diluted Share
GAAP net income	\$23 to \$25	\$0.41 to \$0.46	\$198 to \$203	\$3.59 to \$3.69
Non-GAAP adjustments:				
Acquired tangible asset amortization	2	0.04	9	0.17
Acquired intangible asset amortization	10	0.19	42	0.76
Acquisition, integration and related costs	5	0.08	8	0.14
Litigation related expenses, settlements and	12	0.22	22	0.41
Financing related adjustments	0	0.01	2	0.03
Tax impact of non-GAAP adjustments	(8)	(0.14)	(20)	(0.37)
Excess tax benefits from stock-based compensation expense	(0)	(0.01)	(2)	(0.03)
Total non-GAAP adjustments	22	0.40	61	1.11
Non-GAAP net income	\$44 to \$47	\$0.81 to \$0.86	\$259 to \$264	\$4.70 to \$4.80
Weighted average shares outstanding-diluted		54.7		55.0

⁽¹⁾ May not foot due to rounding.

⁽²⁾ Updated guidance provided on February 28, 2023.

Conference Call:

The conference call to review Masimo's complete financial results for the fourth quarter and full-year ended December 31, 2022 will begin at 1:30 p.m. PT (4:30 p.m. ET) on February 28, 2023 and will be hosted by Joe Kiani, Chairman and Chief Executive Officer, and Micah Young, Executive Vice President and Chief Financial Officer. A live webcast of the conference call will be available online from the investor relations page of the Company's corporate website at www.masimo.com.

To register for the conference call and receive the dial-in number, please use the link below. Upon registering, each participant will be provided with call details and a registrant ID number.

Conference Call Registration Link:

<https://conferencingportals.com/event/nUSpRIEm>

A replay of the webinar and conference call will be available shortly after the conclusion of the call and will be archived on the Company's website.

About Masimo

Masimo (Nasdaq: MASI) is a global technology company that develops and produces a wide array of industry-leading monitoring technologies, including innovative measurements, sensors, patient monitors, and automation and connectivity solutions. In addition, Masimo Consumer Audio is home to eight legendary audio brands, including Bowers & Wilkins®, Denon®, Marantz®, and Polk Audio®. Our mission is to improve life, improve patient outcomes and reduce the cost of care. Masimo SET® Measure-through Motion and Low Perfusion™ pulse oximetry, introduced in 1995, has been shown in over 100 independent and objective studies to outperform other pulse oximetry technologies. Masimo SET® has also been shown to help clinicians reduce severe retinopathy of prematurity in neonates, improve CCHD screening in newborns, and, when used for continuous monitoring with Masimo Patient SafetyNet™ in post-surgical wards, reduce rapid response team activations, ICU transfers, and costs. Masimo SET® is estimated to be used on more than 200 million patients in leading hospitals and other healthcare settings around the world, and is the primary pulse oximetry at 9 of the top 10 hospitals as ranked in the 2022-23 U.S. News and World Report Best Hospitals Honor Roll. In 2005, Masimo introduced rainbow® Pulse CO-Oximetry technology, allowing noninvasive and continuous monitoring of blood constituents that previously could only be measured invasively, including total hemoglobin (SpHb®), oxygen content (SpOC™), carboxyhemoglobin (SpCO®), methemoglobin (SpMet®), Pleth Variability Index (PVi®), RPi™ (rainbow® PVi), and Oxygen Reserve Index (ORi™). In 2013, Masimo introduced the Root® Patient Monitoring and Connectivity Platform, built from the ground up to be as flexible and expandable as possible to facilitate the addition of other Masimo and third-party monitoring technologies; key Masimo additions include Next Generation SedLine® Brain Function Monitoring, O3® Regional Oximetry, and ISA™ Capnography with NomoLine® sampling lines. Masimo's family of continuous and spot-check monitoring Pulse CO-Oximeters® includes devices designed for use in a variety of clinical and non-clinical scenarios, including tetherless, wearable technology, such as Radius-7®, Radius PPG® and Radius VSM™, portable devices like Rad-67®, fingertip pulse oximeters like MightySat® Rx, and devices available for use both in the hospital and at home, such as Rad-97®. Masimo hospital and home automation and connectivity solutions are centered around the Masimo Hospital Automation™ platform, and include Iris® Gateway, iSirona™, Patient SafetyNet, Replica®, Halo ION®, UniView®, UniView :60™, and Masimo SafetyNet®. Its growing portfolio of health and wellness solutions includes Radius T® and Masimo W1™ watch. Additional information about Masimo and its products may be found at www.masimo.com/evidence/featured-studies/feature/.

