

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **February 27, 2023**

ICU MEDICAL, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	001-34634 (Commission File Number)	33-0022692 (IRS Employer Identification No.)
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951 Calle Amanecer , San Clemente , California (Address of principal executive offices)	92673 (Zip Code)
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(949) 366-2183
Registrant's telephone number, including area code

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value \$0.10 per share	ICUI	The Nasdaq Stock Market LLC (Global Select Market)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition

On February 27, 2023, ICU Medical, Inc. issued a press release announcing its financial results for the fourth quarter of 2022. A copy of this press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated in Item 2.02 by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

[99.1](#) Press release, dated February 27, 2023 announcing ICU Medical, Inc.'s fourth quarter 2022 earnings.

104 Cover Page Interactive Data File (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ICU MEDICAL, INC.

Date: February 27, 2023

By: /s/ Brian M. Bonnell
Brian M. Bonnell
Chief Financial Officer and Treasurer

**ICU Medical Announces Fourth Quarter 2022 Results
and Provides Fiscal Year 2023 Guidance**

SAN CLEMENTE, Calif., February 27, 2023 (GLOBE NEWSWIRE) -- ICU Medical, Inc. (Nasdaq:ICUI), a leader in the development, manufacture and sale of innovative medical products, today announced financial results for the quarter ended December 31, 2022.

Fourth Quarter 2022 Results

Fourth quarter 2022 revenue was \$578.0 million, compared to \$340.5 million in the same period last year. GAAP gross profit for the fourth quarter of 2022 was \$174.9 million, as compared to \$127.5 million in the same period last year. GAAP gross margin for the fourth quarter of 2022 was 30%, as compared to 37% in the same period last year. GAAP net loss for the fourth quarter of 2022 was \$(15.5) million, or \$(0.65) per diluted share, as compared to GAAP net income of \$19.9 million, or \$0.91 per diluted share, for the fourth quarter of 2021. Adjusted diluted earnings per share for the fourth quarter of 2022 was \$1.60 as compared to \$1.82 for the fourth quarter of 2021. Also, adjusted EBITDA was \$96.4 million for the fourth quarter of 2022 as compared to \$64.2 million for the fourth quarter of 2021.

Adjusted EBITDA and adjusted diluted earnings per share are measures calculated and presented on the basis of methodologies other than in accordance with GAAP. Please refer to the Use of Non-GAAP Financial Information following the financial statements herein for further discussion and reconciliations of these measures to GAAP measures.

Vivek Jain, ICU Medical's Chief Executive Officer, said, "Legacy ICU Medical revenues were in line with expectations and results from the acquired Smiths Medical business reflect continued operational improvements."

Revenues by product line for the three and twelve months ended December 31, 2022 and 2021 were as follows (in millions):

As a result of the acquisition of Smiths Medical on January 6, 2022, the following product lines are presented in addition to our legacy product lines: Infusion Systems-Smiths Medical, Vascular Access -Smiths Medical and Vital Care-Smiths Medical.

Product Line	Three months ended December 31,			Twelve months ended December 31,		
	2022	2021	\$ Change	2022	2021	\$ Change
Infusion Consumables	\$ 140.5	\$ 147.8	\$ (7.3)	\$ 566.6	\$ 555.2	\$ 11.4
Infusion Systems	89.0	92.6	(3.6)	351.1	352.3	(1.2)
IV Solutions*	84.5	87.6	(3.1)	363.5	359.5	4.0
Critical Care	12.0	12.5	(0.5)	47.3	49.3	(2.0)
Infusion Systems-Smiths Medical	99.1	—	99.1	340.1	—	340.1
Vascular Access-Smiths Medical	75.4	—	75.4	326.8	—	326.8
Vital Care-Smiths Medical	77.5	—	77.5	284.6	—	284.6
	<u>\$ 578.0</u>	<u>\$ 340.5</u>	<u>\$ 237.5</u>	<u>\$ 2,280.0</u>	<u>\$ 1,316.3</u>	<u>\$ 963.7</u>

*IV Solutions includes \$13.1 million and \$54.0 million of contract manufacturing to Pfizer for the three and twelve months ended December 31, 2022, respectively. IV Solutions includes \$10.6 million and \$42.8 million of contract manufacturing to Pfizer for the three and twelve months ended December 31, 2021, respectively.

