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# DELTA REPORT

## 10-Q

ZBH - ZIMMER BIOMET HOLDINGS, I  
10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	816
CHANGES	149
DELETIONS	308
ADDITIONS	359

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED March 31, June 30, 2024

Commission File Number 001-16407

ZIMMER BIOMET HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

13-4151777  
(IRS Employer  
Identification No.)

345 East Main Street, Warsaw, IN 46580  
(Address of principal executive offices)  
Telephone: (574) 373-3333

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	ZBH	New York Stock Exchange
2.425% Notes due 2026	ZBH 26	New York Stock Exchange
1.164% Notes due 2027	ZBH 27	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 22, 2024 July 31, 2024, 205,728,398 203,652,375 shares of the registrant's \$.01 par value common stock were outstanding.

ZIMMER BIOMET HOLDINGS, INC.

INDEX TO FORM 10-Q

March 31, June 30, 2024

	Page
<b>Part I - Financial Information</b>	
Item 1. <a href="#">Financial Statements (unaudited)</a>	3
<a href="#">Condensed Consolidated Statements of Earnings for the Three and Six Months Ended March 31, 2024 June 30, 2024 and 2023</a>	3
<a href="#">Condensed Consolidated Statements of Comprehensive Income for the Three and Six Months Ended March 31, 2024 June 30, 2024 and 2023</a>	4
<a href="#">Condensed Consolidated Balance Sheets as of March 31, 2024 June 30, 2024 and December 31, 2023</a>	5
<a href="#">Condensed Consolidated Statements of Stockholders' Equity for the Three and Six Months Ended March 31, 2024 June 30, 2024 and 2023</a>	6
<a href="#">Condensed Consolidated Statements of Cash Flows for the Three and Six Months Ended March 31, 2024 June 30, 2024 and 2023</a>	7
<a href="#">Notes to Interim Condensed Consolidated Financial Statements</a>	8
Item 2. <a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	26
Item 3. <a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>	33 34
Item 4. <a href="#">Controls and Procedures</a>	33 34
<b>Part II - Other Information</b>	
Item 1. <a href="#">Legal Proceedings</a>	34 36
Item 1A. <a href="#">Risk Factors</a>	34 36
Item 2. <a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	34 36
Item 3. <a href="#">Defaults Upon Senior Securities</a>	34 36
Item 4. <a href="#">Mine Safety Disclosures</a>	34 36
Item 5. <a href="#">Other Information</a>	34 36
Item 6. <a href="#">Exhibits</a>	36 37
<a href="#">Signatures</a>	37 38

Part I – Financial Information

Item 1. Financial Statements

**ZIMMER BIOMET HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**  
(in millions, except per share amounts, unaudited)

	Three Months Ended		Three Months Ended		Six Months Ended	
	March 31,		June 30,		June 30,	
	2024	2023	2024	2023	2024	2023
<b>Net Sales</b>	\$ 1,889.2	\$ 1,831.0	\$ 1,942.0	\$ 1,869.6	\$ 3,831.2	\$ 3,700.6
Cost of products sold, excluding intangible asset amortization	512.3	500.8	553.6	525.5	1,065.9	1,026.3
Intangible asset amortization	142.1	133.4	144.0	138.2	286.1	271.6
Research and development	107.9	110.4	109.4	118.1	217.4	228.5
Selling, general and administrative	736.2	715.9	737.1	725.8	1,473.2	1,441.8
Restructuring and other cost reduction initiatives	124.4	41.8	41.5	24.4	165.9	66.3
Acquisition, integration, divestiture and related	0.4	1.3	5.2	7.9	5.5	9.1
Operating expenses	1,623.3	1,503.7	1,590.8	1,539.9	3,214.0	3,043.6
<b>Operating Profit</b>	265.9	327.3	351.3	329.6	617.2	656.9
Other (expense) income, net	(0.1)	7.7				
Other income (expense), net	2.0	(1.2)	1.9	6.5		
Interest expense, net	(50.7)	(48.2)	(51.1)	(51.6)	(101.8)	(99.8)
Earnings before income taxes	215.1	286.8	302.2	276.8	517.3	563.6
Provision for income taxes	42.3	54.1	59.1	66.9	101.4	121.0
<b>Net Earnings</b>	172.8	232.8	243.1	209.9	415.9	442.6
Less: Net earnings attributable to noncontrolling interest	0.4	0.2	0.3	0.2	0.7	0.5
<b>Net Earnings of Zimmer Biomet Holdings, Inc.</b>	<u>\$ 172.4</u>	<u>\$ 232.5</u>	<u>\$ 242.8</u>	<u>\$ 209.6</u>	<u>\$ 415.2</u>	<u>\$ 442.1</u>
<b>Earnings Per Common Share</b>						
Basic	\$ 0.84	\$ 1.11	\$ 1.18	\$ 1.00	\$ 2.02	\$ 2.12
Diluted	\$ 0.84	\$ 1.11	\$ 1.18	\$ 1.00	\$ 2.01	\$ 2.10
<b>Weighted Average Common Shares Outstanding</b>						
Basic	205.2	209.4	205.7	208.6	205.4	209.0
Diluted	206.2	210.4	206.4	209.9	206.3	210.1

The accompanying notes are an integral part of these condensed consolidated financial statements.

**ZIMMER BIOMET HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(in millions, unaudited)

	Three Months Ended		Three Months Ended		Six Months Ended	
	March 31,		June 30,		June 30,	
	2024	2023	2024	2023	2024	2023
Net Earnings of Zimmer Biomet Holdings, Inc.	\$ 172.4	\$ 232.5	\$ 242.8	\$ 209.6	\$ 415.2	\$ 442.1
Other Comprehensive Income (Loss):						
Foreign currency cumulative translation adjustments, net of tax	(35.8)	12.4	(4.0)	(26.5)	(39.9)	(14.1)
Unrealized cash flow hedge gains, net of tax	34.7	8.8	38.1	47.1	72.7	55.9
Reclassification adjustments on hedges, net of tax	(18.0)	(19.0)	(17.8)	(19.3)	(35.8)	(38.3)
Adjustments to prior service cost and unrecognized actuarial assumptions, net of tax	(1.1)	(0.9)	(0.2)	(1.1)	(1.2)	(2.0)

Total Other Comprehensive (Loss) Income	(20.2)	1.3				
Total Other Comprehensive Income (Loss)	16.1	0.2	(4.2)	1.5		
Comprehensive Income Attributable to						
Zimmer Biomet Holdings, Inc.	\$ 152.2	\$ 233.8	\$ 258.9	\$ 209.8	\$ 411.0	\$ 443.6

The accompanying notes are an integral part of these condensed consolidated financial statements.

4

**ZIMMER BIOMET HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in millions, except share amounts, unaudited)

	December		December	
	March 31,	31,	June 30,	31,
	2024	2023	2024	2023
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 393.0	\$ 415.8	\$ 420.1	\$ 415.8
Accounts receivable, less allowance for credit losses	1,446.4	1,442.4	1,418.0	1,442.4
Inventories	2,388.2	2,385.2	2,369.9	2,385.2
Prepaid expenses and other current assets	403.8	366.1	431.4	366.1
Total Current Assets	4,631.5	4,609.5	4,639.4	4,609.5
Property, plant and equipment, net	2,090.9	2,060.4	2,103.0	2,060.4
Goodwill	8,791.5	8,818.5	8,824.5	8,818.5
Intangible assets, net	4,734.1	4,856.4	4,707.4	4,856.4
Other assets	1,204.4	1,152.1	1,245.7	1,152.1
<b>Total Assets</b>	<b>\$ 21,452.4</b>	<b>\$ 21,496.9</b>	<b>\$ 21,520.0</b>	<b>\$ 21,496.9</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 370.3	\$ 410.6	\$ 341.8	\$ 410.6
Income taxes payable	70.3	61.2		
Other current liabilities	1,386.3	1,485.7	1,388.6	1,546.9
Current portion of long-term debt	970.0	900.0	1,878.0	900.0
Total Current Liabilities	2,797.0	2,857.4	3,608.4	2,857.4
Deferred income taxes, net	370.4	357.6		
Long-term income tax payable	275.8	273.7		
Other long-term liabilities	577.0	652.1	1,205.4	1,283.4
Long-term debt	4,826.2	4,867.9	3,956.7	4,867.9
<b>Total Liabilities</b>	<b>8,846.4</b>	<b>9,008.7</b>	<b>8,770.6</b>	<b>9,008.7</b>
<b>Commitments and Contingencies (Note 15)</b>				
<b>Stockholders' Equity:</b>				
Zimmer Biomet Holdings, Inc. Stockholders' Equity:				
Common stock, \$0.01 par value, one billion shares authorized, 317.2 million shares as of March 31, 2024 (316.2 million as of December 31, 2023) issued	3.2	3.2		
Common stock, \$0.01 par value, one billion shares authorized, 317.2 million shares as of June 30, 2024 (316.2 million as of December 31, 2023) issued	3.2	3.2		
Paid-in capital	9,945.9	9,846.1	9,974.9	9,846.1
Retained earnings	10,509.0	10,384.5	10,702.5	10,384.5

Accumulated other comprehensive loss	(211.2)	(191.0)	(195.2)	(191.0)
Treasury stock, 111.5 million shares as of March 31, 2024 (110.6 million as of December 31, 2023)	(7,648.9)	(7,562.3)		
Treasury stock, 112.3 million shares as of June 30, 2024 (110.6 million as of December 31, 2023)	(7,744.3)	(7,562.3)		
Total Zimmer Biomet Holdings, Inc. stockholders' equity	12,598.0	12,480.5	12,741.1	12,480.5
Noncontrolling interest	8.1	7.7	8.4	7.7
<b>Total Stockholders' Equity</b>	<b>12,606.0</b>	<b>12,488.1</b>	<b>12,749.4</b>	<b>12,488.1</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 21,452.4</b>	<b>\$ 21,496.9</b>	<b>\$ 21,520.0</b>	<b>\$ 21,496.9</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.

5

**ZIMMER BIOMET HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(in millions, except per share amounts, unaudited)

	Zimmer Biomet Holdings, Inc. Stockholders										Zimmer Biomet Holdings, Inc. Stockholders							
	Accumulated								Accumulated									
	Other								Other									
	Common Shares		Paid-in	Retained	Comprehensive	Treasury Shares		Noncontrolling	Stockholders'	Common Shares		Paid-in	Retained	Comprehensive	Treasury Shares		Noncontrolling	
	Number	Amount	Capital	Earnings	(Loss) Income	Number	Amount	Interest	Equity	Number	Amount	Capital	Earnings	(Loss) Income	Number	Amount	Interest	
Balance January 1, 2024	316.2	\$ 3.2	\$ 9,846.1	\$ 10,384.5	\$ (191.0)	(110.6)	\$ (7,562.3)	\$ 7.7	\$ 12,488.1									
Balance April 1, 2024	317.2	\$ 3.2	\$ 9,945.9	\$ 10,509.0	\$ (211.2)	(111.5)	\$ (7,648.9)	\$ 8.1	\$ 12,606.0									
Net earnings	-	-	-	172.4	-	-	-	0.4	172.8	-	-	-	242.8	-	-	-	0.3	
Other comprehensive loss	-	-	-	-	(20.2)	-	-	-	(20.2)									
Other comprehensive income	-	-	-	-	16.1	-	-	-	16.1									
Cash dividends declared (\$0.24 per share)	-	-	-	(49.3)	-	-	-	-	(49.3)	-	-	-	(49.3)	-	-	-	-	
Stock compensation plans	0.8	-	76.4	1.4	-	-	1.4	-	79.2	-	-	29.0	-	-	-	-	-	
Embody, Inc. acquisition consideration	0.2	-	23.4	-	-	-	-	-	23.4									
Share repurchases	-	-	-	-	-	(0.9)	(88.0)	-	(88.0)	-	-	-	-	-	(0.9)	(95.4)		

<b>Balance</b>										
<b>March 31,</b>										
<b>2024</b>	317.2	\$ 3.2	\$ 9,945.9	\$ 10,509.0	\$ (211.2)	(111.5)	\$ (7,648.9)	\$ 8.1	\$ 12,606.0	
<b>Balance June</b>										
<b>30, 2024</b>	317.2	\$ 3.2	\$ 9,974.9	\$ 10,702.5	\$ (195.2)	(112.3)	\$ (7,744.3)	\$ 8.4	\$ 12,749.4	
<b>Balance</b>										
<b>January 1,</b>										
<b>2023</b>	313.8	\$ 3.1	\$ 9,504.4	\$ 9,559.3	\$ (179.3)	(104.8)	\$ (6,867.2)	\$ 6.7	\$ 12,027.0	
<b>Balance April</b>										
<b>1, 2023</b>	315.4	\$ 3.2	\$ 9,692.4	\$ 9,741.7	\$ (178.0)	(106.9)	\$ (7,108.6)	\$ 6.9	\$ 12,157.6	
Net earnings	-	-	-	232.5	-	-	-	0.2	232.8	- - - 209.6 - - - 0.2
Other comprehensive income	-	-	-	-	1.3	-	-	-	1.3	- - - - 0.2 - - -
Cash dividends declared (\$0.24 per share)	-	-	-	(50.4)	-	-	-	-	(50.4)	- - - (50.1) - - -
Stock compensation plans	0.5	-	55.4	0.3	-	-	0.3	-	56.0	0.3 - 58.1 1.1 - - 0.7 -
Embodiy, Inc. acquisition consideration	1.1	0.1	134.9	-	-	-	-	-	135.0	0.1 - 15.5 - - - -
Share repurchases	-	-	(2.3)	-	-	(2.1)	(241.7)	-	(244.0)	- - - - - (0.1) (14.3) -
<b>Balance</b>										
<b>March 31,</b>										
<b>2023</b>	315.4	\$ 3.2	\$ 9,692.4	\$ 9,741.7	\$ (178.0)	(106.9)	\$ (7,108.6)	\$ 6.9	\$ 12,157.6	
<b>Balance June</b>										
<b>30, 2023</b>	315.8	\$ 3.2	\$ 9,766.0	\$ 9,902.3	\$ (177.8)	(107.0)	\$ (7,122.2)	\$ 7.1	\$ 12,378.6	
<b>Balance</b>										
<b>January 1,</b>										
<b>2024</b>	316.2	\$ 3.2	\$ 9,846.1	\$ 10,384.5	\$ (191.0)	(110.6)	\$ (7,562.3)	\$ 7.7	\$ 12,488.1	
Net earnings	-	-	-	415.2	-	-	-	0.7	415.9	
Other comprehensive loss	-	-	-	-	(4.2)	-	-	-	(4.2)	
Cash dividends declared (\$0.48 per share)	-	-	-	(98.6)	-	-	-	-	(98.6)	
Stock compensation plans	0.8	-	105.4	1.4	-	-	1.4	-	108.2	
Embodiy, Inc. acquisition consideration	0.2	-	23.4	-	-	-	-	-	23.4	
Share repurchases	-	-	-	-	-	(1.7)	(183.4)	-	(183.4)	

