

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): January 30, 2024

**stryker**

STRYKER CORPORATION  
(Exact name of registrant as specified in its charter)

<u>Michigan</u> (State of incorporation)	<u>001-13149</u> (Commission File Number)	<u>38-1239739</u> (I.R.S. Employer Identification No.)
<u>1941 Stryker Way,</u> (Address of principal executive offices)	<u>Portage, Michigan</u>	<u>49002</u> (Zip Code)
	<u>(269) 385-2600</u> (Registrant's telephone number, including area code)	

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:

- 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:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
<b>Common Stock, \$.10 Par Value</b>	<b>SYK</b>	<b>New York Stock Exchange</b>
<b>0.250% Notes due 2024</b>	<b>SYK24A</b>	<b>New York Stock Exchange</b>
<b>2.125% Notes due 2027</b>	<b>SYK27</b>	<b>New York Stock Exchange</b>
<b>3.375% Notes due 2028</b>	<b>SYK28</b>	<b>New York Stock Exchange</b>
<b>0.750% Notes due 2029</b>	<b>SYK29</b>	<b>New York Stock Exchange</b>
<b>2.625% Notes due 2030</b>	<b>SYK30</b>	<b>New York Stock Exchange</b>
<b>1.000% Notes due 2031</b>	<b>SYK31</b>	<b>New York Stock Exchange</b>

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

Stryker Corporation issued a press release on January 30, 2024 announcing its fourth quarter and full-year 2023 operating results and 2024 outlook. A copy of this press release is attached hereto as Exhibit 99.1.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

99.1 [Stryker reports 2023 operating results and 2024 outlook, press release dated January 30, 2024](#)

104 Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document)

**SIGNATURES**

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.

STRYKER CORPORATION  
(Registrant)

Date: January 30, 2024

/s/ GLENN S. BOEHNLEIN  
Glenn S. Boehnlein  
Vice President, Chief Financial Officer

**STRYKER REPORTS 2023 OPERATING RESULTS AND 2024 OUTLOOK**

Portage, Michigan - January 30, 2024 - Stryker (NYSE:SYK) reported operating results for the fourth quarter and full year of 2023:

**Fourth Quarter Results**

- Reported net sales increased 11.8% to \$5.8 billion
- Organic net sales increased 11.4%
- Reported operating income margin of 21.6%
- Adjusted operating income margin<sup>(1)</sup> increased 60 bps to 27.2%
- Reported EPS increased 102.7% to \$2.98
- Adjusted EPS<sup>(1)</sup> increased 15.3% to \$3.46

**Fourth Quarter Net Sales Growth Overview**

	Reported	Foreign Currency Exchange	Constant Currency	Acquisitions / Divestitures	Organic
MedSurg and Neurotechnology	12.3 %	0.3 %	12.0 %	0.2 %	11.8 %
Orthopaedics and Spine	11.0	0.3	10.7	—	10.7
<b>Total</b>	<b>11.8 %</b>	<b>0.3 %</b>	<b>11.5 %</b>	<b>0.1 %</b>	<b>11.4 %</b>

**Full Year Results**

- Reported net sales increased 11.1% to \$20.5 billion
- Organic net sales increased 11.5%
- Reported operating income margin of 19.0%
- Adjusted operating income margin<sup>(1)</sup> increased 40 bps to 24.2%
- Reported EPS increased 33.7% to \$8.25
- Adjusted EPS<sup>(1)</sup> increased 13.5% to \$10.60

**Full Year Net Sales Growth Overview**

	Reported	Foreign Currency Exchange	Constant Currency	Acquisitions / Divestitures	Organic
MedSurg and Neurotechnology	11.5 %	(0.6)%	12.1 %	0.3 %	11.8 %
Orthopaedics and Spine	10.5	(0.6)	11.1	—	11.1
<b>Total</b>	<b>11.1 %</b>	<b>(0.5)%</b>	<b>11.6 %</b>	<b>0.1 %</b>	<b>11.5 %</b>

"We drove excellent organic sales growth of over 11% in both the fourth quarter and the full year, and delivered strong adjusted earnings," said Kevin Lobo, Chair & CEO. "It was exciting to surpass \$20 billion in sales as we continue to drive high growth. I would like to thank our teams for the strong performance in 2023."