Fiscal Year 2023 Guidance

For Fiscal Year 2023 the Company estimates GAAP net loss to be in the range of \$(73) to \$(37) and GAAP diluted loss per share estimated to be in the range of \$(3.00) to \$(1.50). For the Fiscal Year 2023, the Company expects adjusted EBITDA to be in the range of \$375 million to \$425 million, and adjusted diluted EPS to be in the range of \$5.75 to \$7.25.

Conference Call

The Company will host a conference call to discuss its fourth quarter 2022 financial results, today at 4:30 p.m. ET (1:30 p.m. PT). The call can be accessed at (877) 300-8521, conference ID 10174731. The conference call will be simultaneously available by webcast, which can be accessed by going to the Company's website at www.icumed.com, clicking on the Investors

tab, clicking on Event Calendar and clicking on the Webcast icon and following the prompts. The webcast will also be available by replay.

About ICU Medical

ICU Medical (Nasdaq:ICUI) is a global leader in infusion systems, infusion consumables and high-value critical care products used in hospital, alternate site and home care settings. Our team is focused on providing quality, innovation and value to our clinical customers worldwide. ICU Medical is headquartered in San Clemente, California. More information about ICU Medical can be found at www.icumed.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements contain words such as "will," "expect," "believe," "could," "would," "estimate," "continue," "build," "expand" or the negative thereof or comparable terminology, and may include (without limitation) information regarding the Company's expectations, goals or intentions regarding the future. These forward-looking statements are based on management's current expectations, estimates, forecasts and projections about the Company and assumptions management believes are reasonable, all of which are subject to risks and uncertainties that could cause actual results and events to differ materially from those stated in the forward-looking statements. These risks and uncertainties include, but are not limited to, decreased demand for the Company's products, decreased free cash flow, changes in product mix, increased competition from competitors, lack of growth or improving efficiencies, unexpected changes in the Company's arrangements with its largest customers, the impact from fluctuations in foreign currency exchange rates, the impact of inflation on raw materials, freight charges and labor, rising interest rates, the impact of the ongoing COVID-19 pandemic on the Company and our financial results and the Company's ability to meet expectations regarding integration of the Smiths Medical business. Future results are subject to risks and uncertainties, including the risk factors, and other risks and uncertainties, described in the Company's filings with the Securities and Exchange Commission, which include those in the Company's most recent Annual Report on Form 10-K, as updated by the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022 and our subsequent filings. Forward-looking statements contained in this press release are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

ICU MEDICAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31, 2022 (Unaudited)	December 31, 2021 (1)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 208,784	\$ 552,827
Short-term investment securities	4,224	14,420
TOTAL CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENT SECURITIES	213,008	567,247
Accounts receivable, net of allowance for doubtful accounts	221,719	105,894
Inventories	696,009	290,235
Prepaid income taxes	15,528	19,586
Prepaid expenses and other current assets	88,932	46,847
TOTAL CURRENT ASSETS	1,235,196	1,029,809
PROPERTY, PLANT AND EQUIPMENT, net	636,113	468,365
OPERATING LEASE RIGHT-OF-USE ASSETS	74,864	39,847
LONG-TERM INVESTMENT SECURITIES	516	4,620
GOODWILL	1,449,258	43,439
INTANGIBLE ASSETS, net	982,766	188,311
DEFERRED INCOME TAXES	31,466	42,604
OTHER ASSETS	105,462	63,743
TOTAL ASSETS	\$ 4,515,641	\$ 1,880,738
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 215,902	\$ 81,128
Accrued liabilities	242,769	118,195
Current portion of long-term obligations	29,688	—
Income tax payable	6,200	1,454
TOTAL CURRENT LIABILITIES	494,559	200,777
CONTINGENT EARN-OUT LIABILITY	25,572	2,589
LONG-TERM OBLIGATIONS	1,623,675	—
OTHER LONG-TERM LIABILITIES	114,104	41,830
DEFERRED INCOME TAXES	126,007	1,490
INCOME TAX LIABILITY	41,796	18,021
COMMITMENTS AND CONTINGENCIES	—	—
STOCKHOLDERS' EQUITY:		
Convertible preferred stock, \$1.00 par value; Authorized — 500 shares; Issued and outstanding — none	—	—
Common stock, \$0.10 par value; Authorized — 80,000 shares; Issued — 23,995 and 21,280 shares at December 31, 2022 and December 31, 2021, respectively, and outstanding — 23,993 and 21,280 shares at December 31, 2022 and December 31, 2021, respectively	2,399	2,128
Additional paid-in capital	1,331,249	721,412
Treasury stock, at cost	(243)	(27)
Retained earnings	837,501	911,787
Accumulated other comprehensive loss	(80,978)	(19,269)
TOTAL STOCKHOLDERS' EQUITY	2,089,928	1,616,031
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 4,515,641	\$ 1,880,738