<b>Balance June</b>										
<b>30, 2024</b>	<u>317.2</u>	<u>\$ 3.2</u>	<u>\$ 9,974.9</u>	<u>\$ 10,702.5</u>	<u>\$ (195.2)</u>	<u>(112.3)</u>	<u>\$ (7,744.3)</u>	<u>\$ 8.4</u>	<u>12,749.4</u>	
<b>Balance</b>										
<b>January 1,</b>										
<b>2023</b>	313.8	\$ 3.1	\$ 9,504.4	\$ 9,559.3	\$ (179.3)	(104.8)	\$ (6,867.2)	\$ 6.7	\$ 12,027.0	
Net earnings	-	-	-	442.1	-	-	-	0.5	442.6	
Other comprehensive income	-	-	-	-	1.5	-	-	-	1.5	
Cash dividends declared (\$0.48 per share)	-	-	-	(100.5)	-	-	-	-	(100.5)	
Stock compensation plans	0.8	-	113.5	1.4	-	-	1.0	-	115.9	
Embody, Inc. acquisition consideration	1.2	0.1	150.4	-	-	-	-	-	150.5	
Share repurchases	-	-	(2.3)	-	-	(2.2)	(256.0)	-	(258.3)	
<b>Balance June</b>										
<b>30, 2023</b>	<u>315.8</u>	<u>\$ 3.2</u>	<u>\$ 9,766.0</u>	<u>\$ 9,902.3</u>	<u>\$ (177.8)</u>	<u>(107.0)</u>	<u>\$ (7,122.2)</u>	<u>\$ 7.1</u>	<u>\$ 12,378.6</u>	

The accompanying notes are an integral part of these condensed consolidated financial statements.

**ZIMMER BIOMET HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions, unaudited)

	For the Three Months Ended March 31,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Cash flows provided by (used in) operating activities:</b>				
Net earnings	\$ 172.8	\$ 232.8	\$ 415.9	\$ 442.6
Adjustments to reconcile net earnings to cash provided by operating activities:				
Depreciation and amortization	238.6	231.8	481.8	469.3
Share-based compensation	29.0	25.0	55.4	58.9
Changes in operating assets and liabilities, net of acquired assets and liabilities				
Income taxes	(8.6)	21.5	(104.5)	13.8
Receivables	(22.7)	8.6	(10.2)	8.0
Inventories	(55.3)	(94.2)	(41.8)	(148.0)
Accounts payable and accrued liabilities	(119.4)	(91.8)	(181.5)	(185.2)
Other assets and liabilities	(6.4)	(26.0)	(17.7)	(3.8)
Net cash provided by operating activities	<u>228.0</u>	<u>307.7</u>	<u>597.4</u>	<u>655.6</u>



<b>Cash flows provided by (used in) investing activities:</b>				
Additions to instruments	(82.0)	(82.8)	(147.2)	(168.3)
Additions to other property, plant and equipment	(55.1)	(46.7)	(107.8)	(144.0)
Net investment hedge settlements	10.2	13.4	16.5	19.0
Acquisition of intellectual property rights	(12.5)	(14.0)		
Business combination investments, net of acquired cash	-	(18.9)	(66.5)	(32.9)
Other investing activities	(55.6)	(0.3)		
Acquisition of intangible assets and other investing activities	(137.0)	(66.3)		
Net cash used in investing activities	(195.0)	(149.4)	(442.0)	(392.5)
<b>Cash flows provided by (used in) financing activities:</b>				
Net proceeds from revolving facilities	70.0	210.0	115.0	145.0
Redemption of senior notes	-	(86.3)	-	(86.3)
Payment on term loan	-	(33.9)	-	(33.9)
Dividends paid to stockholders	(49.4)	(50.3)	(98.8)	(100.6)
Proceeds from employee stock compensation plans	56.4	36.0	63.0	61.1
Business combination contingent consideration payments	(1.5)	(9.6)	(1.5)	(10.3)
Deferred business combination payments	(1.5)	-	(7.8)	(4.0)
Repurchase of common stock	(113.6)	(267.6)	(199.5)	(281.9)
Other financing activities	(10.5)	(5.1)	(12.5)	(5.2)
Net cash used in financing activities	(50.1)	(206.7)	(142.0)	(316.1)
Effect of exchange rates on cash and cash equivalents	(5.7)	2.9	(9.0)	(2.9)
Change in cash and cash equivalents	(22.7)	(45.5)	4.4	(55.9)
Cash and cash equivalents, beginning of year	415.8	375.7	415.8	375.7
Cash and cash equivalents, end of period	\$ 393.0	\$ 330.2	\$ 420.1	\$ 319.8

The accompanying notes are an integral part of these condensed consolidated financial statements.

**ZIMMER BIOMET HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**1. Basis of Presentation**

The financial data presented herein is unaudited and should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2023.

In our opinion, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of the financial position, results of operations and cash flows for the interim periods presented. The December 31, 2023 condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America ("GAAP"). Results for interim periods should not be considered indicative of results for the full year.

Amounts reported in millions within this Quarterly Report on Form 10-Q are computed based on the actual amounts. As a result, the sum of the components may not equal the total amount reported in millions due to rounding. In addition, certain columns and rows within tables may not sum to the totals due to the use of rounded numbers. Percentages presented are calculated from the underlying unrounded amounts.

The words "we," "us," "our" and similar words, "Zimmer Biomet" and "the Company" refer to Zimmer Biomet Holdings, Inc. and its subsidiaries. "Zimmer Biomet Holdings" refers to the parent company only.

We reclassified certain prior period amounts to conform to the current period presentation.

## 2. Significant Accounting Policies

**Use of Estimates** - The accompanying unaudited condensed consolidated financial statements are prepared in conformity with GAAP, which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We have made our best estimates, as appropriate under GAAP, in the recognition of our assets and liabilities. Actual results could differ materially from these estimates.

**Accounting Pronouncements Not Yet Adopted** - In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, Improvements to Reportable Segment Disclosures, which is an amendment to ASC Topic 280 - Segment Reporting. The ASU requires more detailed and disaggregated segment information, including the disclosure of significant segment expense categories and amounts for each reportable segment. The ASU also requires certain annual disclosures to also be made in interim periods. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods for fiscal years beginning after December 15, 2024. The guidance will be applied retrospectively unless retrospective adoption is impracticable. Early adoption of this ASU is permitted. We are currently evaluating the impact this ASU will have on our financial statements and disclosures. We will adopt this ASU beginning with our Annual Report on Form 10-K for the year ended December 31, 2024.

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures, which is an amendment to ASC Topic 740 - Income Taxes. The ASU improves the transparency of income tax disclosures by requiring greater disaggregated information about an entity's effective tax rate reconciliation and requiring additional disclosures and disaggregation of income taxes, among other amendments to improve the effectiveness of income tax disclosures. The ASU is effective for fiscal years beginning after December 15, 2024. The guidance will be applied prospectively with an option to apply the guidance retrospectively. Early adoption of this ASU is permitted. We are currently evaluating the impact this ASU will have on our financial statements and disclosures.

## 3. Revenue

Net sales by geography are as follows (in millions):

	Three Months Ended		Three Months Ended		Six Months Ended	
	March 31,		June 30,		June 30,	
	2024	2023	2024	2023	2024	2023
United States	\$ 1,099.2	\$ 1,060.4	\$ 1,106.2	\$ 1,068.9	\$ 2,205.4	\$ 2,129.2
International	790.0	770.6	835.8	800.7	1,625.8	1,571.4
Total	\$ 1,889.2	\$ 1,831.0	\$ 1,942.0	\$ 1,869.6	\$ 3,831.2	\$ 3,700.6

8

Net sales by product category are as follows (in millions):

8

	Three Months Ended		Three Months Ended		Six Months Ended	
	March 31,		June 30,		June 30,	
	2024	2023	2024	2023	2024	2023
Knees	\$ 788.1	\$ 762.5	\$ 801.1	\$ 771.4	\$ 1,589.3	\$ 1,533.9
Hips	491.2	492.8	506.5	504.3	997.6	997.1
S.E.T.	452.6	433.4	469.5	442.7	922.1	876.1

Other	157.3	142.3	164.9	151.2	322.2	293.5
Total	\$ 1,889.2	\$ 1,831.0	\$ 1,942.0	\$ 1,869.6	\$ 3,831.2	\$ 3,700.6

S.E.T. includes sales from our Sports Medicine, Extremities, Trauma, Craniomaxillofacial and Thoracic ("CMFT") product categories. Other includes sales from our Technology, Surgical and Bone Cement product categories.

This net sales presentation differs from our reportable operating segments, which are based upon our senior management organizational structure and how we allocate resources toward achieving operating profit goals. Each of our reportable operating segments sells all the product categories noted above. Accordingly, the only difference from the presentation above and our reportable operating segments are the geographic groupings.

#### 4. Restructuring

In December 2023, our management approved a new global restructuring program (the "2023 Restructuring Plan") intended to optimize our cost structure and drive greater efficiencies throughout the company. The 2023 Restructuring Plan is expected to result in total pre-tax restructuring charges of approximately \$120 million. The pre-tax restructuring charges consist of employee termination benefits; contract terminations for sales agents; and other charges, such as consulting fees. The expenses incurred under our 2023 Restructuring Plan are reported in our "Restructuring and other cost reduction initiatives" financial statement line item. The charges incurred in the **three-month** **six-month** period ended **March 31, 2024** **June 30, 2024** were primarily the result of finalizing, obtaining approval and, where applicable, communicating certain restructuring plans. The following table summarizes the liabilities recognized related to the 2023 Restructuring Plan (in millions):

	Employee				Employee			
	Termination	Contract			Termination	Contract		
	Benefits	Terminations	Other	Total	Benefits	Terminations	Other	Total
Expenses incurred in the three months ended June 30, 2024	\$ 10.1	\$ 1.2	\$ 3.2	\$ 14.5				
Balance, December 31, 2023	\$ 9.2	\$ -	\$ 5.0	\$ 14.2	\$ 9.2	\$ -	\$ 5.0	\$ 14.2
Expenses incurred in the three months ended March 31, 2024	71.0	1.8	6.8	79.6				
Expenses incurred in the six months ended June 30, 2024	81.1	3.0	9.9	94.0				
Cash payments	(23.5)	-	(1.3)	(24.8)	(46.1)	(0.5)	(10.2)	(56.8)
Foreign currency exchange rate changes	(0.4)	-	-	(0.4)	(1.0)	-	(0.1)	(1.1)
Non-cash activity	-	-	1.2	1.2	-	-	1.5	1.5
Balance, March 31, 2024	\$ 56.3	\$ 1.8	\$ 11.7	\$ 69.8				
Balance, June 30, 2024	\$ 43.2	\$ 2.5	\$ 6.1	\$ 51.8				
Expense incurred since the start of the 2023 Restructuring Plan	\$ 80.2	\$ 1.8	\$ 10.4	\$ 92.4	\$ 90.3	\$ 3.0	\$ 13.6	\$ 106.9
Expense estimated to be recognized for the 2023 Restructuring Plan	\$ 90.0	\$ 10.0	\$ 20.0	\$ 120.0	\$ 92.0	\$ 10.0	\$ 18.0	\$ 120.0

9

In December 2021, our management approved a global restructuring program (the "2021 Restructuring Plan") intended to further reduce costs and to reorganize our global operations in preparation for the spinoff of ZimVie. The 2021 Restructuring Plan is expected to result in total pre-tax restructuring charges of approximately \$180 million. The pre-tax restructuring charges consist of employee termination benefits; contract terminations for sales agents; and other charges, such as consulting fees and project management expenses. The expenses incurred under our 2021 Restructuring Plan are reported in our "Restructuring and other cost reduction initiatives" financial statement line item. The following table summarizes the liabilities recognized related to the 2021 Restructuring Plan (in millions):

Employee		Employee	
Termination	Contract	Termination	Contract

	Benefits	Terminations	Other	Total	Benefits	Terminations	Other	Total
Expenses incurred in the three months ended June 30, 2024	\$ (0.7)	\$ 0.1	\$ 0.9	\$ 0.3				
Balance, December 31, 2023	\$ 4.2	\$ 17.6	\$ 2.9	\$ 24.7	\$ 4.2	\$ 17.6	\$ 2.9	\$ 24.7
Expenses incurred in the three months ended March 31, 2024	(0.4)	-	1.3	0.9				
Expenses incurred in the six months ended June 30, 2024	(1.1)	0.1	2.2	1.2				
Cash payments	(0.8)	(7.3)	(1.5)	(9.6)	(1.1)	(7.5)	(2.5)	(11.1)
Foreign currency exchange rate changes	(0.1)	(0.4)	-	(0.5)	(0.1)	(0.4)	-	(0.5)
Balance, March 31, 2024	\$ 2.9	\$ 9.9	\$ 2.7	\$ 15.5				
Balance, June 30, 2024	\$ 1.9	\$ 9.8	\$ 2.6	\$ 14.3				
Expense incurred since the start of the 2021 Restructuring Plan	\$ 58.7	\$ 73.8	\$ 37.5	\$ 170.0	\$ 58.0	\$ 73.9	\$ 38.4	\$ 170.3
Expense estimated to be recognized for the 2021 Restructuring Plan	\$ 60.0	\$ 80.0	\$ 40.0	\$ 180.0	\$ 60.0	\$ 80.0	\$ 40.0	\$ 180.0

In December 2019, our Board of Directors approved, and we initiated, a global restructuring program (the “2019 Restructuring Plan”) with an objective of reducing structural costs to allow us to further invest in higher priority growth opportunities. The 2019 Restructuring Plan is expected to result in total pre-tax restructuring charges of approximately \$370 million. The pre-tax restructuring charges consist of employee termination benefits; contract terminations for facilities and sales agents; and other charges, such as consulting fees, project management expenses and relocation costs, including costs to close a manufacturing facility.