**Sales Analysis**

Consolidated net sales of \$5.8 billion and \$20.5 billion increased 11.8% in the quarter, 11.5% in constant currency, and increased 11.1% in the full year, 11.6% in constant currency. Organic net sales increased 11.4% and 11.5% in the quarter and full year including 10.7% and 10.9% from increased unit volume and 0.7% and 0.6% from higher prices.

MedSurg and Neurotechnology net sales of \$3.4 billion and \$11.8 billion increased 12.3% in the quarter, 12.0% in constant currency, and increased 11.5% in the full year, 12.1% in constant currency. Organic net sales increased 11.8% and 11.8% in the quarter and full year including 10.1% and 10.2% from increased unit volume and 1.7% and 1.6% from higher prices.

Orthopaedics and Spine net sales of \$2.4 billion and \$8.7 billion increased 11.0% in the quarter, 10.7% in constant currency, and increased 10.5% in the full year, 11.1% in constant currency. Organic net sales increased 10.7% and 11.1% in the quarter and full year including 11.5% and 11.9% from increased unit volume partially offset by 0.8% and 0.8% from lower prices.

**Earnings Analysis**

Reported net earnings of \$1.1 billion and \$3.2 billion increased 103.0% and 34.2% in the quarter and full year. Reported net earnings per diluted share of \$2.98 and \$8.25 increased 102.7% and 33.7% in the quarter and full year. Reported gross profit margin and reported operating income margin were 63.7% and 21.6% in the quarter and 63.7% and 19.0% in the full year. Reported net earnings include certain items, such as charges for acquisition and integration-related activities, the amortization of purchased intangible assets, structural optimization and other special charges (including asset write-offs and impairments), costs to comply with certain medical device regulations, recall-related matters, regulatory and legal matters and tax matters. Excluding the aforementioned items, adjusted gross profit margin<sup>(1)</sup> was 63.9% in both the quarter and full year, and adjusted operating income margin<sup>(1)</sup> was 27.2% and 24.2% in the quarter and full year. Adjusted net earnings<sup>(1)</sup> of \$1.3 billion and \$4.1 billion increased 15.4% and 13.9% in the quarter and full year. Adjusted net earnings per diluted share<sup>(1)</sup> of \$3.46 and \$10.60 increased 15.3% and 13.5% in the quarter and full year.

## 2024 Outlook

Based on our momentum from 2023, strong procedural volumes, healthy demand for capital products and a stabilizing macro-economic environment, we expect 2024 organic net sales growth<sup>(2)</sup> to be in the range of 7.5% to 9.0% and expect adjusted net earnings per diluted share<sup>(2)</sup> to be in the range of \$11.70 to \$12.00. Based on the steady progress of our pricing actions, we would expect the full year impact of price to be roughly flat. If foreign exchange rates hold near current levels, we anticipate sales will be modestly unfavorably impacted for the full year, being more negative in the first half of the year. We expect adjusted net earnings per diluted share<sup>(2)</sup> will be negatively impacted by foreign exchange rates approximately \$0.05 to \$0.10. This is included in our guidance.