⁽¹⁾ December 31, 2021 balances were derived from audited consolidated financial statements.

ICU MEDICAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(In thousands, except per share data)

	Three months ended December 31,		Twelve months ended December 31,	
	2022	2021	2022	2021
TOTAL REVENUES	\$ 578,014	\$ 340,525	\$ 2,279,997	\$ 1,316,308
COST OF GOODS SOLD	403,069	213,035	1,582,236	824,818
GROSS PROFIT	174,945	127,490	697,761	491,490
OPERATING EXPENSES:				
Selling, general and administrative	142,933	81,456	608,345	302,583
Research and development	23,446	13,166	92,984	47,498
Restructuring, strategic transaction and integration	9,626	9,043	71,421	18,037
Change in fair value of contingent earn-out	(838)	—	(32,091)	—
Contract settlement	—	—	—	127
TOTAL OPERATING EXPENSES	175,167	103,665	740,659	368,245
(LOSS) INCOME FROM OPERATIONS	(222)	23,825	(42,898)	123,245
INTEREST (EXPENSE) INCOME, net	(20,073)	366	(66,375)	1,982
OTHER EXPENSE, net	(1,152)	(854)	(5,136)	(2,041)
(LOSS) INCOME BEFORE INCOME TAXES	(21,447)	23,337	(114,409)	123,186
BENEFIT (PROVISION) FOR INCOME TAXES	5,911	(3,412)	40,123	(20,051)
NET (LOSS) INCOME	\$ (15,536)	\$ 19,925	\$ (74,286)	\$ 103,135
NET (LOSS) INCOME PER SHARE				
Basic	\$ (0.65)	\$ 0.94	\$ (3.11)	\$ 4.86
Diluted	\$ (0.65)	\$ 0.91	\$ (3.11)	\$ 4.74
WEIGHTED AVERAGE NUMBER OF SHARES				
Basic	23,988	21,257	23,868	21,206
Diluted	23,988	21,807	23,868	21,781

ICU MEDICAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In thousands)

	Twelve months ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	\$ (74,286)	\$ 103,135
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	235,151	89,698
Amortization of inventory step-up	26,519	—
Noncash lease expense	23,651	9,594
Provision for doubtful accounts	1,036	345
Provision for warranty and returns	4,902	831
Stock compensation	36,025	27,341
Loss on disposal of property, plant and equipment and other assets	2,010	1,652
Disposition of certain assets	(374)	—
Bond premium amortization	264	655
Debt issuance costs amortization	6,972	240
Change in fair value of contingent earn-out	(32,091)	—
Product-related charges	—	3,380
Usage of spare parts	11,924	13,046
Other	(103)	2,582
Changes in operating assets and liabilities, net of amounts acquired:		
Accounts receivable	(19,151)	13,755
Inventories	(201,095)	20,815
Prepaid expenses and other current assets	22,903	(7,973)
Other assets	(21,290)	(21,038)
Accounts payable	37,472	2,347
Accrued liabilities	(55,834)	6,259
Income taxes, including excess tax benefits and deferred income taxes	(66,734)	874
Net cash (used in) provided by operating activities	(62,129)	267,538
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(90,311)	(68,542)
Proceeds from sale of assets	989	218
Business acquisitions, net of cash acquired	(1,844,164)	(14,452)
Intangible asset additions	(9,018)	(12,627)
Investments in non-marketable equity investments	—	(3,250)
Purchases of investment securities	(3,397)	(10,034)
Proceeds from sale and maturities of investment securities	36,433	18,000
Net cash used in investing activities	(1,909,468)	(90,687)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt, net of lender debt issuance costs	1,664,362	—
Principal repayments of long-term debt	(22,375)	—
Payment of third-party debt issuance costs	(2,177)	—
Proceeds from exercise of stock options	8,785	9,372
Payments on finance leases	(680)	(607)
Payment of contingent earn-out	—	(17,300)
Tax withholding payments related to net share settlement of equity awards	(10,883)	(8,335)
Net cash provided by (used in) financing activities	1,637,032	(16,870)
Effect of exchange rate changes on cash	(9,478)	(3,251)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(344,043)	156,730
CASH AND CASH EQUIVALENTS, beginning of period	552,827	396,097
CASH AND CASH EQUIVALENTS, end of period	\$ 208,784	\$ 552,827