ORi and RPi have not received FDA 510(k) clearance and are not available for sale in the United States. The use of the trademark Patient SafetyNet is under license from University HealthSystem Consortium.

Forward-Looking Statements

All statements other than statements of historical facts included in this press release that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements including, in particular, the statements about our expectations for full-year 2023 financial guidance; the interest in our W1™ watch and upcoming innovations; our long-term outlook; demand for our products; anticipated revenue and earnings growth; our financial condition, results of operations and business generally; expectations regarding our ability to design and deliver innovative new noninvasive technologies and reduce the cost of care; our ability to address supply chain challenges; anticipated benefits from our acquisition of Sound United; and demand for our products and technologies; including with respect to revenue, revenue growth and constant currency revenue growth, gross margin, operating margin, GAAP earnings per diluted share, non-GAAP earnings per diluted share, estimated tax rate and year-over-year currency headwinds; our long-term outlook; our ability to continue in our leadership in delivering innovative solutions to clinicians and patients worldwide; anticipated revenue and earnings growth. These forward-looking statements are based on management's current expectations and beliefs and are subject to uncertainties and factors, all of which are difficult to predict and many of which are beyond our control and could cause actual results to differ materially and adversely from those described in the forward-looking statements. These risks include, but are not limited to, those related to: our dependence on Masimo SET® and Masimo rainbow SET™ products and technologies for substantially all of our revenue; any failure in protecting our intellectual property exposure to competitors' assertions of intellectual property claims; the highly competitive nature of the markets in which we sell our products and technologies; any failure to continue developing innovative products and technologies; the lack of acceptance of any of our current or future products and technologies; obtaining regulatory approval of our current and future products and technologies; the risk that the implementation of our international realignment will not continue to produce anticipated operational and financial benefits, including a continued lower effective tax rate; the loss of our customers; the failure to retain and recruit senior management; product liability claims exposure; a failure to obtain expected returns from the amount of intangible assets we have recorded; the maintenance of our brand; the amount and type of equity awards that we may grant to employees and service providers in the future; our ongoing litigation and related matters; risks related to global economic and marketplace uncertainties related to the impact of the COVID-19 pandemic; and other factors discussed in the "Risk Factors" section of our most recent periodic reports filed with the Securities and Exchange Commission ("SEC"), including our most recent Form 10-K and Form 10-Q, all of which you may obtain for free on the SEC's website at www.sec.gov. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we do not know whether our expectations will prove correct. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof, even if subsequently made available by us on our website or otherwise. We do not undertake any obligation to update, amend or clarify these forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

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Masimo, SET, Signal Extraction Technology, Improving Patient Outcome and Reducing Cost of Care... by Taking Noninvasive Monitoring to New Sites and Applications, rainbow, SpHb, SpOC, SpCO, SpMet, PVi and ORI are trademarks or registered trademarks of Masimo Corporation.

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MASIMO CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited, in millions)

	December 31, 2022	January 1, 2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 202.9	\$ 745.3
Accounts receivable, net of allowance for credit losses	445.9	200.8
Inventories	501.0	201.4
Other current assets	158.8	91.0
Total current assets	1,308.6	1,238.5
Lease receivable, non-current	73.1	73.6
Deferred costs and other contract assets	41.9	28.1
Property and equipment, net	402.5	272.8
Customer relationships, net	201.6	15.3
Acquired technologies, net	160.1	19.7
Other intangible assets, net	98.9	37.5
Trademarks	262.0	—
Goodwill	445.4	100.3
Deferred tax assets	102.5	52.6
Other non-current assets	114.0	48.6
Total assets	\$ 3,210.6	\$ 1,887.0
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	\$ 276.8	\$ 75.6
Accrued compensation	89.3	70.8
Deferred revenue and other contract-related liabilities, current	80.6	50.9
Other current liabilities	183.3	70.4
Total current liabilities	630.0	267.7
Long-term debt	941.6	—
Deferred tax liabilities	163.6	5.1
Other non-current liabilities	136.5	64.0
Total liabilities	1,871.7	336.8
Commitments and contingencies		
Stockholders' equity		
Common stock	0.1	0.1
Treasury stock	(1,169.2)	(767.7)
Additional paid-in capital	782.2	752.5
Accumulated other comprehensive income (loss)	11.5	(5.5)
Retained earnings	1,714.3	1,570.8
Total stockholders' equity	1,338.9	1,550.2
Total liabilities and stockholders' equity	\$ 3,210.6	\$ 1,887.0