- (1) *A reconciliation of the non-GAAP financial measures: adjusted gross profit margin, adjusted operating income and adjusted operating income margin, adjusted net earnings and adjusted net earnings per diluted share, to the most directly comparable GAAP measures: gross profit margin, operating income and operating income margin, net earnings and net earnings per diluted share, and other important information accompanies this press release.*
- (2) *We are unable to present a quantitative reconciliation of our expected net sales growth to expected organic net sales growth as we are unable to predict with reasonable certainty and without unreasonable effort the impact and timing of acquisitions and divestitures and the impact of foreign currency exchange rates. We are unable to present a quantitative reconciliation of our expected net earnings per diluted share to expected adjusted net earnings per diluted share as we are unable to predict with reasonable certainty and without unreasonable effort the impact and timing of structural optimization and other special charges, acquisition-related expenses and the outcome of certain regulatory, legal and tax matters. The financial impact of these items is uncertain and is dependent on various factors, including timing, and could be material to our Consolidated Statements of Earnings.*

## Conference Call on Tuesday, January 30, 2024

As previously announced, we will host a conference call on **Tuesday, January 30, 2024** at 4:30 p.m., Eastern Time, to discuss our operating results for the quarter and year ended December 31, 2023 and provide an operational update.

Please register for this conference call at: <https://www.veracast.com/webcasts/stryker/events/SYK4Q23.cfm>. After registering, a confirmation will be sent via email, including dial-in details and unique conference call access codes required for call entry. Registration is open throughout the live call. To ensure you are connected prior to the beginning of the call, we suggest registering a minimum of 15 minutes before the start of the call.

A simultaneous webcast of the call will be accessible via the Investor Relations page of our website at [www.stryker.com](http://www.stryker.com). For those not planning to ask a question of management, we recommend listening via the webcast. Please allow 15 minutes to register, download and install any necessary software.

Following the conference call, a replay will be available on our website up to one year from the time of the earnings call.

## Caution Concerning Forward-Looking Statements

This press release contains information that includes or is based on forward-looking statements within the meaning of the federal securities law that are subject to various risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in such statements. Such factors include, but are not limited to: weakening of economic conditions, or the anticipation thereof, that could adversely affect the level of demand for our products; geopolitical risks, including from international conflicts and upcoming elections in the United States and other countries, which could, among other things, lead to increased market volatility; pricing pressures generally, including cost-containment measures that could adversely affect the price of or demand for our products; changes in foreign currency exchange markets; legislative and regulatory actions; unanticipated issues arising in connection with clinical studies and otherwise that affect United States Food and Drug Administration approval of new products; inflationary pressures; increased interest rates; supply chain disruptions; changes in reimbursement levels from third-party payors; a significant increase in product liability claims; the ultimate total cost with respect to recall-related matters; the impact of investigative and legal proceedings and compliance risks; resolution of tax audits; changes in tax laws and regulations; the impact of legislation to reform the healthcare system in the United States or other countries; costs to comply with medical device regulations; changes in financial markets; changes in our credit ratings; changes in the competitive environment; our ability to integrate and realize the anticipated benefits of acquisitions in full or at all or within the expected timeframes; our ability to realize anticipated cost savings; potential negative impacts resulting from environmental, social and governance (ESG) and sustainability related matters; the impact on our operations and financial results of any public health emergency and any related policies and actions by governments or other third parties; and breaches or failures of our or our vendors' information technology systems or products, including by cyber-attack, data leakage, unauthorized access or theft. Additional information concerning these and other factors is contained in our filings with the United States Securities and Exchange Commission, including our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. We disclaim any intention or obligation to publicly update or revise any forward-looking statement to reflect any change in our expectations or in events, conditions or circumstances on which those expectations may be based, or that affect the likelihood that actual results will differ from those contained in the forward-looking statements.

Stryker is a global leader in medical technologies and, together with our customers, we are driven to make healthcare better. We offer innovative products and services in MedSurg, Neurotechnology, Orthopaedics and Spine that help improve patient and healthcare outcomes. Alongside our customers around the world, we impact more than 150 million patients annually. More information is available at [www.stryker.com](http://www.stryker.com).