The following table summarizes the location on our condensed consolidated statement of earnings and type of cost for our 2019 Restructuring Plan (in millions):

	Three Months Ended March 31, 2024				Three Months Ended June 30, 2024			
	Employee		Contract		Employee		Contract	
	Termination				Termination			
	Benefits	Terminations	Other	Total	Benefits	Terminations	Other	Total
Cost of products sold, excluding intangible asset amortization	\$ -	\$ -	\$ 0.5	\$ 0.5	\$ -	\$ -	\$ 0.3	\$ 0.3
Restructuring and other cost reduction initiatives	14.7	-	1.8	16.5	1.5	-	2.9	4.4
	\$ 14.7	\$ -	\$ 2.3	\$ 17.0	\$ 1.5	\$ -	\$ 3.2	\$ 4.7
	Six Months Ended June 30, 2024							
	Employee		Contract					
	Termination							
	Benefits	Terminations	Other	Total				
Cost of products sold, excluding intangible asset amortization	\$ -	\$ -	\$ 0.8	\$ 0.8				
Restructuring and other cost reduction initiatives	16.2	-	4.7	20.9				
	\$ 16.2	\$ -	\$ 5.5	\$ 21.7				

The following table summarizes the liabilities recognized related to the 2019 Restructuring Plan (in millions):

	Employee		Contract	
	Termination		Terminations	
	Benefits		Other	Total

Balance, December 31, 2023	\$ 43.8	\$ 5.6	\$ 2.9	\$ 52.3
Expenses incurred in the three months ended March 31, 2024	14.7	-	2.3	17.0
Cash payments	-	(0.5)	(3.5)	(4.0)
Foreign currency exchange rate changes	(0.5)	-	-	(0.5)
Balance, March 31, 2024	<u>\$ 58.0</u>	<u>\$ 5.1</u>	<u>\$ 1.7</u>	<u>\$ 64.8</u>
Expense incurred since the start of the 2019 Restructuring Plan	\$ 140.4	\$ 35.0	\$ 161.0	\$ 336.4
Expense estimated to be recognized for the 2019 Restructuring Plan	\$ 155.0	\$ 35.0	\$ 180.0	\$ 370.0

  

	Employee			
	Termination	Contract		Total
	Benefits	Terminations	Other	
Balance, December 31, 2023	\$ 43.8	\$ 5.6	\$ 2.9	\$ 52.3
Expenses incurred in the six months ended June 30, 2024	16.2	-	5.5	21.7
Cash payments	(13.2)	(1.0)	(6.3)	(20.5)
Foreign currency exchange rate changes	(0.4)	-	-	(0.4)
Balance, June 30, 2024	<u>\$ 46.4</u>	<u>\$ 4.6</u>	<u>\$ 2.1</u>	<u>\$ 53.1</u>
Expense incurred since the start of the 2019 Restructuring Plan	\$ 141.9	\$ 35.0	\$ 164.2	\$ 341.1
Expense estimated to be recognized for the 2019 Restructuring Plan	\$ 155.0	\$ 35.0	\$ 180.0	\$ 370.0

We do not include restructuring charges in the operating profit of our reportable segments. We report the expenses for other cost reduction and optimization initiatives in our "Restructuring and other cost reduction initiatives" financial statement line item because

10

these activities also have the goal of reducing costs across the organization. However, since the cost reduction initiative expenses are not considered restructuring, they have been excluded from the amounts presented in this note.

## 5. Inventories

	March 31,		December 31,		June 30,		December 31,	
	2024		2023		2024		2023	
	(in millions)		(in millions)		(in millions)		(in millions)	
Finished goods	\$	1,846.7	\$	1,831.2	\$	1,855.1	\$	1,831.2
Work in progress		226.7		246.5		216.0		246.5
Raw materials		314.8		307.5		298.8		307.5
Inventories	\$	<u>2,388.2</u>	\$	<u>2,385.2</u>	\$	<u>2,369.9</u>	\$	<u>2,385.2</u>

## 6. Property, Plant and Equipment

	March 31,		December 31,		June 30,		December 31,	
	2024		2023		2024		2023	
	(in millions)		(in millions)		(in millions)		(in millions)	
Land	\$	18.8	\$	18.9	\$	18.8	\$	18.9
Buildings and equipment		2,254.1		2,245.9		2,263.6		2,245.9
Capitalized software costs		555.2		552.2		560.1		552.2
Instruments		3,814.6		3,748.6		3,665.8		3,748.6

Construction in progress	206.4	200.6	236.2	200.6
	6,849.1	6,766.2	6,744.5	6,766.2
Accumulated depreciation	(4,758.2)	(4,705.8)	(4,641.5)	(4,705.8)
Property, plant and equipment, net	\$ 2,090.9	\$ 2,060.4	\$ 2,103.0	\$ 2,060.4

We had \$1625.3.3 million and \$30.8 million of property, plant and equipment included in accounts payable as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

## 7. Acquisitions

On April 2, 2024, we completed the acquisition of all the outstanding shares of a third party orthopedics distributor in the EMEA market. Prior to the acquisition, the distributor sold our products to its customers. The acquisition is expected to improve our margins and allow us to better serve the end customers.

On April 29, 2024, we completed the acquisition of all the outstanding shares of V.I.M.S. Vidéo Interventionnelle Médicale Scientifique, a privately held medical device company based in France, which expands our portfolio in the sports medicine market.

### 11

Initial consideration related to these two acquisitions was \$81.8 million with additional consideration up to \$26.6 million, subject to the achievement of future regulatory milestones and a commercial milestone. We determined the fair value of the additional consideration to be \$17.8 million as of the acquisition dates.

The goodwill related to these two acquisitions represents the excess of the consideration transferred over the fair value of the net assets acquired. The goodwill related to these acquisitions is generated from the operational synergies, cross-selling opportunities and future development we expect to achieve from the technologies acquired. No goodwill is expected to be deductible for income tax purposes. The goodwill related to these acquisitions is included in the EMEA operating segment and reporting unit. The goodwill related to these acquisitions was the only significant activity related to our consolidated goodwill balance in the three and six-month periods ended June 30, 2024, other than changes related to foreign currency exchange rate translation adjustments.

The purchase price allocations for the two acquisitions described above are preliminary as of June 30, 2024. We need additional time to evaluate the tax attributes of those transactions, which may change the recognized tax assets and liabilities. There may be differences between the preliminary estimates of fair value and the final acquisition accounting. The final estimates of fair value are expected to be completed as soon as possible, but no later than one year after the respective acquisition dates.

The following table summarizes the estimates of fair value of the assets acquired and liabilities assumed related to the two acquisitions described above (in millions):

Current assets	\$	18.7
Intangible assets subject to amortization:		
Technology		10.0
Customer relationships		37.3
Intangible assets not subject to amortization:		
In-process research and development (IPR&D)		7.0
Goodwill		43.0
Other assets		2.8
Total assets acquired		118.8
Current liabilities		3.9
Deferred income taxes		14.5
Other long-term liabilities		0.8
Total liabilities assumed		19.2
Net assets acquired	\$	99.6

The weighted average amortization periods selected for technology and customer relationships were 10 years and 9 years, respectively. Upon receiving the applicable regulatory approval, the IPR&D assets will be reclassified to definite-lived intangible assets and amortized over the applicable estimated useful lives.

On February 14, 2023, we completed the acquisition of all the outstanding shares of Embody, Inc. ("Embody"), a medical device company focused on soft tissue healing, that expands our portfolio for the sports medicine market. The initial consideration consisted of the issuance of 1.1 million shares of our common stock valued at \$135.0 million and \$19.5 million of cash for a total value of \$154.5 million. The fair value of our common stock was determined to be \$127.34 per share, which represented the average of our high and low stock prices on the acquisition date. The Embody acquisition includes additional consideration of up to \$120.0 million in fair value of our common shares and cash, subject to achieving a future regulatory milestone after closing and commercial milestones based on sales growth over a three-year period. We assigned a fair value of \$94.0 million for this

contingent consideration as of the acquisition date. The estimated fair value of the contingent consideration liability was calculated based on the probability of achieving the specified regulatory milestone and by simulating numerous potential outcomes for the commercial milestones and discounting to present value the estimated payments.

On April 28, 2023, we completed the acquisition of all the outstanding shares of a privately held orthopedics medical device company that expands our portfolio in the orthopedics market ("April 2023 acquisition"). The initial consideration consisted of \$15.0 million of cash and includes consideration of up to \$8.0 million in cash, subject to achieving future regulatory milestones.

On October 6, 2023, we completed the acquisition of all the outstanding shares of a privately held orthopedics medical device company that provides us new surgical technology that can be used in procedures across multiple product categories ("October 2023 acquisition"). The initial consideration consisted of \$42.2 million of cash and includes additional consideration of up to \$33.0 million in cash contingent upon achieving certain commercial milestones based on sales growth over a three-year period. We assigned a fair value of \$21.5 million for this contingent consideration as of the acquisition date. The estimated fair value of the contingent liability

12

was calculated based on the probability of achieving the commercial milestones and discounting to present value the estimated payments.

On November 15, 2023, we completed the acquisition of a privately held technology company by acquiring certain assets, liabilities and employees of the technology company ("November 2023 acquisition"). The November 2023 acquisition expands our

11

technology and data capabilities and solutions across multiple product categories to better serve our customers. The initial consideration consisted of \$60.7 million of cash and includes additional consideration of up to \$20.0 million in cash contingent upon achieving a commercial milestone based on a certain sales target which must be achieved by December 31, 2025. We assigned a fair value of \$15.0 million for this contingent consideration as of the acquisition date. The estimated fair value of the contingent liability was calculated based on the probability of achieving the commercial milestone and discounting to present value the estimated payment.

These four acquisitions are collectively referred to in this report as the "2023 acquisitions". Refer to Note 10 for information regarding the issuance of common stock and cash payments related to the contingent consideration liabilities that have occurred subsequent to the acquisition dates.

The goodwill related to the 2023 acquisitions represents the excess of the consideration transferred over the fair value of the net assets acquired. The goodwill related to the 2023 acquisitions is generated from the operational synergies and cross-selling opportunities we expect to achieve from the technologies acquired. A portion of the goodwill is expected to be deductible for U.S. income tax purposes. The goodwill related to the Embody, the October 2023 and the November 2023 acquisitions is included in the Americas operating segment and the Americas Orthopedics reporting unit. The goodwill related to the April 2023 acquisition is included in the Asia Pacific operating segment and reporting unit. The goodwill related to the Embody first two of the 2023 acquisition was the only significant activity related to our consolidated goodwill balance in the three-month period three and six-month periods ended March 31, 2023 June 30, 2023, other than changes related to foreign currency exchange rate translation adjustments. Foreign currency exchange translations adjustments were the only significant activity impacting goodwill for the three-month period ended March 31, 2024.

The purchase price allocation allocations for the Embody acquisition was and the April 2023 acquisition were final as of March 31, 2024 June 30, 2024. The purchase price allocations for the other remaining 2023 acquisitions are preliminary as of March 31, 2024 June 30, 2024. We need additional time to evaluate the tax attributes of those transactions, which may change the recognized tax assets and liabilities. There may be differences between the preliminary estimates of fair value and the final acquisition accounting. The final estimates of fair value are expected to be completed as soon as possible, but no later than one year after the respective acquisition dates.

The following table summarizes the estimates of fair value of the assets acquired and liabilities assumed related to the 2023 acquisitions (in millions):

Current assets	\$	13.1	\$	13.1
Intangible assets subject to amortization:				
Technology		144.0		144.0
Trademarks and trade names		3.5		3.5
Customer relationships		40.1		40.1

Intangible assets not subject to amortization:		
In-process research and development (IPR&D)	36.3	
IPR&D	36.3	
Goodwill	215.0	215.0
Other assets	4.8	4.8
Total assets acquired	456.8	456.8
Current liabilities	8.2	8.2
Deferred income taxes	37.7	37.7
Total liabilities assumed	45.9	45.9
Net assets acquired	\$ 410.9	\$ 410.9

The weighted average amortization periods selected for technology, customer relationships and trademarks and trade names were 15 years, 8 years and 13 years, respectively. Upon receiving regulatory approval subsequent to the Embody acquisition date, the \$36.3 million of IPR&D was reclassified to a definite-lived intangible asset and began amortizing over the applicable estimated useful life.

In the **three-month period** **three and six-month periods** ended **March 31, 2024** **June 30, 2024**, there were no material adjustments to the preliminary values of the 2023 acquisitions.

We have not included pro forma information and certain other information under GAAP for **these any of the** acquisitions **described in this Note** because they did not have a material impact on our financial position or results of operations.

**12** **13**

In the six-month period ended June 30, 2024, we entered into agreements to acquire the ownership rights or gain access to various technologies. We recognized intangible assets of \$101.6 million related to these agreements. The weighted average amortization period selected for these intangibles was 7 years. The contractual payments under these agreements have mostly been paid and included in "Acquisition of intangible assets and other investing activities" in our condensed consolidated statements of cash flows. We have recognized current liabilities for the remaining portion of the payments, which is expected to be made in the second half of 2024.