MASIMO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, in millions, except per share amounts)

	Twelve Months Ended	
	December 31, 2022	January 1, 2022
Revenue	\$ 2,035.8	\$ 1,239.2
Cost of goods sold	977.0	430.8
Gross profit	1,058.8	808.4
Operating expenses:		
Selling, general and administrative	657.4	395.4
Research and development	191.4	137.2
Total operating expenses	848.8	532.6
Operating income	210.0	275.8
Non-operating loss	(16.6)	(1.4)
Income before provision for income taxes	193.4	274.4
Provision for income taxes	49.9	44.8
Net income	\$ 143.5	\$ 229.6
Net income per share:		
Basic	\$ 2.68	\$ 4.16
Diluted	\$ 2.60	\$ 3.98
Weighted-average shares used in per share calculations:		
Basic	53.6	55.2
Diluted	55.2	57.7

The following table presents details of the stock-based compensation expense that is included in each functional line item in the consolidated statements of operations (in millions):

	Twelve Months Ended	
	December 31, 2022	January 1, 2022
Cost of goods sold	\$ 1.0	\$ 0.8
Selling, general and administrative	32.9	31.3
Research and development	13.8	12.5
Total	\$ 47.7	\$ 44.6

MASIMO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in millions)

	Twelve Months Ended	
	December 31, 2022	January 1, 2022
Cash flows from operating activities:		
Net income	\$ 143.5	\$ 229.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	136.1	35.6
Stock-based compensation	47.7	44.6
Amortization of debt issuance costs	1.4	—
Loss on disposal of equipment, intangibles and other assets	0.5	0.5
Provision for credit losses	1.3	0.8
Benefit from deferred income taxes	(39.3)	(15.1)
Changes in operating assets and liabilities:		
Increase in trade accounts receivable	(138.5)	(60.8)
(Increase) decrease in inventories	(155.9)	13.5
(Increase) decrease in other current assets	(7.4)	6.9
Increase in lease receivable, net	(12.8)	(16.1)
Increase in deferred costs and other contract assets	(13.4)	(8.1)
(Increase) decrease in other non-current assets	(4.9)	0.1
Increase in accounts payable	60.5	11.0
Decrease in accrued compensation	(9.3)	—
Increase in deferred revenue and other contract-related liabilities	28.1	7.1
Increase in income taxes payable	3.8	6.4
(Decrease) increase in accrued liabilities	(16.1)	7.8
Increase (decrease) in other non-current liabilities	4.1	0.8
Net cash provided by operating activities	29.5	264.8
Cash flows from investing activities:		
Purchases of property and equipment, net	(49.5)	(25.5)
Increase (decrease) in intangible assets	(3.5)	(9.4)
Business combinations, net of cash acquired	(999.7)	—
Other strategic investing activities	(1.7)	(2.6)
Net used in investing activities	(1,054.3)	(37.5)
Cash flows from financing activities:		
Borrowings under revolving line of credit	1,083.9	—
Repayments under revolving line of credit	(135.4)	—
Debt issuance costs	(9.3)	—
Proceeds from issuance of common stock	8.1	23.2
Repurchases of common stock	(401.5)	(128.9)
Payroll tax withholdings on behalf of employees for stock options	(25.4)	(16.7)
Net cash provided by (used in) financing activities	520.3	(122.4)
Effect of foreign currency exchange rates on cash	(31.0)	(1.4)
Net increase in cash, cash equivalents and restricted cash	(535.4)	103.4
Cash, cash equivalents and restricted cash at beginning of period	748.4	645.0
Cash, cash equivalents and restricted cash at end of period	\$ 212.9	\$ 748.4