### For investor inquiries please contact:

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### For media inquiries please contact:

Yin Becker, Vice President, Chief Corporate Affairs Officer at 269-385-2600 or [yin.becker@stryker.com](mailto:yin.becker@stryker.com)

**STRYKER CORPORATION**  
**For the Three Months and Full Year December 31**  
(Unaudited - Millions of Dollars, Except Per Share Amounts)  
**CONSOLIDATED STATEMENTS OF EARNINGS**

	Three Months			Full Year		
	2023	2022	% Change	2023	2022	% Change
<b>Net sales</b>	<b>\$ 5,815</b>	<b>\$ 5,202</b>	<b>11.8 %</b>	<b>\$ 20,498</b>	<b>\$ 18,449</b>	<b>11.1 %</b>
Cost of sales	2,112	1,966	7.4	7,440	6,871	8.3
<b>Gross profit</b>	<b>\$ 3,703</b>	<b>\$ 3,236</b>	<b>14.4 %</b>	<b>\$ 13,058</b>	<b>\$ 11,578</b>	<b>12.8 %</b>
% of sales	63.7 %	62.2 %		63.7 %	62.8 %	
Research, development and engineering expenses	350	326	7.4	1,388	1,454	(4.5)
Selling, general and administrative expenses	1,941	1,751	10.9	7,129	6,455	10.4
Recall charges, net	6	(29)	nm	18	(15)	nm
Amortization of intangible assets	149	158	(5.7)	635	627	1.3
Goodwill impairment	—	216	nm	—	216	nm
Total operating expenses	\$ 2,446	\$ 2,422	1.0 %	\$ 9,170	\$ 8,737	5.0 %
<b>Operating income</b>	<b>\$ 1,257</b>	<b>\$ 814</b>	<b>54.4 %</b>	<b>\$ 3,888</b>	<b>\$ 2,841</b>	<b>36.9 %</b>
% of sales	21.6 %	15.6 %		19.0 %	15.4 %	
Other income (expense), net	(31)	(53)	(41.5)	(215)	(158)	36.1
<b>Earnings before income taxes</b>	<b>\$ 1,226</b>	<b>\$ 761</b>	<b>61.1 %</b>	<b>\$ 3,673</b>	<b>\$ 2,683</b>	<b>36.9 %</b>
Income taxes	83	198	(58.1)	508	325	56.3
<b>Net earnings</b>	<b>\$ 1,143</b>	<b>\$ 563</b>	<b>103.0 %</b>	<b>\$ 3,165</b>	<b>\$ 2,358</b>	<b>34.2 %</b>
<b>Net earnings per share of common stock:</b>						
Basic	\$ 3.01	\$ 1.48	103.4 %	\$ 8.34	\$ 6.23	33.9 %
Diluted	\$ 2.98	\$ 1.47	102.7 %	\$ 8.25	\$ 6.17	33.7 %
<b>Weighted-average shares outstanding (in millions):</b>						
Basic	380.0	378.5		379.6	378.2	
Diluted	383.9	382.3		383.7	382.2	

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	December 31	
	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 2,940	\$ 1,844
Marketable securities	82	84
Accounts receivable, net	3,765	3,565
Inventories	4,843	3,995
Prepaid expenses and other current assets	857	787
<b>Total current assets</b>	<b>\$ 12,487</b>	<b>\$ 10,275</b>
Property, plant and equipment, net	3,215	2,970
Goodwill and other intangibles, net	19,836	19,765
Noncurrent deferred income tax assets	1,670	1,410
Other noncurrent assets	2,673	2,464
<b>Total assets</b>	<b>\$ 39,881</b>	<b>\$ 36,884</b>
<b>Liabilities and shareholders' equity</b>		
Current liabilities	\$ 7,890	\$ 6,303
Long-term debt, excluding current maturities	10,901	11,857
Income taxes	567	641
Other noncurrent liabilities	1,930	1,467
<b>Shareholders' equity</b>	<b>18,593</b>	<b>16,616</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 39,881</b>	<b>\$ 36,884</b>