In the six-month period ended June 30, 2023, we entered into agreements to acquire intellectual property rights through the buyout of certain licensing arrangements. These new agreements and the related payments replace the variable royalty payments that otherwise would have been due under the terms of previous licensing arrangements through 2030. These new agreements benefit us by expanding our ownership of intellectual property that we may use in the future. We recognized intangible assets of \$80.5 million related to these agreements which will be amortized through 2030. The payments under these agreements have been included in "Acquisition of intangible assets and other investing activities" in our condensed consolidated statements of cash flows.

## 8. Debt

Our debt consisted of the following (in millions):

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Current portion of long-term debt				
Uncommitted Credit Facility	\$ 120.0	\$ 50.0	\$ 165.0	\$ 50.0
1.450% Senior Notes due 2024	850.0	850.0	850.0	850.0
3.550% Senior Notes due 2025	\$ 863.0	\$ -		
Total current portion of long-term debt	\$ 970.0	\$ 900.0	\$ 1,878.0	\$ 900.0
Long-term debt				
3.550% Senior Notes due 2025	\$ 863.0	\$ 863.0	\$ -	\$ 863.0
3.050% Senior Notes due 2026	600.0	600.0	600.0	600.0
5.350% Senior Notes due 2028	500.0	500.0	500.0	500.0
3.550% Senior Notes due 2030	257.5	257.5	257.5	257.5
2.600% Senior Notes due 2031	750.0	750.0	750.0	750.0



4.250% Senior Notes due 2035	253.4	253.4	253.4	253.4
5.750% Senior Notes due 2039	317.8	317.8	317.8	317.8
4.450% Senior Notes due 2045	395.4	395.4	395.4	395.4
2.425% Euro Notes due 2026	540.1	552.3		
1.164% Euro Notes due 2027	540.1	552.3		
2.425% (€500.0M) Euro Notes due 2026	535.9	552.3		
1.164% (€500.0M) Euro Notes due 2027	535.9	552.3		
Debt discount and issuance costs	(27.4)	(29.1)	(25.7)	(29.1)
Adjustment related to interest rate swaps	(163.7)	(144.7)	(163.5)	(144.7)
Total long-term debt	\$ 4,826.2	\$ 4,867.9	\$ 3,956.7	\$ 4,867.9

At March 31, 2024, our total current and non-current debt of \$5.8 billion consisted of \$5.9 billion aggregate principal amount of our senior notes, which included €1.0 billion Euro-denominated senior notes ("Euro Notes"), and \$120.0 million of outstanding borrowings under the Uncommitted Credit Facility (defined below), partially offset by debt discount and issuance costs of \$27.4 million and fair value adjustments related to interest rate swaps totaling \$163.7 million.

In the three-month six-month period ended March 31, 2023 June 30, 2023, we redeemed \$83.0 million outstanding principal amount on a short-term term loan by paying \$33.9 million in cash and by transferring all our common shares we owned of a publicly traded company we previously spun-off. The transfer of the common shares as part of the settlement resulted in a \$49.1 million noncash financing activity. In the three-month six-month period ended March 31, 2023 June 30, 2023 we also redeemed \$86.3 million outstanding principal amount of our 3.700% Senior Notes due 2023.

On June 28, 2024, we entered into a new five-year revolving credit agreement (the "2024 Five-Year Credit Agreement") and a new 364-day revolving credit agreement (the "2024 364-Day Revolving Credit Agreement"), as described below. Borrowings under these credit agreements will be used for general corporate purposes.

The 2024 Five-Year Credit Agreement contains a five-year unsecured revolving facility of \$1.5 billion (the "2024 Five-Year Revolving Facility"). The 2024 Five-Year Credit Agreement replaced the previous revolving credit agreement entered into on July 7, 2023 (the "2023 Five-Year Credit Agreement"), which contained a five-year unsecured revolving facility of \$1.5 billion (the "2023 Five-Year Revolving Facility"). There were no outstanding borrowings under the 2023 Five-Year Credit Agreement at the time it was terminated.

14

The 2024 Five-Year Credit Agreement will mature on June 28, 2029, with two one-year extensions exercisable at our discretion and subject to required lender consent. The 2024 Five-Year Credit Agreement also includes an uncommitted incremental feature allowing us to request an increase of the facility by an aggregate amount of up to \$500.0 million.

Borrowings under the 2024 Five-Year Credit Agreement bear interest at floating rates, based upon either an adjusted term secured overnight financing rate ("Term SOFR") for the applicable interest period or an alternate base rate, in each case, plus an applicable margin determined by reference to our senior unsecured long-term debt credit rating. We pay a facility fee on the aggregate amount of the 2024 Five-Year Revolving Facility at a rate determined by reference to our senior unsecured long-term debt credit rating.

The 2024 Five-Year Credit Agreement contains customary affirmative and negative covenants and events of default for unsecured financing arrangements, including, among other things, limitations on consolidations, mergers, and sales of assets. The 2024 Five-Year Credit Agreement also requires us to maintain a consolidated indebtedness to consolidated EBITDA ratio of no greater than 4.5 to 1.0 as of the last day of any period of four consecutive fiscal quarters (with such ratio subject to increase to 5.0 to 1.0 for a period of time in connection with a qualified material acquisition and certain other restrictions). We were in compliance with all covenants under the 2024 Five-Year Credit Agreement as of June 30, 2024. As of June 30, 2024, there were no outstanding borrowings under the 2024 Five-Year Credit Agreement.

The 2024 364-Day Revolving Credit Agreement is an unsecured revolving credit facility in the principal amount of \$1.0 billion (the "2024 364-Day Revolving Facility"). The 2024 364-Day Revolving Credit Agreement replaced a credit agreement entered into on July 7, 2023, which was also a 364-day unsecured revolving credit facility of \$1.0 billion (the "2023 364-Day Revolving Facility"). There were no borrowings outstanding under the 2023 364-Day Revolving Facility when it was terminated.

The 2024 364-Day Revolving Facility will mature on June 27, 2025. Borrowings under the 2024 364-Day Revolving Credit Agreement bear interest at floating rates based upon either an adjusted Term SOFR for the applicable interest period or an alternate base rate, in each case, plus an applicable margin determined by reference to our senior unsecured long-term debt credit rating. We pay a facility fee on the aggregate amount of the 2024 364-Day Revolving Facility at a rate determined by reference to our senior unsecured long-term debt credit rating.

The 2024 364-Day Revolving Credit Agreement contains customary affirmative and negative covenants and events of default for an unsecured financing arrangement including, among other things, limitations on consolidations, mergers, and sales of assets. The 2024 364-Day Revolving Credit Agreement also requires us to maintain a consolidated indebtedness to consolidated EBITDA ratio of no greater than 4.5 to 1.0 as of the last day of any period of four consecutive fiscal quarters (with such ratio subject to increase to 5.0 to 1.0 in connection with a qualified material acquisition and certain other restrictions). We were in compliance with all covenants under the 2024 364-Day Revolving Credit Agreement as of June 30, 2024. As of June 30, 2024, there were no outstanding borrowings under the 2024 364-Day Revolving Credit Agreement.

On August 28, 2023, we entered into an uncommitted facility letter (the "Uncommitted Credit Facility"), which provides that from time to time, we may request, and the lender in its absolute and sole discretion may provide, short-term loans. Borrowings under the Uncommitted Credit Facility may be used only for general corporate and working capital purposes. The Uncommitted Credit Facility provides that the aggregate principal amount of outstanding borrowings at any time shall not exceed \$300.0 million. Each borrowing under the Uncommitted Credit Facility will mature on the maturity date specified by the lender at the time of the advance, which will be no more than 90 days following the date of the advance. The Uncommitted Credit Facility and borrowings thereunder are unsecured. Borrowings under the Uncommitted Credit Facility bear interest at floating rates, based upon either an adjusted term secured overnight financing rate ("Term SOFR") SOFR for the applicable interest period, the prime rate, or lender's cost of funds, in each case, plus an applicable margin determined at the time of each borrowing. The Uncommitted Credit Facility includes customary affirmative and negative covenants and events of default for unsecured uncommitted financing arrangements. We were in compliance with all covenants under the Uncommitted Credit Facility as of March 31, 2024 June 30, 2024. As of March 31, 2024 June 30, 2024, there were outstanding borrowings of \$120.0 165.0 million under the Uncommitted Credit Facility.

On July 7, 2023, we entered into a new five-year revolving credit agreement (the "2023 Five-Year Credit Agreement") and a new 364-day revolving credit agreement (the "2023 364-Day Revolving Credit Agreement"), as described below. Borrowings under these credit agreements will be used for general corporate purposes.

The 2023 Five-Year Credit Agreement contains a five-year unsecured revolving facility of \$1.5 billion (the "2023 Five-Year Revolving Facility"). The 2023 Five-Year Credit Agreement replaced the previous revolving credit agreement entered into on August 19, 2022 (the "2022 Five-Year Credit Agreement"), which contained a five-year unsecured revolving facility of \$1.5 billion (the "2022 Five-Year Revolving Facility"). There was approximately \$520.0 million in aggregate outstanding borrowings under the 2022 Five-Year Credit Agreement at the time it was terminated, which borrowings were repaid in full through borrowings under the 2023 Five-Year Credit Agreement on July 7, 2023 in the same amount and on the same interest rate and margin terms.

13

The 2023 Five-Year Credit Agreement will mature on July 7, 2028, with two one-year extensions exercisable at our discretion and subject to required lender consent. The 2023 Five-Year Credit Agreement also includes an uncommitted incremental feature allowing us to request an increase of the facility by an aggregate amount of up to \$500.0 million.

Borrowings under the 2023 Five-Year Credit Agreement bear interest at floating rates, based upon either an adjusted Term SOFR for the applicable interest period or an alternate base rate, in each case, plus an applicable margin determined by reference to our senior unsecured long-term debt credit rating. We pay a facility fee on the aggregate amount of the 2023 Five-Year Revolving Facility at a rate determined by reference to our senior unsecured long-term debt credit rating. The 2023 Five-Year Credit Agreement contains customary affirmative and negative covenants and events of default for unsecured financing arrangements, including, among other things, limitations on consolidations, mergers, and sales of assets. The 2023 Five-Year Credit Agreement also requires us to maintain a consolidated indebtedness to consolidated EBITDA ratio of no greater than 4.5 to 1.0 as of the last day of any period of four consecutive fiscal quarters (with such ratio subject to increase to 5.0 to 1.0 for a period of time in connection with a qualified material acquisition and certain other restrictions). We were in compliance with all covenants under the 2023 Five-Year Credit Agreement as of March 31, 2024. As of March 31, 2024, there were no outstanding borrowings under the 2023 Five-Year Credit Agreement.

The 2023 364-Day Revolving Credit Agreement is an unsecured revolving credit facility in the principal amount of \$1.0 billion (the "2023 364-Day Revolving Facility"). The 2023 364-Day Revolving Credit Agreement replaced a credit agreement entered into on August 19, 2022, which was also a 364-day unsecured revolving credit facility of \$1.0 billion (the "2022 364-Day Revolving Facility"). There were no borrowings outstanding under the 2022 364-Day Revolving Facility when it was terminated.

The 2023 364-Day Revolving Facility will mature on July 5, 2024. Borrowings under the 2023 364-Day Revolving Credit Agreement bear interest at floating rates based upon either an adjusted Term SOFR for the applicable interest period or an alternate base rate, in each case, plus an applicable margin determined by reference to our senior unsecured long-term debt credit rating. We pay a facility fee on the aggregate amount of the 2023 364-Day Revolving Facility at a rate determined by reference to our senior unsecured long-term debt credit rating. The 2023 364-Day Revolving Credit Agreement contains customary affirmative and negative covenants and events of default for an unsecured financing arrangement including, among other things, limitations on consolidations, mergers, and sales of assets. The 2023 364-Day Revolving Credit Agreement also requires us to maintain a consolidated indebtedness to consolidated EBITDA ratio of no greater than 4.5 to 1.0 as of the last day of any period of four consecutive fiscal quarters (with such ratio subject to increase to 5.0 to 1.0 in connection with a qualified material acquisition and certain other restrictions). We were in compliance with all covenants under the 2023 364-Day Revolving Credit Agreement as of March 31, 2024. As of March 31, 2024, there were no outstanding borrowings under the 2023 364-Day Revolving Credit Agreement.

Borrowings under our revolving credit facilities have been executed with underlying notes that have maturities of three months or less. At maturity of the underlying note, we elect to either repay the note, borrow the same amount, or some combination thereof. On our condensed consolidated statements of cash flows, we present the borrowings and repayments of these underlying notes as net cash inflows or outflows due to their short-term nature. The gross borrowings and repayments in the prior year period condensed consolidated statement of cash flows have been reclassified to a net amount to conform to the current year period presentation.

The estimated fair value of our senior notes, which includes our Euro notes, as of March 31, 2024 June 30, 2024, based on quoted prices for the specific securities from transactions in over-the-counter markets (Level 2), was \$5,553.8 5,516.1 million. The carrying value of the outstanding \$120.0 165.0 million principal balance of the Uncommitted Credit Facility approximates its fair value as it bears interest at short-term market rates.

## 9. Accumulated Other Comprehensive Income

Accumulated other comprehensive income (loss) ("AOCI") refers to certain gains and losses that under GAAP are included in comprehensive income but are excluded from net earnings as these amounts are initially recorded as an adjustment to stockholders' equity. Amounts in AOCI may be reclassified to net earnings upon the occurrence of certain events.

15

Our AOCI is comprised of foreign currency translation adjustments, unrealized gains and losses on cash flow hedges and unrecognized prior service costs and gains and losses in actuarial assumptions related to our defined benefit plans. Foreign currency translation adjustments are reclassified to net earnings upon sale or upon a complete or substantially complete liquidation of an investment in a foreign entity. Unrealized gains and losses on cash flow hedges are reclassified to net earnings when the hedged item affects net earnings. Amounts related to defined benefit plans that are in AOCI are reclassified over the service periods of employees in the plan.