Use of Non-GAAP Financial Information

This press release contains financial measures that are not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). The non-GAAP financial measures should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. There are material limitations in using these non-GAAP financial measures because they are not prepared in accordance with GAAP and may not be comparable to similarly titled non-GAAP financial measures used by other companies, including peer companies. Our management believes that the non-GAAP data provides useful supplemental information to management and investors regarding our performance and facilitates a more meaningful comparison of results of operations between current and prior periods. We use non-GAAP financial measures in addition to and in conjunction with GAAP financial measures to analyze and assess the overall performance of our business, in making financial, operating and planning decisions, and in determining executive incentive compensation.

The non-GAAP financial measures include adjusted EBITDA, adjusted revenue, adjusted gross profit, adjusted selling, general and administrative, adjusted research and development, adjusted restructuring, strategic transaction and integration, adjusted change in fair value of contingent earn-out, adjusted (loss) income from operations, adjusted other expense, net, adjusted (loss) income before income taxes, adjusted benefit (provision) for income taxes, adjusted net (loss) income and adjusted diluted (loss) earnings per share, all of which exclude special items because they are highly variable or unusual and impact year-over-year comparisons.

For the three months ended December 31, 2022 and 2021, special items include the following:

Stock compensation expense: Stock-based compensation is generally fixed at the time the stock-based instrument is granted and amortized over a period of several years. The value of stock options is determined using a complex formula that incorporates factors, such as market volatility, that are beyond our control. The value of our restricted stock awards is determined using the grant date stock price, which may not be indicative of our operational performance over the expense period. Additionally, in order to establish the fair value of performance-based stock awards, which are currently an element of our ongoing stock-based compensation, we are required to apply judgment to estimate the probability of the extent to which performance objectives will be achieved. Based on the above factors, we believe it is useful to exclude stock-based compensation in order to better understand our operating performance.

Intangible asset amortization expense: We do not acquire businesses or capitalize certain patent costs on a predictable cycle. The amount of purchase price allocated to intangible assets and the term of amortization can vary significantly and are unique to each acquisition. Capitalized patent costs can vary significantly based on our current level of development activities. We believe that excluding amortization of intangible assets provides the users of our financial statements with a consistent basis for comparison across accounting periods.

Restructuring, strategic transaction and integration: We incur restructuring and strategic transaction charges that result from events, which arise from unforeseen circumstances and/or often occur outside of the ordinary course of our ongoing business. Although these events are reflected in our GAAP financial statements, these unique transactions may limit the comparability of our ongoing operations with prior and future periods.

Change in fair value of contingent earn-out: We exclude the impact of certain amounts recorded in connection with business combinations. We exclude items that are either non-cash or not normal, recurring operating expenses due to their nature, variability of amounts, and lack of predictability as to occurrence and/or timing.

Adjustment to reverse the cost recognition related to the purchase accounting write-up of inventory to fair market value: The inventory step-up represents the expense recognition of fair value adjustments in excess of the historical cost basis of inventory obtained through acquisition, these charges are outside of our normal operations and are excluded.

Quality system and product-related remediation: We exclude certain quality system product-related remediation charges in determining our non-GAAP financial measures as they may limit the comparability of our ongoing operations with prior and future periods and distort the evaluation of our normal operating performance.

Disposition of certain assets: Occasionally, we may sell certain assets. We exclude the non-cash gain/loss on the disposition of these assets in determining our non-GAAP financial measures as they may limit the comparability of our ongoing operations with prior and future periods and distort the evaluation of our normal operating performance.

From time to time in the future, there may be other items that we may exclude if we believe that doing so is consistent with the goal of providing useful information to investors and management.