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	December 31	
	2023	2022
<b>Operating activities</b>		
<b>Net earnings</b>	<b>\$ 3,165</b>	<b>\$ 2,358</b>
Depreciation	393	371
Amortization of intangible assets	635	627
Changes in operating assets, liabilities, income taxes payable and other, net	(513)	(732)
<b>Net cash provided by operating activities</b>	<b>\$ 3,680</b>	<b>\$ 2,624</b>
<b>Investing activities</b>		
Acquisitions, net of cash acquired	\$ (390)	\$ (2,563)
Purchases of property, plant and equipment	(575)	(588)
Other investing, net	3	227
<b>Net cash used in investing activities</b>	<b>\$ (962)</b>	<b>\$ (2,924)</b>
<b>Financing activities</b>		
Borrowings (payments) of debt, net	\$ (277)	\$ 472
Payments of dividends	(1,139)	(1,051)
Other financing, net	(178)	(170)
<b>Net cash provided by (used in) financing activities</b>	<b>\$ (1,594)</b>	<b>\$ (749)</b>
Effect of exchange rate changes on cash and cash equivalents	(28)	(51)
<b>Change in cash and cash equivalents</b>	<b>\$ 1,096</b>	<b>\$ (1,100)</b>





## **SUPPLEMENTAL INFORMATION - RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES**

We supplement the reporting of our financial information determined under accounting principles generally accepted in the United States (GAAP) with certain non-GAAP financial measures, including: percentage sales growth in constant currency; percentage organic sales growth; adjusted gross profit; adjusted selling, general and administrative expenses; adjusted research, development and engineering expenses; adjusted operating income; adjusted other income (expense), net; adjusted income taxes; adjusted effective income tax rate; adjusted net earnings; and adjusted net earnings per diluted share (Diluted EPS). We believe these non-GAAP financial measures provide meaningful information to assist investors and shareholders in understanding our financial results and assessing our prospects for future performance. Management believes percentage sales growth in constant currency and the other adjusted measures described above are important indicators of our operations because they exclude items that may not be indicative of or are unrelated to our core operating results and provide a baseline for analyzing trends in our underlying businesses. Management uses these non-GAAP financial measures for reviewing the operating results of reportable business segments and analyzing potential future business trends in connection with our budget process and bases certain management incentive compensation on these non-GAAP financial measures.

To measure percentage sales growth in constant currency, we remove the impact of changes in foreign currency exchange rates that affect the comparability and trend of sales. Percentage sales growth in constant currency is calculated by translating current and prior year results at the same foreign currency exchange rate. To measure percentage organic sales growth, we remove the impact of changes in foreign currency exchange rates, acquisitions and divestitures, which affect the comparability and trend of sales. Percentage organic sales growth is calculated by translating current year and prior year results at the same foreign currency exchange rate excluding the impact of acquisitions and divestitures. To measure earnings performance on a consistent and comparable basis, we exclude certain items that affect the comparability of operating results and the trend of earnings. The income tax effect of each adjustment was determined based on the tax effect of the jurisdiction in which the related pre-tax adjustment was recorded.

Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These adjusted financial measures should not be considered in isolation or as a substitute for reported sales growth, gross profit, selling, general and administrative expenses, research, development and engineering expenses, operating income, other income (expense), net, income taxes, effective income tax rate, net earnings and net earnings per diluted share, the most directly comparable GAAP financial measures. These non-GAAP financial measures are an additional way of viewing aspects of our operations that, when viewed with our GAAP results and the reconciliations to corresponding GAAP financial measures below, provide a more complete understanding of our business. We strongly encourage investors and shareholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

The following reconciles the non-GAAP financial measures discussed above with the most directly comparable GAAP financial measures. The weighted-average diluted shares outstanding used in the calculation of adjusted net earnings per diluted share are the same as those used in the calculation of reported net earnings per diluted share for the respective period.