14

The following table shows the changes in the components of AOCI gains (losses), net of tax (in millions):

	Foreign Currency Translation	Cash Flow Hedges	Defined Benefit Plan Items	Total AOCI	Foreign Currency Translation	Cash Flow Hedges	Defined Benefit Plan Items	Total AOCI
Balance at December 31, 2023	\$ (159.4)	\$ 63.3	\$ (94.9)	\$ (191.0)	\$ (159.4)	\$ 63.3	\$ (94.9)	\$ (191.0)
AOCI before reclassifications	(35.8)	34.7	-	(1.1)	(39.9)	72.7	-	32.8
Reclassifications to statements of earnings	-	(18.0)	(1.1)	(19.1)	-	(35.8)	(1.2)	(37.0)
Balance at March 31, 2024	\$ (195.2)	\$ 80.0	\$ (96.0)	\$ (211.2)				
Balance at June 30, 2024	\$ (199.3)	\$ 100.2	\$ (96.1)	\$ (195.2)				

The following table shows the reclassification adjustments from AOCI (in millions):

Component of AOCI	Amount of Gain (Loss)			Amount of Gain (Loss)				
	Reclassified from AOCI			Reclassified from AOCI				
	Three Months Ended		Location on	Three Months Ended		Six Months Ended		Location on
	March 31,			June 30,		June 30,		
	2024	2023	Statements of Earnings	2024	2023	2024	2023	Statements of Earnings
Cash flow hedges								
Foreign exchange forward contracts	\$ 22.0	\$ 23.1	Cost of products sold	\$ 21.7	\$ 23.5	\$ 43.7	\$ 46.6	Cost of products sold
Forward starting interest rate swaps	(0.2)	(0.2)	Interest expense, net	(0.2)	(0.2)	(0.4)	(0.4)	Interest expense, net
	21.8	22.9	Total before tax	21.5	23.3	43.3	46.2	Total before tax
	3.8	3.9	Provision for income taxes	3.7	4.0	7.5	7.9	Provision for income taxes
	<u>\$ 18.0</u>	<u>\$ 19.0</u>	Net of tax	<u>\$ 17.8</u>	<u>\$ 19.3</u>	<u>\$ 35.8</u>	<u>\$ 38.3</u>	Net of tax
Defined benefit plans								
Prior service cost and unrecognized actuarial loss	\$ 0.8	\$ 1.0	Other (expense) income, net	\$ 0.5	\$ 1.3	\$ 1.3	\$ 2.3	Other income (expense), net
	(0.3)	0.1	Provision for income taxes	0.3	0.2	0.1	0.3	Provision for income taxes
	<u>\$ 1.1</u>	<u>\$ 0.9</u>	Net of tax	<u>\$ 0.2</u>	<u>\$ 1.1</u>	<u>\$ 1.2</u>	<u>\$ 2.0</u>	Net of tax
Total reclassifications	\$ 19.1	\$ 19.9	Net of tax	\$ 18.0	\$ 20.4	\$ 37.0	\$ 40.3	Net of tax

The following table shows the tax effects on each component of AOCI recognized in our condensed consolidated statements of comprehensive income (in millions):

	Three Months Ended March 31, 2024			Three Months Ended June 30, 2024			Six Months Ended June 30, 2024		
	Before Tax	Tax	Net of Tax	Before Tax	Tax	Net of Tax	Before Tax	Tax	Net of Tax
Foreign currency cumulative translation adjustments	\$ (19.2)	16.6	\$ (35.8)	\$ 4.0	8.0	\$ (4.0)	\$ (15.2)	24.7	\$ (39.9)

Unrealized cash flow hedge gains	43.4	8.7	34.7	44.1	6.0	38.1	87.5	14.8	72.7
Reclassification adjustments on cash flow hedges	(21.8)	(3.8)	(18.0)	(21.5)	(3.7)	(17.8)	(43.3)	(7.5)	(35.8)
Adjustments to prior service cost and unrecognized actuarial assumptions	(0.8)	0.3	(1.1)	(0.5)	(0.3)	(0.2)	(1.3)	(0.1)	(1.2)
Total Other Comprehensive Income (Loss)	<u>\$ 1.6</u>	<u>\$ 21.8</u>	<u>\$ (20.2)</u>	<u>\$ 26.1</u>	<u>\$ 10.0</u>	<u>\$ 16.1</u>	<u>\$ 27.7</u>	<u>\$ 31.9</u>	<u>\$ (4.2)</u>

	Three Months Ended March 31, 2023		
	Before Tax	Tax	Net of Tax
Foreign currency cumulative translation adjustments	\$ 7.5	\$ (4.9)	\$ 12.4
Unrealized cash flow hedge gains	11.1	2.3	8.8
Reclassification adjustments on cash flow hedges	(22.9)	(3.9)	(19.0)
Adjustments to prior service cost and unrecognized actuarial assumptions	(1.0)	(0.1)	(0.9)
Total Other Comprehensive Income (Loss)	<u>\$ (5.3)</u>	<u>\$ (6.6)</u>	<u>\$ 1.3</u>

	Three Months Ended June 30, 2023			Six Months Ended June 30, 2023		
	Before Tax	Tax	Net of Tax	Before Tax	Tax	Net of Tax
Foreign currency cumulative translation adjustments	\$ (26.4)	\$ 0.1	\$ (26.5)	\$ (18.9)	\$ (4.8)	\$ (14.1)
Unrealized cash flow hedge gains	56.7	9.6	47.1	67.8	11.9	55.9
Reclassification adjustments on cash flow hedges	(23.3)	(4.0)	(19.3)	(46.2)	(7.9)	(38.3)
Adjustments to prior service cost and unrecognized actuarial assumptions	(1.3)	(0.2)	(1.1)	(2.3)	(0.3)	(2.0)
Total Other Comprehensive Income (Loss)	<u>\$ 5.7</u>	<u>\$ 5.5</u>	<u>\$ 0.2</u>	<u>\$ 0.4</u>	<u>\$ (1.1)</u>	<u>\$ 1.5</u>

16

15

## 10. Fair Value Measurement of Assets and Liabilities

The following financial assets and liabilities are recorded at fair value on a recurring basis (in millions):

		As of March 31, 2024		
		Fair Value Measurements at Reporting Date Using:		
		Quoted Prices		
		in Active	Significant	
		Markets for	Other	Significant
		Identical	Observable	Unobservable
		Assets	Inputs	Inputs
Description	Recorded Balance	(Level 1)	(Level 2)	(Level 3)
Assets				
Derivatives designated as hedges, current and long-term				
Foreign currency forward contracts	\$ 74.4	\$ -	\$ 74.4	\$ -
Cross-currency interest rate swaps	27.3	-	27.3	-
Derivatives not designated as hedges, current and long-term				
Foreign currency forward contracts	2.4	-	2.4	-
Total Assets	<u>\$ 104.1</u>	<u>\$ -</u>	<u>\$ 104.1</u>	<u>\$ -</u>
Liabilities				
Derivatives designated as hedges, current and long-term				
Foreign currency forward contracts	\$ 1.7	\$ -	\$ 1.7	\$ -

Cross-currency interest rate swaps	43.8	-	43.8	-
Interest rate swaps	163.8	-	163.8	-
Derivatives not designated as hedges, current and long-term				
Foreign currency forward contracts	1.5	-	1.5	-
Contingent consideration related to acquisitions	115.2	-	-	115.2
Total Liabilities	\$ 326.0	\$ -	\$ 210.8	\$ 115.2

16

As of June 30, 2024				
Description	Fair Value Measurements at Reporting Date Using:			
	Recorded Balance	Quoted Prices		
		in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Derivatives designated as hedges, current and long-term				
Foreign currency forward contracts	\$ 95.5	\$ -	\$ 95.5	\$ -
Cross-currency interest rate swaps	45.1	-	45.1	-
Total Assets	<u>\$ 140.6</u>	<u>\$ -</u>	<u>\$ 140.6</u>	<u>\$ -</u>
<b>Liabilities</b>				
Derivatives designated as hedges, current and long-term				
Foreign currency forward contracts	\$ 0.5	\$ -	\$ 0.5	\$ -
Cross-currency interest rate swaps	36.4	-	36.4	-
Interest rate swaps	163.5	-	163.5	-
Contingent consideration related to acquisitions	134.0	-	-	134.0
Total Liabilities	<u>\$ 334.4</u>	<u>\$ -</u>	<u>\$ 200.4</u>	<u>\$ 134.0</u>

		As of December 31, 2023			
		Fair Value Measurements at Reporting Date Using:			
		Quoted Prices			
		in Active	Significant		
		Markets for	Other		Significant
		Identical	Observable		Unobservable
		Assets	Inputs		Inputs
Description	Recorded Balance	(Level 1)	(Level 2)		(Level 3)
Assets					
Derivatives designated as hedges, current and long-term					
Foreign currency forward contracts	\$ 54.4	\$ -	\$ 54.4	\$ -	
Cross-currency interest rate swaps	5.4	-	5.4	-	
Derivatives not designated as hedges, current and long-term					
Foreign currency forward contracts	0.4	-	0.4	-	
Total Assets	\$ 60.2	\$ -	\$ 60.2	\$ -	

<b>Liabilities</b>				
Derivatives designated as hedges, current and long-term				

Foreign currency forward contracts	\$	3.7	\$	-	\$	3.7	\$	-
Cross-currency interest rate swaps		68.1		-		68.1		-
Interest rate swaps		144.7		-		144.7		-
Derivatives not designated as hedges, current and long-term								
Foreign currency forward contracts		1.6		-		1.6		-
Contingent consideration related to acquisitions		141.7		-		-		141.7
Total Liabilities	\$	359.8	\$	-	\$	218.1	\$	141.7

We value our foreign currency forward contracts using a market approach based on foreign currency exchange rates obtained from active markets, and we perform ongoing assessments of counterparty credit risk.

17

We value our interest rate swaps using a market approach based on publicly available market yield curves and the terms of our swaps, and we perform ongoing assessments of counterparty credit risk. The valuation of our cross-currency interest rate swaps also includes consideration of foreign currency exchange rates.

Contingent payments related to acquisitions consist of sales-based payments and regulatory milestones, and are valued using discounted cash flow techniques. The fair value of sales-based payments is based upon significant unobservable inputs such as probability-weighted future revenue estimates and simulating the numerous potential outcomes, and changes as revenue estimates increase or decrease. The fair value of the regulatory milestones is based on the probability of success in obtaining the specified regulatory approval.

Contingent payments related to the Embody acquisition are to be settled by issuance of our common stock and cash payments. The Embody acquisition is discussed in Note 7. During the ~~three-month~~ ~~six-month~~ period ended ~~March 31, 2024~~ ~~June 30, 2024~~, we issued 0.2 million shares of our common stock valued at \$23.4 million and paid \$1.5 million of cash for a commercial milestone related to the Embody acquisition. The fair value of common stock was determined to be \$123.87 per share, which represented the average of our high and low stock prices on the settlement date. To minimize dilution from issuing shares for the milestone settlement, we repurchased 0.2 million shares of our common stock in February of 2024.

The following table provides a reconciliation of the beginning and ending balances of items measured at fair value on a recurring basis in the tables above that used significant unobservable inputs (Level 3) (in millions):

	Level 3 - Liabilities	
Contingent payments related to acquisitions		
Beginning balance December 31, 2023	\$	141.7
Change in estimates		(1.6)
Settlements		(24.9)
Ending balance March 31, 2024	\$	115.2

17

	Level 3 - Liabilities	
Contingent payments related to acquisitions		
Beginning balance December 31, 2023	\$	141.7
New contingent consideration related to acquisitions		17.8
Change in estimates		1.0
Settlements		(26.7)
Foreign currency impact		0.1
Ending balance June 30, 2024	\$	134.0

Changes in estimates for contingent payments related to acquisitions are recognized in the Acquisition, integration, divestiture and related line item on our condensed consolidated statements of earnings.

## 11. Derivative Instruments and Hedging Activities

We are exposed to certain market risks relating to our ongoing business operations, including foreign currency exchange rate risk, commodity price risk, interest rate risk and credit risk. We manage our exposure to these and other market risks through regular operating and financing activities. Currently, the only risks that we manage through the use of derivative instruments are interest rate risk and foreign currency exchange rate risk.

### Interest Rate Risk

#### Derivatives Designated as Fair Value Hedges

We currently use fixed-to-variable interest rate swaps to manage our exposure to interest rate risk from our cash investments and debt portfolio. These derivative instruments are designated as fair value hedges under GAAP. Changes in the fair value of the derivative instrument are recorded in current earnings and are offset by gains or losses on the underlying debt instrument.

As of **March 31, 2024**, **June 30, 2024** and December 31, 2023, the following amounts were recorded on our condensed consolidated balance sheets related to cumulative basis adjustments for fair value hedges (in millions):

Balance Sheet Line Item	Carrying Amount of the Hedged Liabilities		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Liabilities		Carrying Amount of the Hedged Liabilities		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Liabilities	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Long-term debt	\$ 832.3	\$ 851.3	\$ (163.7)	\$ (144.7)	\$ 832.6	\$ 851.3	\$ (163.5)	\$ (144.7)

#### Derivatives Designated as Cash Flow Hedges

In 2014, we entered into forward starting interest rate swaps that were designated as cash flow hedges of our thirty-year tranche of senior notes due 2045 we expected to issue in 2015. The forward starting interest rate swaps mitigated the risk of changes in interest rates prior to the completion of the notes offering. The interest rate swaps were settled, and the remaining loss to be recognized at **March 31, 2024**

18

**June 30, 2024** was \$**23.7** **23.6** million, which will be recognized using the effective interest rate method over the remaining maturity period of the hedged notes.