In addition to the above special items, Adjusted EBITDA additionally excludes the following items from net income:

Depreciation expense: We exclude depreciation expense in deriving adjusted EBITDA because companies utilize productive assets of different ages and the depreciable lives can vary significantly resulting in considerable variability in depreciation expense among companies.

Interest, net: We exclude interest in deriving adjusted EBITDA as interest can vary significantly among companies depending on a company's level of income generating instruments and/or level of debt.

Taxes: We exclude taxes in deriving adjusted EBITDA as taxes are deemed to be non-core to the business and may limit the comparability of our ongoing operations with prior and future periods and distort the evaluation of our normal operating performance.

We also present Free cash flow as a non-GAAP financial measure as management believes that this is an important measure for use in evaluating overall company financial performance as it measures our ability to generate additional cash flow from business operations. Free cash flow should be considered in addition to, rather than as a substitute for, net income as a measure of our performance or net cash (used in) provided by operating activities as a measure of our liquidity. Additionally, our definition of free cash flow is limited and does not represent residual cash flows available for discretionary expenditures due to the fact that the measure does not deduct the payments required for debt service and other obligations or payments made for business acquisitions. Therefore, we believe it is important to view free cash flow as supplemental to our entire statement of cash flows.

The following tables reconcile our GAAP and non-GAAP financial measures:

ICU MEDICAL, INC. AND SUBSIDIARIES
Reconciliation of GAAP to Non-GAAP Financial Measures (Unaudited)
(In thousands, except per share data)

	Adjusted EBITDA	
	Three months ended	
	December 31,	
	2022	2021
GAAP net (loss) income	\$ (15,536)	\$ 19,925
Non-GAAP adjustments:		
Interest, net	20,073	(366)
Stock compensation expense	7,428	8,105
Depreciation and amortization expense	56,813	23,133
Restructuring, strategic transaction and integration	9,626	9,043
Change in fair value of contingent earn-out	(838)	—
Adjustment to reverse the cost recognition related to the purchase accounting write-up of inventory to fair value	3,843	912
Quality system and product-related charges	21,262	—
Gain on disposition of assets	(374)	—
(Benefit) provision for income taxes	(5,911)	3,412
Total non-GAAP adjustments	111,922	44,239
Adjusted EBITDA	\$ 96,386	\$ 64,164

ICU MEDICAL, INC. AND SUBSIDIARIES
Reconciliation of GAAP to Non-GAAP Financial Measures (Unaudited)
(In thousands, except percentages and per share)

The company's U.S. GAAP results for the three months ended December 31, 2022 included special items which impacted the U.S. GAAP measures as follows:

	Total revenues	Gross profit	Selling, general and administrative	Research and development	Restructuring, strategic transaction and integration	Change in fair value of contingent earn-out	(Loss) income from operations	Other expense, net	(Loss) income before income taxes	Benefit (provision) for income taxes	Net (loss) income	Diluted (loss) earnings per share
Reported (GAAP)	\$ 578,014	\$ 174,945	\$ 142,933	\$ 23,446	\$ 9,626	\$ (838)	\$ (222)	\$ (1,152)	\$ (21,447)	\$ 5,911	\$ (15,536)	\$ (0.65)
Reported percent of total revenues (or percent of (loss) income before income taxes for benefit (provision) for income taxes)		30 %	25 %	4 %	2 %	— %	— %	— %	(4)%	27.6 %	(3)%	
Contract manufacturing	(13,127)	—	—	—	—	—	—	—	—	—	—	—
Stock compensation expense	—	1,702	(5,287)	(439)	—	—	7,428	—	7,428	(1,783)	5,645	0.24
Amortization expense	—	45	(30,433)	—	—	—	30,478	—	30,478	(7,193)	23,285	0.95
Restructuring, strategic transaction and integration	—	—	—	—	(9,626)	—	9,626	—	9,626	(1,887)	7,739	0.32
Change in fair value of contingent earn-out	—	—	—	—	—	838	(838)	—	(838)	—	(838)	(0.03)
Adjustment to reverse the cost recognition related to the purchase accounting write-up of inventory to fair value	—	3,843	—	—	—	—	3,843	—	3,843	(915)	2,928	0.12
Quality system and product-related remediation	—	21,262	—	—	—	—	21,262	—	21,262	(5,167)	16,095	0.67
Gain on disposition of assets	—	—	—	—	—	—	—	(374)	(374)	—	(374)	(0.02)
Adjusted (Non-GAAP)	\$ 564,887	\$ 201,797	\$ 107,213	\$ 23,007	\$ —	\$ —	\$ 71,577	\$ (1,526)	\$ 49,978	\$ (11,034)	\$ 38,944	\$ 1.60
Adjusted percent of total revenues (or percent of (loss) income before income taxes for benefit (provision) for income taxes)		36 %	19 %	4 %	— %	— %	13 %	— %	9 %	22.1 %	7 %	