**STRYKER CORPORATION**  
**For the Three Months and Full Year December 31**  
**(Unaudited - Millions of Dollars, Except Per Share Amounts)**  
**Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures**

Three Months 2023	Gross Profit	Selling, General & Administrative Expenses	Research, Development & Engineering Expenses	Operating Income	Other Income (Expense), Net	Income Taxes	Net Earnings	Effective Tax Rate	Diluted EPS
<b>Reported</b>	\$ 3,703	\$ 1,941	\$ 350	\$ 1,257	\$ (31)	\$ 83	\$ 1,143	6.8 %	\$ 2.98
Reported percent net sales	63.7 %	33.4 %	6.0 %	21.6 %	(0.5)%	nm	19.7 %		
Acquisition and integration-related costs									
Inventory stepped-up to fair value	—	—	—	—	—	—	—	—	—
Other acquisition and integration-related (a)	—	(13)	—	13	—	—	13	(0.2)	0.04
Amortization of purchased intangible assets	—	—	—	149	—	28	121	0.6	0.31
Structural optimization and other special charges (b)	9	(54)	(1)	64	—	15	49	0.5	0.13
Goodwill impairment	—	—	—	—	—	—	—	—	—
Medical device regulations (c)	1	—	(21)	22	—	5	17	0.1	0.04
Recall-related matters (d)	—	—	—	6	—	1	5	—	0.02
Regulatory and legal matters (e)	—	(73)	—	73	—	25	48	1.2	0.12
Tax matters (f)	—	—	—	—	—	70	(70)	5.6	(0.18)
<b>Adjusted</b>	<b>\$ 3,713</b>	<b>\$ 1,801</b>	<b>\$ 328</b>	<b>\$ 1,584</b>	<b>\$ (31)</b>	<b>\$ 227</b>	<b>\$ 1,326</b>	<b>14.6 %</b>	<b>\$ 3.46</b>
Adjusted percent net sales	63.9 %	31.0 %	5.6 %	27.2 %	(0.5)%	nm	22.8 %		

Three Months 2022	Gross Profit	Selling, General & Administrative Expenses	Research, Development & Engineering Expenses	Operating Income	Other Income (Expense), Net	Income Taxes	Net Earnings	Effective Tax Rate	Diluted EPS
<b>Reported</b>	\$ 3,236	\$ 1,751	\$ 326	\$ 814	\$ (53)	\$ 198	\$ 563	26.0 %	\$ 1.47
Reported percent net sales	62.2 %	33.7 %	6.3 %	15.6 %	(1.0)%	nm	10.8 %		
Acquisition and integration-related costs									
Inventory stepped-up to fair value	—	—	—	—	—	—	—	—	—
Other acquisition and integration-related (a)	—	(42)	—	42	—	(16)	58	(2.9)	0.15
Amortization of purchased intangible assets	—	—	—	158	—	34	124	1.5	0.33
Structural optimization and other special charges (b)	27	(93)	—	120	—	27	93	1.6	0.24
Goodwill impairment	—	—	—	216	—	—	216	(3.9)	0.57
Medical device regulations (c)	—	—	(42)	42	—	9	33	0.4	0.09
Recall-related matters (d)	—	—	—	(29)	—	(7)	(22)	(0.4)	(0.06)
Regulatory and legal matters (e)	—	(23)	—	23	—	(7)	30	(1.5)	0.08
Tax matters (f)	—	—	—	—	(1)	(55)	54	(7.0)	0.13
<b>Adjusted</b>	<b>\$ 3,263</b>	<b>\$ 1,593</b>	<b>\$ 284</b>	<b>\$ 1,386</b>	<b>\$ (54)</b>	<b>\$ 183</b>	<b>\$ 1,149</b>	<b>13.8 %</b>	<b>\$ 3.00</b>
Adjusted percent net sales	62.7 %	30.6 %	5.5 %	26.6 %	(1.0)%	nm	22.1 %		