### Foreign Currency Exchange Rate Risk

We operate on a global basis and are exposed to the risk that our financial condition, results of operations and cash flows could be adversely affected by changes in foreign currency exchange rates. To reduce the potential effects of foreign currency exchange rate movements on net earnings, we enter into derivative financial instruments in the form of foreign currency exchange forward contracts with major financial institutions. We also designated our Euro Notes as net investment hedges of investments in foreign subsidiaries. We are primarily exposed to foreign currency exchange rate risk with respect to transactions and net assets denominated in Euros, Swiss Francs, Japanese Yen, British Pounds, Chinese **Renminbi**, **Renminbi**, Canadian Dollars, Australian Dollars, Korean Won, Swedish Krona, Czech Koruna, Thai Baht, Taiwan Dollars, South African Rand, Russian Rubles, Indian Rupees, Turkish Lira, Polish Zloty, Danish Krone, and Norwegian Krone. We do not use derivative financial instruments for trading or speculative purposes.

#### Derivatives Designated as Net Investment Hedges

We are exposed to the impact of foreign exchange rate fluctuations in the investments in our wholly-owned foreign subsidiaries that are denominated in currencies other than the U.S. Dollar. In order to mitigate the volatility in foreign exchange rates, we issued Euro Notes in December 2016 and November 2019 and designated 100 percent of the Euro Notes to hedge our net investment in certain wholly-owned foreign subsidiaries that have a functional currency of the Euro. All changes in the fair value of a hedging instrument designated as a net investment hedge are recorded as a component of AOCI in the condensed consolidated balance sheets.

At **March 31, 2024**, **June 30, 2024**, we had receive-fixed-rate, pay-fixed-rate cross-currency interest swaps with notional amounts outstanding of Euro 700 million, Japanese Yen 54.1 billion and Swiss Franc 125 million. These transactions further hedge our net investment in certain wholly-owned foreign subsidiaries that have a functional currency of Euro, Japanese Yen and Swiss Franc. All changes in the fair value of a derivative instrument designated as a net investment hedge are recorded as a component of AOCI in the condensed consolidated balance sheets. The portion of this change related to the excluded component will be amortized into earnings over the life of the derivative while the

remainder will be recorded in AOCI until the hedged net investment is sold or substantially liquidated. We recognize the excluded component in interest expense, net on our condensed consolidated statements of earnings. The net cash received related to the receive-fixed-rate, pay-fixed-rate component of the cross-currency interest rate swaps is reflected in investing cash flows in our condensed consolidated statements of cash flows. In the **three-month six-month** period ended **March 31, 2023 June 30, 2023**, Euro 100

18

million and Swiss Franc 50 million of these cross-currency interest rate swaps matured at a gain of \$6.0 million and loss of \$3.0 million, respectively. The settlement of these gains and losses with the counterparties is reflected in investing cash flows in our condensed consolidated statements of cash flows and will remain in AOCI on our condensed consolidated balance sheet until the hedged net investment is sold or substantially liquidated. No cross-currency interest rate swaps matured in the **three-month six-month** period ended **March 31, 2024 June 30, 2024**.

Derivatives Designated as Cash Flow Hedges

Our revenues are generated in various currencies throughout the world. However, a significant amount of our inventory is produced in U.S. Dollars. Therefore, movements in foreign currency exchange rates may have different proportional effects on our revenues compared to our cost of products sold. To minimize the effects of foreign currency exchange rate movements on cash flows, we hedge intercompany sales of inventory expected to occur within the next 30 months with foreign currency exchange forward contracts. We designate these derivative instruments as cash flow hedges.

We perform quarterly assessments of hedge effectiveness by verifying and documenting the critical terms of the hedge instrument and confirming that forecasted transactions have not changed significantly. We also assess on a quarterly basis whether there have been adverse developments regarding the risk of a counterparty default. For derivatives which qualify as hedges of future cash flows, the gains and losses are temporarily recorded in AOCI and then recognized in cost of products sold when the hedged item affects net earnings. On our condensed consolidated statements of cash flows, the settlements of these cash flow hedges are recognized in operating cash flows.

For foreign currency exchange forward contracts and options outstanding at **March 31, 2024 June 30, 2024**, we had obligations to purchase U.S. Dollars and sell Euros, Japanese Yen, British Pounds, Canadian Dollars, Australian Dollars, Korean Won, Swedish Krona, Czech Koruna, Thai Baht, Taiwan Dollars, South African Rand, Indian Rupees, Polish Zloty, Danish Krone, and Norwegian Krone and obligations to purchase Swiss Francs and sell U.S. Dollars. These derivatives mature at dates ranging from **April July 2024** through **August November 2026**. As of **March 31, 2024 June 30, 2024**, the notional amounts of outstanding forward contracts and options entered into with third parties to purchase U.S. Dollars were **\$1,526.7 1,440.1** million. As of **March 31, 2024 June 30, 2024**, the notional amounts of outstanding forward contracts and options entered into with third parties to purchase Swiss Francs were **\$435.4 456.7** million.

Derivatives Not Designated as Hedging Instruments

We enter into foreign currency forward exchange contracts with terms of one to three months to manage currency exposures for monetary assets and liabilities denominated in a currency other than an entity's functional currency. As a result, any foreign currency

19

remeasurement gains/losses recognized in earnings are generally offset with gains/losses on the foreign currency forward exchange contracts in the same reporting period. The net amount of these offsetting gains/losses is recorded in other (expense) income, net. Any outstanding contracts are recorded on the balance sheet at fair value as of the end of the reporting period. The notional amounts of these contracts are **typically generally** in a range of \$1.25 billion to \$1.75 billion per quarter.

Income Statement Presentation

Derivatives Designated as Cash Flow Hedges

Derivative instruments designated as cash flow hedges had the following effects, before taxes, on AOCI and net earnings on our condensed consolidated statements of earnings, condensed consolidated statements of comprehensive income and condensed consolidated balance sheets (in millions):

Amount of Gain		Amount of Gain (Loss)	
Amount of Gain	(Loss)	Amount of Gain	Amount of Gain (Loss)



Derivative Instrument	Recognized in AOCI		Reclassified from AOCI		Recognized in AOCI				Reclassified from AOCI			
	Three Months Ended		Three Months Ended		Three Months Ended		Six Months Ended		Three Months Ended		Six Months Ended	
	March 31,		March 31,		June 30,		June 30,		June 30,		June 30,	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Foreign exchange forward contracts	\$ 43.4	\$ 11.1			\$ 44.1	\$ 56.7	\$ 87.5	\$ 67.8			\$ 21.7	\$ 23.5
Forward starting interest rate swaps	-	-			-	-	-	-			(0.2)	(0.2)
	\$ 43.4	\$ 11.1			\$ 44.1	\$ 56.7	\$ 87.5	\$ 67.8			\$ 21.5	\$ 23.3

19

The fair value of outstanding derivative instruments designated as cash flow hedges and recorded on our condensed consolidated balance sheet at **March 31, 2024** **June 30, 2024**, together with settled derivatives where the hedged item has not yet affected earnings, was a net unrealized gain of **\$93.1** **115.7** million, or **\$79.9** **100.2** million after taxes, which is deferred in AOCI. A gain of **\$75.2** **82.7** million, or **\$62.0** **68.3** million after taxes, is expected to be reclassified to earnings in cost of products sold, and a loss of \$0.7 million, or **\$0.5** **0.6** million after taxes, is expected to be reclassified to earnings in interest expense, net over the next twelve months.

The following table presents the effect of fair value, cash flow and net investment hedge accounting on our condensed consolidated statements of earnings (in millions):

	Location and Amount of Gain/(Loss) Recognized in Income on Fair Value, Cash Flow and Net Investment Hedging Relationships				Location and Amount of Gain/(Loss) Recognized in Income on Fair Value, Cash Flow and Net Investment Hedging Relationships							
	Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended		Six Months Ended		Six Months Ended	
	March 31, 2024		March 31, 2023		June 30, 2024		June 30, 2023		June 30, 2024		June 30, 2023	
	Cost of Products Sold	Interest Expense, Net	Cost of Products Sold	Interest Expense, Net	Cost of Products Sold	Interest Expense, Net	Cost of Products Sold	Interest Expense, Net	Cost of Products Sold	Interest Expense, Net	Cost of Products Sold	Interest Expense, Net
Total amounts of income and expense line items presented in the statements of earnings in which the effects of fair value, cash flow and net investment hedges are recorded	\$ 512.3	\$ (50.7)	\$ 500.8	\$ (48.2)	\$ 553.6	\$ (51.1)	\$ 525.5	\$ (51.6)	\$ 1,065.9	\$ (101.8)	\$ 1,026.3	\$ (99.8)
The effects of fair value, cash flow and net investment hedging:												
Gain (loss) on fair value hedging relationships												
Interest rate swaps	-	(10.6)	-	(8.2)	-	(10.6)	-	(9.3)	-	(21.2)	-	(17.5)
Gain (loss) on cash flow hedging relationships												
Foreign exchange forward contracts	22.0	-	23.1	-	21.7	-	23.5	-	43.7	-	46.6	-
Forward starting interest rate swaps	-	(0.2)	-	(0.2)	-	(0.2)	-	(0.2)	-	(0.4)	-	(0.4)

Gain on net investment hedging relationships												
Cross-currency interest rate swaps	-	8.2	-	9.0	-	8.2	-	8.2	-	16.4	-	17.2

20

#### Derivatives Not Designated as Hedging Instruments

The following gains / (losses) from these derivative instruments were recognized on our condensed consolidated statements of earnings (in millions):

Derivative Instrument	Location on Statements of Earnings	Three Months Ended March 31,		Location on Statements of Earnings	Three Months Ended June 30,		Six Months Ended June 30,	
		2024	2023		2024	2023	2024	2023
Foreign exchange forward contracts	Other (expense) income, net	\$ 8.4	\$ (3.6)	Other income (expense), net	\$ 12.9	\$ 3.8	\$ 21.3	\$ 0.2

These gains / (losses) do not reflect offsetting losses of \$12.2 12.0 million and \$14.2 million in the three-month period periods ended March 31, 2024, June 30, 2024 and 2023, respectively, and offsetting gains losses of \$0.4 24.2 million and \$13.8 million in the three-month period six-month periods ended March 31, 2023, June 30, 2024 and 2023, respectively, recognized in other income (expense), net as a result of foreign currency remeasurement of monetary assets and liabilities denominated in a currency other than an entity's functional currency.

20

#### Balance Sheet Presentation

As of March 31, 2024 June 30, 2024 and December 31, 2023, all derivatives designated as fair value hedges, cash flow hedges and net investment hedges are recorded at fair value on our condensed consolidated balance sheets. On our condensed consolidated balance sheets, we recognize individual forward contracts with the same counterparty on a net asset/liability basis if we have a master netting agreement with the counterparty. Under these master netting agreements, we are able to settle derivative instrument assets and liabilities with the same counterparty in a single transaction, instead of settling each derivative instrument separately. We have master netting agreements with substantially all of our counterparties. The fair value of derivative instruments on a gross basis is as follows (in millions):

	As of March 31, 2024		As of December 31, 2023		As of June 30, 2024		As of December 31, 2023	
	Balance		Balance		Balance		Balance	
	Sheet	Fair	Sheet	Fair	Sheet	Fair	Sheet	Fair
	Location	Value	Location	Value	Location	Value	Location	Value
<b>Asset Derivatives Designated as Hedges</b>								
Foreign exchange forward contracts	Other current assets	\$ 66.3	Other current assets	\$ 58.4	Other current assets	\$ 80.4	Other current assets	\$ 58.4
Cross-currency interest rate swaps	Other current assets	-	Other current assets	-				
Foreign exchange forward contracts	Other assets	21.2	Other assets	17.2	Other assets	29.3	Other assets	17.2
Cross-currency interest rate swaps	Other assets	27.3	Other assets	5.4	Other assets	45.1	Other assets	5.4
<b>Total asset derivatives</b>		<u>\$ 114.8</u>		<u>\$ 81.0</u>		<u>\$ 154.8</u>		<u>\$ 81.0</u>
<b>Asset Derivatives Not Designated as Hedges</b>								
Foreign exchange forward contracts	Other current assets	\$ 3.7	Other current assets	\$ 1.2	Other current assets	\$ -	Other current assets	\$ 1.2
<b>Liability Derivatives Designated as Hedges</b>								

Foreign exchange forward contracts	Other current liabilities	\$ 8.5	Other current liabilities	\$ 13.9	Other current liabilities	\$ 9.6	Other current liabilities	\$ 13.9
Cross-currency interest rate swaps	Other current liabilities	35.0	Other current liabilities	33.3	Other current liabilities	30.7	Other current liabilities	33.3
Foreign exchange forward contracts	Other long-term liabilities	6.3	Other long-term liabilities	11.0	Other long-term liabilities	5.1	Other long-term liabilities	11.0
Cross-currency interest rate swaps	Other long-term liabilities	8.8	Other long-term liabilities	34.8	Other long-term liabilities	5.7	Other long-term liabilities	34.8
Interest rate swaps	Other long-term liabilities	163.8	Other long-term liabilities	144.7	Other long-term liabilities	163.5	Other long-term liabilities	144.7
<b>Total liability derivatives</b>		<b>\$ 222.4</b>		<b>\$ 237.7</b>		<b>\$ 214.6</b>		<b>\$ 237.7</b>
<b>Liability Derivatives Not Designated as Hedges</b>								
Foreign exchange forward contracts	Other current liabilities	\$ 2.8	Other current liabilities	\$ 2.4	Other current liabilities	\$ -	Other current liabilities	\$ 2.4

21

The table below presents the effects of our master netting agreements on our condensed consolidated balance sheets (in millions):