ICU MEDICAL, INC. AND SUBSIDIARIES
Reconciliation of GAAP to Non-GAAP Financial Measures (Unaudited)(continued)
(In thousands, except percentages and per share)

The company's U.S. GAAP results for the three months ended December 31, 2021 included special items which impacted the U.S. GAAP measures as follows:

	Total revenues	Gross profit	Selling, general and administrative	Research and development	Restructuring, strategic transaction and integration	Income from operations	Income before income taxes	Provision for income taxes	Net income	Diluted earnings per share
Reported (GAAP)	\$ 340,525	\$ 127,490	\$ 81,456	\$ 13,166	\$ 9,043	\$ 23,825	\$ 23,337	\$ (3,412)	\$ 19,925	\$ 0.91
Reported percent of total revenues (or percent of income before income taxes for benefit provision for income taxes)		37 %	24 %	4 %	3 %	7 %	7 %	14.6 %	6 %	
Contract manufacturing	(10,605)	—	—	—	—	—	—	—	—	—
Stock compensation expense	—	912	(6,892)	(301)	—	8,105	8,105	(1,945)	6,160	0.28
Amortization expense	—	45	(6,320)	—	—	6,365	6,365	(1,503)	4,862	0.22
Restructuring, strategic transaction and integration	—	—	—	—	(9,043)	9,043	9,043	(766)	8,277	0.38
Adjustment to reverse the cost recognition related to the purchase accounting write-up of inventory to fair value	—	912	—	—	—	912	912	(173)	739	0.03
Adjusted (Non-GAAP)	\$ 329,920	\$ 129,359	\$ 68,244	\$ 12,865	\$ —	\$ 48,250	\$ 47,762	\$ (7,799)	\$ 39,963	\$ 1.82
Adjusted percent of total revenues (or percent of income before income taxes for provision for income taxes)		39 %	21 %	4 %	— %	15 %	14 %	16.3 %	12 %	

ICU MEDICAL, INC. AND SUBSIDIARIES
Reconciliation of Net Cash (Used in) Provided by Operating Activities to Free Cash Flow (Unaudited)
(In thousands)

	Three months ended December 31		Twelve months ended December 31	
	2022	2021	2022	2021
Net cash (used in) provided by operating activities	\$ (1,711)	82,621	\$ (62,129)	\$ 267,538
Purchase of property, plant and equipment	(21,596)	(22,078)	(90,311)	(68,542)
Proceeds from sale of assets	56	—	989	218
Free cash flow	<u>\$ (23,251)</u>	<u>\$ 60,543</u>	<u>\$ (151,451)</u>	<u>\$ 199,214</u>

ICU MEDICAL, INC. AND SUBSIDIARIES

Fiscal Year 2023

Outlook (Unaudited)

(In millions, except per share data)

	<u>Low End of Guidance</u>	<u>High End of Guidance</u>
GAAP net loss	\$ (73)	\$ (37)
Non-GAAP adjustments:		
Interest, net	96	96
Stock compensation expense	42	42
Depreciation and amortization expense	230	230
Restructuring, strategic transaction and integration	41	41
Quality and regulatory initiatives and remediation	61	61
Benefit for income taxes	(22)	(8)
Total non-GAAP adjustments	\$ 448	\$ 462
Adjusted EBITDA	\$ 375	\$ 425
GAAP diluted loss per share	\$ (3.00)	\$ (1.50)
Non-GAAP adjustments:		
Stock compensation expense	1.71	1.71
Amortization expense	5.51	5.51
Restructuring, strategic transaction and integration	1.67	1.67
Quality and regulatory initiatives and remediation	2.49	2.49
Estimated income tax impact from adjustments	(2.63)	(2.63)
Adjusted diluted earnings per share	\$ 5.75	\$ 7.25

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