- (a) Charges represent certain acquisition and integration-related costs associated with acquisitions, including charges for termination of sales relationships (\$3 in 2023, \$5 in 2022), employee retention and workforce reductions (\$3 in 2023, \$4 in 2022), changes in the fair value of contingent consideration (\$6 in 2023, (\$3) in 2022), manufacturing integration costs (\$0 in 2023, \$9 in 2022), adjustments to acquisition-related tax provisions (charge of \$2 included in Income Taxes for 2023, \$0 for 2022) and other integration-related activities such as deal costs and costs associated with legal entity rationalization (\$1 in 2023, \$27 in 2022).
- (b) Charges represent the costs associated with employee retention and workforce reductions (\$6 in 2023, \$38 in 2022), the closure/transfer of manufacturing and other facilities, including site closure costs, contract termination costs and redundant employee costs during the work transfers (\$14 in 2023, \$21 in 2022), product line exits (primarily inventory, long-lived asset and specifically-identified intangible asset write-offs) (\$16 in 2023, \$73 in 2022), certain long-lived and intangible asset write-offs and impairments (\$16 in 2023, (\$8) in 2022) and other charges (\$12 in 2023, (\$4) in 2022).
- (c) Charges represent the costs specific to updating our quality system, product labeling, asset write-offs and product remanufacturing to comply with the medical device reporting regulations and other requirements of the new medical device regulations in the European Union.
- (d) Charges represent changes in our best estimate of the minimum of the range of probable loss to resolve certain recall-related matters.
- (e) Charges represent changes in our best estimate of the minimum of the range of probable loss to resolve certain regulatory or other legal matters and the amount of favorable awards from settlements.
- (f) Benefits and charges represent the accounting impact of certain significant and discrete tax items, including adjustments related to the transfer of certain intellectual properties between tax jurisdictions (benefit of \$49 in 2023 and charge of \$44 in 2022).

Full Year 2023	Gross Profit	Selling, General & Administrative Expenses	Research, Development & Engineering Expenses	Operating Income	Other Income (Expense), Net	Income Taxes	Net Earnings	Effective Tax Rate	Diluted EPS
<b>Reported</b>	\$ 13,058	\$ 7,129	\$ 1,388	\$ 3,888	\$ (215)	\$ 508	\$ 3,165	13.8 %	\$ 8.25
Reported percent net sales	63.7 %	34.8 %	6.8 %	19.0 %	(1.0)%	nm	15.4 %		
Acquisition and integration-related costs									
Inventory stepped-up to fair value	—	—	—	—	—	—	—	—	—
Other acquisition and integration-related (a)	—	(20)	—	20	—	(25)	45	(0.8)	0.12
Amortization of purchased intangible assets	—	—	—	635	—	132	503	1.2	1.31
Structural optimization and other special charges (b)	39	(166)	(1)	206	—	47	159	0.5	0.42
Goodwill impairment	—	—	—	—	—	—	—	—	—
Medical device regulations (c)	2	—	(94)	96	—	22	74	0.2	0.19
Recall-related matters (d)	—	—	—	18	—	4	14	—	0.04
Regulatory and legal matters (e)	—	(92)	—	92	—	29	63	0.4	0.16
Tax matters (f)	—	—	—	—	(8)	(51)	43	(1.2)	0.11
<b>Adjusted</b>	\$ 13,099	\$ 6,851	\$ 1,293	\$ 4,955	\$ (223)	\$ 666	\$ 4,066	14.1 %	\$ 10.60
Adjusted percent net sales	63.9 %	33.4 %	6.3 %	24.2 %	(1.1)%	nm	19.8 %		