Description	Location	As of March 31, 2024			As of December 31, 2023			Location	As of June 30, 2024			As of December 31, 2023		
		Gross Amount	Offset	Net Amount in Sheet	Gross Amount	Offset	Net Amount in Sheet		Gross Amount	Offset	Net Amount in Sheet	Gross Amount	Offset	Net Amount in Sheet
<b>Asset Derivatives</b>														
Cash flow hedges	Other current assets	\$ 66.3	\$ 8.4	\$ 57.9	\$ 58.4	\$ 13.0	\$ 45.4	Other current assets	\$ 80.4	\$ 9.6	\$ 70.8	\$ 58.4	\$ 13.0	\$ 45.4
Cash flow hedges	Other assets	21.2	4.7	16.5	17.2	8.2	9.0	Other assets	29.3	4.6	24.7	17.2	8.2	9.0
Derivatives Not Designated as Hedges	Other current assets	3.7	1.3	2.4	1.2	0.8	0.4	Other current assets	-	-	-	1.2	0.8	0.4
<b>Liability Derivatives</b>														
Cash flow hedges	Other current liabilities	8.5	8.4	0.1	13.9	13.0	0.9	Other current liabilities	9.6	9.6	-	13.9	13.0	0.9
Cash flow hedges	Other long-term liabilities	6.3	4.7	1.6	11.0	8.2	2.8	Other long-term liabilities	5.1	4.6	0.5	11.0	8.2	2.8
Derivatives Not Designated as Hedges	Other current liabilities	2.8	1.3	1.5	2.4	0.8	1.6	Other current liabilities	-	-	-	2.4	0.8	1.6

21

The following net investment hedge gains (losses) were recognized on our condensed consolidated statements of comprehensive income (in millions):

Amount of Gain (Loss) Recognized in AOCI	Amount of Gain (Loss) Recognized in AOCI
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Derivative Instrument	Three Months Ended		Three Months Ended		Six Months Ended	
	March 31,		June 30,		June 30,	
	2024	2023	2024	2023	2024	2023
Euro Notes	\$ 24.4	\$ (19.2)	\$ 8.5	\$ (4.6)	\$ 32.9	\$ (23.8)
Cross-currency interest rate swaps	46.1	(4.5)	25.3	8.2	71.4	3.7
	<u>\$ 70.5</u>	<u>\$ (23.7)</u>	<u>\$ 33.8</u>	<u>\$ 3.6</u>	<u>\$ 104.3</u>	<u>\$ (20.1)</u>

## 12. Income Taxes

We operate on a global basis and are subject to numerous and complex tax laws and regulations. Additionally, tax laws continue to undergo rapid changes in both application and interpretation by various countries, including state aid interpretations and initiatives led by the Organisation for Economic Cooperation and Development ("OECD"). Our income tax filings are subject to examinations by taxing authorities throughout the world. Income tax audits may require an extended period of time to reach resolution and may result in significant income tax adjustments when interpretation of tax laws or allocation of company profits is disputed. Although ultimate timing is uncertain, the net amount of tax liability for unrecognized tax benefits may change within the next twelve months due to changes in audit status, expiration of statutes of limitations, settlements of tax assessments and other events. Management's best estimate of such change is within the range of a \$270 120 million decrease to a \$20 million increase.

We are under continuous audit by the IRS and have disputes with the IRS and other foreign taxing authorities in the jurisdictions where we operate. In addition, some jurisdictions in which we operate require payment of disputed taxes to petition a court or taxing authority, or we may elect to make such payments prior to final resolution. We record any prepayments as income tax receivables when we believe our position is more likely than not to be upheld. We assess our position on these disputes at each reporting period. During the course of these audits and disputes, we receive proposed adjustments from taxing authorities that may be material. Therefore, there is a possibility that an adverse outcome in these audits or disputes could have a material effect on our results of operations and financial condition. Our U.S. federal income tax returns have been audited through 2019.

The IRS has proposed adjustments for tax years 2010-2012, primarily related to reallocating profits between certain U.S. and foreign subsidiaries, which remain unsettled. We have disputed these adjustments and intend to continue to vigorously defend our positions as we pursue resolution through the administrative process with the IRS Independent Office of Appeals.

The IRS has proposed adjustments for tax years 2013-2015, primarily related to transfer pricing involving our cost sharing agreement between the U.S. and Switzerland affiliated companies and the reallocation of profits between certain of our U.S. and foreign subsidiaries. This includes a proposed increase to our U.S. federal taxable income, which would result in additional tax expense related to 2013 of approximately \$370 million, subject to interest and penalties. We strongly believe that the position of the IRS, with regard to this matter, is inconsistent with the applicable U.S. Treasury Regulations governing our cost sharing agreement. We intend to vigorously contest the adjustment, and we will pursue all available administrative and, if necessary, judicial remedies. If we pursue judicial remedies in the U.S. Tax Court for years 2013-2015, a number of years will likely elapse before such matters are

22

finally resolved. No payment of any amount related to this matter is required to be made, if at all, until all applicable proceedings have been completed.

The IRS has proposed adjustments for tax years 2016-2019, primarily related to the U.S. taxation of foreign earnings and profits, which could result in additional material tax expense if we are unsuccessful in defending our position. We disagree with the proposed adjustments and intend to continue to vigorously contest the adjustments. We do not expect a final resolution of these issues in the next 12 months. No payment of any amount related to his this matter is required to be made, if at all, until all applicable proceedings have been completed.

In the three-month period three and six-month periods ended March 31, 2024 June 30, 2024, our effective tax rate ("ETR") was 19.7 19.6 percent for each period, compared to 18.9 percent for the three-month period ended March 31, 2023. The 19.7 24.2 percent and 18.9 21.5 percent in the three and six-month periods ended June 30, 2023, respectively. The 19.6 percent ETR in each of the three-month three and six-month periods ended March 31, 2024 and 2023, respectively, June 30, 2024, were primarily driven by our mix of earnings between U.S. and foreign locations. The 24.2 percent and 21.5 percent ETR in the three and six-month periods ended June 30, 2023, respectively, were primarily driven by the reorganization of the ownership structure of certain wholly-owned subsidiaries in the second quarter of 2023. Absent discrete tax events, we expect our future ETR will be lower than the U.S. corporate income tax rate of 21.0 percent due to our mix of earnings between U.S. and foreign locations, which generally have lower corporate income tax rates. Our ETR in future periods could also potentially be impacted by: changes in our mix of pre-tax earnings; changes in tax rates, tax laws or their interpretation; interpretation, including the European Union adoption of Pillar Two proposals which began to take effect in 2024; the outcome of various federal, state and foreign audits, appeals, and litigation; and the expiration of certain statutes of limitations. Currently, we cannot reasonably estimate the impact of these items on our financial results.

22

### 13. Earnings Per Share

The following is a reconciliation of weighted average shares for the basic and diluted shares computations (in millions):

	Three Months Ended		Three Months Ended		Six Months Ended	
	March 31,		June 30,		June 30,	
	2024	2023	2024	2023	2024	2023
Weighted average shares outstanding for basic net earnings per share	205.2	209.4	205.7	208.6	205.4	209.0
Effect of dilutive stock options and other equity awards	1.0	1.0	0.7	1.3	0.9	1.1
Weighted average shares outstanding for diluted net earnings per share	206.2	210.4	206.4	209.9	206.3	210.1

During the three-month three and six-month periods ended March 31, 2024 and 2023, June 30, 2024, an average of 1.6 2.9 million options and 2.0 2.3 million options, respectively, to purchase shares of common stock were not included in the computation of diluted earnings per share because the effect would have been antidilutive. During the three and six-month periods ended June 30, 2023, an average of 1.9 million and 2.0 million options, respectively, to purchase shares of common stock were not included for the same reason.

### 14. Segment Information

We design, manufacture and market orthopedic reconstructive products; sports medicine, biologics, extremities and trauma products; craniomaxillofacial and thoracic products ("CMFT"); surgical products; and a suite of integrated digital and robotic technologies that leverage data, data analytics and artificial intelligence. Our chief operating decision maker ("CODM") allocates resources to achieve our operating profit goals through three operating segments. These operating segments, which also constitute our reportable segments, are Americas; EMEA; and Asia Pacific.

Our CODM evaluates performance based upon segment operating profit exclusive of operating expenses and income pertaining to intangible asset amortization, certain inventory and manufacturing-related charges, restructuring and other cost reduction initiatives, acquisition, integration, divestiture and related, litigation, certain European Union Medical Device Regulation ("EU MDR") expenses, other charges and corporate functions (collectively referred to as "Corporate items"). Corporate functions include finance, corporate legal, information technology, human resources and other corporate departments as well as stock-based compensation and certain operations, distribution, quality assurance, regulatory assurance, research and development ("R&D") and marketing expenses. Intercompany transactions have been eliminated from segment operating profit.

Our Americas operating segment is comprised principally of the U.S. and includes other North, Central and South American markets. Our EMEA operating segment is comprised principally of Europe and includes the Middle East and African markets. Our Asia Pacific operating segment is comprised principally of Japan, China and Australia and includes other Asian and Pacific markets. The Americas, EMEA and Asia Pacific operating segments include the commercial operations as well as regional headquarter expenses to operate in those markets. Our operating segments do not include many centralized, product category expenses such as R&D and global marketing that benefit all regions.

23

In the three-month period ended March 31, 2024, the segment operating profit measures our CODM reviews were revised. Certain product category headquarter costs, primarily R&D and marketing, that were previously in our Americas operating segment are now included in Corporate items. In addition, certain support function costs from our operating segments are now included in Corporate items. We have reclassified these product category headquarter and support function expenses in the prior period to conform to the current period presentation.

Net sales and operating profit by segment are as follows (in millions):

	Net Sales		Operating Profit		Net Sales		Operating Profit	
	Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended	
	March 31,		March 31,		June 30,		June 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Americas	\$ 1,186.5	\$ 1,141.3	\$ 639.3	\$ 608.9	\$ 1,199.3	\$ 1,156.2	\$ 636.9	\$ 619.9
EMEA	444.8	425.6	153.0	149.5	432.4	402.9	149.7	132.0
Asia Pacific	258.0	264.1	93.3	90.2	310.3	310.5	121.1	115.3
Total	\$ 1,889.2	\$ 1,831.0			\$ 1,942.0	\$ 1,869.6		

Corporate items	(477.6)	(387.9)	(412.4)	(399.4)
Intangible asset amortization	(142.1)	(133.4)	(144.0)	(138.2)
Operating profit	\$ 265.9	\$ 327.3	\$ 351.3	\$ 329.6

	Net Sales		Operating Profit	
	Six Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Americas	\$ 2,385.8	\$ 2,297.5	\$ 1,276.2	\$ 1,228.8
EMEA	877.2	828.5	302.7	281.5
Asia Pacific	568.3	574.6	214.4	205.5
Total	\$ 3,831.2	\$ 3,700.6		
Corporate items			(890.0)	(787.3)
Intangible asset amortization			(286.1)	(271.6)
Operating profit			\$ 617.2	\$ 656.9

23

## 15. Commitments and Contingencies

From time to time, we are involved in various legal proceedings, including product liability, intellectual property, stockholder matters, tax disputes, commercial disputes, employment matters, whistleblower and *qui tam* claims and investigations, governmental proceedings and investigations, and other legal matters that arise in the normal course of our business, including those described below. On a quarterly and annual basis, we review relevant information with respect to loss contingencies and update our accruals, disclosures and estimates of reasonably possible losses or ranges of loss based on such reviews. We establish liabilities for loss contingencies on an undiscounted basis when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. If the reasonable estimate of a known or probable loss is a range, and no amount within the range is a better estimate than any other, the minimum amount of the range is accrued. For matters where a loss is believed to be reasonably possible, but not probable, or if no reasonable estimate of known or probable loss is available, no accrual has been made.

When determining the estimated loss or range of loss, significant judgment is required. Estimates of probable losses resulting from litigation and other contingencies are inherently difficult to predict, particularly when the matters are in early procedural stages with incomplete facts or legal discovery, involve unsubstantiated or indeterminate claims for damages, and/or potentially involve penalties, fines or punitive damages. In addition to the matters described herein, we remain subject to the risk of future governmental, regulatory and legal actions. Governmental and regulatory actions may lead to product recalls, injunctions and other restrictions on our operations and monetary sanctions, which may include substantial civil or criminal penalties. Actions involving intellectual property could result in a loss of patent protection or the ability to market products, which could lead to significant sales reductions or cost increases, or otherwise materially affect the results of our operations.

We recognize litigation-related charges and gains in Selling, general and administrative expense on our condensed consolidated statement of earnings. During the **three-month** **three** and **six-month** periods ended **March 31, 2024 and 2023**, **June 30, 2024**, we recognized **\$1.0** **3.4** million and **\$3.3** **4.4** million, respectively, of net litigation-related charges. During the three and six-month periods ended June 30, 2023, we recognized a net litigation-related gain of \$2.2 million and net litigation-related charges of \$1.1 million, respectively. At **March 31, 2024** **June 30, 2024** and December 31, 2023, accrued litigation liabilities were **\$226.5** **208.2** million and \$244.1 million, respectively. These litigation-related charges and accrued liabilities reflect all of our litigation-related contingencies and not just the matters discussed below. The ultimate cost of litigation could be materially different than the amount of the current estimates and accruals and could have a material adverse impact on our financial condition and results of operations.

24

### Litigation

**Durom Cup-related claims:** On July 22, 2008, we temporarily suspended marketing and distribution of the Durom Cup in the U.S. Subsequently, a number of product liability lawsuits were filed against us in various U.S. and foreign jurisdictions. The plaintiffs seek damages for personal injury, and they generally allege that the Durom Cup contains

defects that result in complications and revision of the device. We have settled the majority of these claims in the U.S., but other lawsuits are pending in various foreign jurisdictions and additional claims may be asserted in the future. The majority of claims outside the U.S. are pending in Germany, Netherlands and Italy.

We rely on significant estimates in determining the provisions for Durom Cup-related claims, including our estimate of the number of claims that we will receive and the average amount we will pay per claim. The actual number of claims and the actual amount we pay per claim may differ from our estimates. For various reasons, we cannot reasonably estimate the possible loss or range of loss that may result from Durom Cup-related claims in excess of the losses we have accrued. Although we are vigorously defending these lawsuits, their ultimate resolution is uncertain. We accrued a litigation-related charge in this matter based on an estimate of the reasonably possible loss, as discussed above.