Full Year 2022	Gross Profit	Selling, General & Administrative Expenses	Research, Development & Engineering Expenses	Operating Income	Other Income (Expense), Net	Income Taxes	Net Earnings	Effective Tax Rate	Diluted EPS
<b>Reported</b>	\$ 11,578	\$ 6,455	\$ 1,454	\$ 2,841	\$ (158)	\$ 325	\$ 2,358	12.1 %	\$ 6.17
Reported percent net sales	62.8 %	35.0 %	7.9 %	15.4 %	(0.9)%	nm	12.8 %		
Acquisition and integration-related costs									
Inventory stepped-up to fair value	12	—	—	12	—	3	9	—	0.02
Other acquisition and integration-related (a)	—	(138)	—	138	—	34	104	0.5	0.27
Amortization of purchased intangible assets	—	—	—	627	—	132	495	1.7	1.30
Structural optimization and other special charges (b)	56	(206)	(87)	349	—	66	283	0.7	0.74
Goodwill impairment	—	—	—	216	—	—	216	(1.1)	0.57
Medical device regulations (c)	3	—	(137)	140	—	25	115	0.2	0.30
Recall-related matters (d)	—	—	—	(15)	—	(3)	(12)	—	(0.03)
Regulatory and legal matters (e)	—	(76)	—	76	—	7	69	(0.2)	0.18
Tax matters (f)	—	—	—	—	(75)	(9)	(66)	0.1	(0.18)
<b>Adjusted</b>	\$ 11,649	\$ 6,035	\$ 1,230	\$ 4,384	\$ (233)	\$ 580	\$ 3,571	14.0 %	\$ 9.34
Adjusted percent net sales	63.1 %	32.7 %	6.7 %	23.8 %	(1.3)%	nm	19.4 %		

- (a) Charges represent certain acquisition and integration-related costs associated with acquisitions, including charges for termination of sales relationships (\$5 in 2023, \$21 in 2022), employee retention and workforce reductions (\$6 in 2023, \$33 in 2022), changes in the fair value of contingent consideration ((\$1) in 2023, (\$135) in 2022), manufacturing integration costs (\$2 in 2023, \$32 in 2022), stock compensation payments upon a change in control (\$0 in 2023, \$132 in 2022), adjustments to acquisition-related tax provisions (charges of \$30 included in Income Taxes for 2023, \$0 for 2022) and other integration-related activities such as deal costs and costs associated with legal entity rationalization (\$8 in 2023, \$55 in 2022).
- (b) Charges represent the costs associated with employee retention and workforce reductions (\$69 in 2023, \$74 in 2022), the closure/transfer of manufacturing and other facilities, including site closure costs, contract termination costs and redundant employee costs during the work transfers (\$50 in 2023, \$83 in 2022), product line exits (primarily inventory, long-lived asset and specifically-identified intangible asset write-offs) (\$32 in 2023, \$80 in 2022), certain long-lived and intangible asset write-offs and impairments (\$28 in 2023, \$96 in 2022) and other charges (\$27 in 2023, \$16 in 2022).
- (c) Charges represent the costs specific to updating our quality system, product labeling, asset write-offs and product remanufacturing to comply with the medical device reporting regulations and other requirements of the new medical device regulations in the European Union.
- (d) Charges represent changes in our best estimate of the minimum of the range of probable loss to resolve certain recall-related matters.
- (e) Charges represent changes in our best estimate of the minimum of the range of probable loss to resolve certain regulatory or other legal matters and the amount of favorable awards from settlements.
- (f) Benefits and charges represent the accounting impact of certain significant and discrete tax items, including adjustments related to the transfer of certain intellectual properties between tax jurisdictions (charges of \$89 in 2023 and \$182 in 2022), certain tax audit settlements (benefit of \$9 included in Other Income (Expense), Net for 2023 and benefit of \$24 included in Income Taxes for 2023, benefit of \$45 included in Other Income (Expense) and benefit of \$162 included in Income Taxes for 2022) and the reversal of deferred income tax on undistributed earnings of foreign subsidiaries (\$0 for 2023, benefit of \$71 for 2022).