*Zimmer M/L Taper, M/L Taper with Kinectiv Technology, and Versys Femoral Head-related claims ("Metal Reaction" claims):* We are a defendant in a number of product liability lawsuits relating to our M/L Taper and M/L Taper with Kinectiv Technology hip stems, and Versys Femoral Head implants. The plaintiffs seek damages for personal injury, alleging that defects in the products lead to corrosion at the head/stem junction resulting in, among other things, pain, inflammation and revision surgery.

The majority of the cases are consolidated in an MDL that was created on October 3, 2018 in the U.S. District Court for the Southern District of New York (*In Re: Zimmer M/L Taper Hip Prosthesis or M/L Taper Hip Prosthesis with Kinectiv Technology and Versys Femoral Head Products Liability Litigation*). Most of the cases in the MDL have been resolved. Other related cases are pending in various state and federal courts and in courts in Canada, and additional claims may be asserted in the future. Although we are vigorously defending these lawsuits, their ultimate resolution is uncertain. We accrued a litigation-related charge in this matter based on an estimate of the reasonably possible loss, as discussed above.

*Biomet metal-on-metal hip implant claims:* Biomet is a defendant in a number of product liability lawsuits relating to metal-on-metal hip implants, most of which involve the M2a-Magnum hip system. Cases were originally consolidated in an MDL in the U.S. District Court for the Northern District of Indiana (*In Re: Biomet M2a Magnum Hip Implant Product Liability Litigation*), but the majority of the claims in the U.S. have been settled. Trials may still occur in the future, and although each case will be tried on its particular facts, a verdict and subsequent final judgment for the plaintiff in one or more of these cases could have a substantial impact on our potential liability. Lawsuits are pending in various foreign jurisdictions and additional claims are expected to be asserted. We continue to refine our estimates of the potential liability to resolve the remaining claims and lawsuits. Although we are vigorously

24

defending these lawsuits, their ultimate resolution is uncertain. We accrued a litigation-related charge in this matter based on an estimate of the reasonably possible loss, as discussed above.

#### Other Contingencies

*Contractual obligations:* We have entered into development, distribution and other contractual arrangements that may result in future payments dependent upon various events such as the achievement of certain product R&D milestones, sales milestones, or, at our discretion, maintenance of exclusive rights to distribute a product. Since there is uncertainty on the timing or whether such payments will have to be made, they have not been recognized on our condensed consolidated balance sheets. These estimated payments could range from \$0 to approximately \$405.395 million.

#### **16. Subsequent Event**

Subsequent to June 30, 2024, we signed a definitive agreement to acquire 100 percent of OrthoGrid Systems, Inc ("OrthoGrid"), a privately-held medical technology company. OrthoGrid provides us an artificial intelligence-powered, fluoroscopy-based surgical assistance platform for total hip replacement as well as two additional orthopedic applications. This acquisition is subject to customary closing conditions, and is expected to be completed by the end of the fourth quarter of 2024. Additional information on the OrthoGrid acquisition has not been provided because it is not expected to have a material effect on our financial position, results of operations or cash flows.

25

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion and analysis should be read in conjunction with the interim condensed consolidated financial statements and corresponding notes included elsewhere in this Form 10-Q. Amounts reported in millions within this Quarterly Report on Form 10-Q are computed based on the actual amounts. As a result, the sum of the

components may not equal the total amount reported in millions due to rounding. In addition, certain columns and rows within tables may not sum to the totals due to the use of rounded numbers. Percentages presented are calculated from the underlying unrounded amounts.

Executive Level Overview

Results for the Three-Month Period Three and Six-Month Periods ended March 31, 2024 June 30, 2024

In the three-month period three and six-month periods ended March 31, 2024 June 30, 2024, our net sales increased 3.2 3.9 percent and 3.5 percent, respectively, when compared to the same prior year period, periods. Net sales growth in both periods was driven by a combination of market growth, new product introductions and commercial execution across the organization. These favorable items were tempered by a negative 1.2 effects of 1.7 percent effect and 1.5 percent from changes in foreign currency exchange rates, rates in the three and six-month periods ended June 30, 2024, respectively.

Our net earnings were \$172.4 million \$242.8 million and \$415.2 million in the three-month period three and six-month periods ended March 31, 2024 June 30, 2024, respectively, compared to \$232.5 million \$209.6 million and \$442.1 million in the same prior year period, periods, respectively. The increase in earnings in the three-month period was due to the net sales increase, lower expenses due to our 2023 Restructuring Plan and cost savings initiatives, and lower research and development ("R&D") spending on the European Union Medical Device Regulation ("EU MDR"). The decline in earnings in the six-month period was primarily related due to charges from our 2023 Restructuring Plan which was instituted at the end of 2023 and continued into 2024, including \$71.0 million \$81.1 million in employee termination benefits-related charges recognized in the three-month six-month period ended March 31, 2024 June 30, 2024. The additional costs from our 2023 Restructuring Plan were partially offset by higher net sales, lower expenses due to cost savings initiatives, and lower R&D spending on the EU MDR.

2024 Outlook

We expect year-over-year revenue growth of mid-single digits in 2024 to be driven by a combination of market growth, new product introductions, commercial execution and continued improvements in product supply. Based on recent foreign currency exchange rates, we expect foreign currency to negatively affect year-over-year net sales by approximately 0.5 1.0 percent. We estimate operating profit will increase in 2024 when compared to 2023 due to higher net sales, leverage from fixed operating expenses and savings from lower expenses due to our restructuring plans. However, we estimate these favorable items may be partially offset by higher intangible asset amortization and increased restructuring-related costs to implement our plans. We estimate our net interest expense will increase slightly due to higher interest rates. We expect our provision for income taxes will increase in 2024 when compared to 2023 due to the non-reoccurrence of favorable tax settlements.

Results of Operations

We review sales by two geographies, the United States and International, and by the following product categories: Knees; Hips; S.E.T. (Sports Medicine, Extremities, Trauma, Craniomaxillofacial and Thoracic); and Other. This sales analysis differs from our reportable operating segments, which are based upon our senior management organizational structure and how we allocate resources toward achieving operating profit goals. We review sales by these geographies because the underlying market trends in any particular geography tend to be similar across product categories, because we primarily sell the same products in all geographies and many of our competitors publicly report in this manner. Our business is seasonal in nature to some extent, as many of our products are used in elective surgical procedures, which typically decline during the summer months and can increase at the end of the year once annual deductibles have been met on health insurance plans.

Net Sales by Geography

The following table presents tables present our net sales by geography and the percentage changes (dollars in millions):

	Three Months Ended		% Inc	
	March 31,			
	2024	2023		
United States	\$ 1,099.2	\$ 1,060.4	3.7	%
International	790.0	770.6	2.5	
Total	\$ 1,889.2	\$ 1,831.0	3.2	



Three Months Ended				
June 30,				
	2024	2023	% Inc	
United States	\$ 1,106.2	\$ 1,068.9	3.5	%
International	835.8	800.7	4.4	
Total	\$ 1,942.0	\$ 1,869.6	3.9	

  

Six Months Ended				
June 30,				
	2024	2023	% Inc	
United States	\$ 2,205.4	\$ 2,129.2	3.6	%
International	1,625.8	1,571.4	3.5	
Total	\$ 3,831.2	\$ 3,700.6	3.5	

#### Net Sales by Product Category

The following table presents our net sales by product category and the percentage changes (dollars in millions):

Three Months Ended					Three Months Ended				
March 31,					June 30,				
	2024	2023	% Inc / (Dec)			2024	2023	% Inc	
Knees	\$ 788.1	\$ 762.5	3.4	%	\$ 801.1	\$ 771.4	3.9	%	
Hips	491.2	492.8	(0.3)		506.5	504.3	0.4		
S.E.T.	452.6	433.4	4.4		469.5	442.7	6.1		
Other	157.3	142.3	10.6		164.9	151.2	9.1		
Total	\$ 1,889.2	\$ 1,831.0	3.2		\$ 1,942.0	\$ 1,869.6	3.9		

  

Six Months Ended				
June 30,				
	2024	2023	% Inc	
Knees	\$ 1,589.3	\$ 1,533.9	3.6	%
Hips	997.6	997.1	-	
S.E.T.	922.1	876.1	5.2	
Other	322.2	293.5	9.8	
Total	\$ 3,831.2	\$ 3,700.6	3.5	

The following table presents our net sales by geography for our Knees and Hips product categories, which represent our most significant product categories (dollars in millions):

	Three Months Ended March 31,				Three Months Ended June 30,				Six Months Ended June 30,			
	2024	2023	% Inc / (Dec)		2024	2023	% Inc / (Dec)		2024	2023	% Inc / (Dec)	
Knees												
United States	\$ 458.0	\$ 448.2	2.2	%	\$ 441.2	\$ 437.7	0.8	%	\$ 899.3	\$ 885.9	1.5	%
International	330.1	314.3	5.0		359.9	333.7	7.8		690.0	648.0	6.5	
Total	\$ 788.1	\$ 762.5	3.4		\$ 801.1	\$ 771.4	3.9		\$ 1,589.3	\$ 1,533.9	3.6	

Hips										
United States	\$	254.9	\$	252.3	1.0 %	\$	259.0	\$	254.3	1.8 %
International		236.3		240.5	(1.7)		247.5		250.0	(1.0)
Total	\$	491.2	\$	492.8	(0.3)	\$	506.5	\$	504.3	0.4
							\$		997.6	\$
									997.1	-

27

#### Demand (Volume and Mix) Trends

Changes in volume and mix of product sales had a positive effect effects of 4.2 4.8 percent and 4.5 percent on year-over-year sales during the three-month period three and six-month periods ended March 31, 2024, June 30, 2024, respectively. Market growth and new product introductions contributed positively to volume and mix trends.

#### Pricing Trends

Global selling prices had a positive effect effects of 0.2 0.8 percent and 0.5 percent on year-over-year sales during the three-month period three and six-month periods ended March 31, 2024, June 30, 2024, respectively. The majority of countries in which we operate continue to experience pricing pressure from local hospitals, health systems, and governmental healthcare cost containment efforts. However, we have had success in offsetting negative effects of pricing pressure due to internal initiatives and being able to pass some inflationary impacts on to customers.

#### Foreign Currency Exchange Rates

For the three-month period three and six-month periods ended March 31, 2024, June 30, 2024, changes in foreign currency exchange rates had a negative effect effects of 1.2 1.7 percent and 1.5 percent on year-over-year sales, sales, respectively. If foreign currency exchange rates remain at levels consistent with recent rates, we estimate there will be a negative impact of approximately 0.5 1.0 percent on full-year 2024 sales.

#### Geography

The 3.7 3.5 percent and 3.6 percent net sales growth in the U.S. in the three-month period three and six-month periods ended March 31, 2024, June 30, 2024, respectively, were driven by market growth and sales of our ROSA® Robot. Internationally, net sales increased by 2.5 4.4 percent and 3.5 percent during the three-month period three and six-month periods ended March 31, 2024, June 30, 2024, respectively, when compared to the same prior year period. This increase was periods. These increases were similarly driven by market growth in most of our international markets, markets and by the timing of certain export sales. Our International sales were negatively affected by 2.9 4.1 percent and 3.5 percent due to changes in foreign currency exchange rates in the three-month period three and six-month periods ended March 31, 2024, June 30, 2024, respectively.

#### Product Categories

Knees and Hips net sales grew 3.4 percent and declined 0.3 percent, respectively, in the three-month period ended March 31, 2024, when compared to the same prior year period. The net sales of Knees and Hips benefited from market growth and new product

27

introductions. However, overall Hips net sales declined introductions in the three-month period three and six-month periods ended March 31, 2024 when compared to the same prior year period primarily due to the negative effects of foreign currency. June 30, 2024. However, Knees and Hips net sales were negatively affected by 0.9 1.6 percent and 1.8 2.4 percent, respectively, in the three-month period ended March 31, 2024, June 30, 2024, and were negatively affected by 1.3 percent and 2.1 percent, respectively, in the six-month period ended June 30, 2024 due to changes in foreign currency exchange rates. The 4.4 percent increase in S.E.T. net sales for increases in the three-month period three and six-month periods ended March 31, 2024, June 30, 2024 were primarily the result of growth in our sports medicine, upper extremities, and craniomaxillofacial and thoracic products, partially offset by lower volumes in other S.E.T. products. Other net sales grew 10.6 percent in the three-month period three and six-month periods ended March 31, 2024, June 30, 2024, driven by net sales for our ROSA Robot.

#### Expenses as a Percentage of Net Sales

	Three Months Ended			Three Months Ended			Six Months Ended		
	March 31,		% Inc /	June 30,		% Inc /	June 30,		% Inc /
	2024	2023		2024	2023		2024	2023	
Cost of products sold, excluding intangible asset amortization	27.1 %	27.4 %	(0.3) %	28.5 %	28.1 %	0.4 %	27.8 %	27.7 %	0.1 %
Intangible asset amortization	7.5	7.3	0.2	7.4	7.4	-	7.5	7.3	0.2
Research and development	5.7	6.0	(0.3)	5.6	6.3	(0.7)	5.7	6.2	(0.5)
Selling, general and administrative	39.0	39.1	(0.1)	38.0	38.8	(0.8)	38.5	39.0	(0.5)
Restructuring and other cost reduction initiatives	6.6	2.3	4.3	2.1	1.3	0.8	4.3	1.8	2.5
Acquisition, integration, divestiture and related	-	0.1	(0.1)	0.3	0.4	(0.1)	0.1	0.2	(0.1)
Operating profit	14.1	17.9	(3.8)	18.1	17.6	0.5	16.1	17.8	(1.7)

Cost of products sold, excluding intangible asset amortization as a percentage of net sales decreased increased in the three-month period three and six-month periods ended March 31, 2024 June 30, 2024 when compared to the same prior year period, periods. The increases were primarily due to higher excess and obsolete inventory charges and higher manufacturing costs. These higher costs were partially offset by lower royalty expense. The

28

reduction in royalty expense was partially the result of agreements we entered into in 2023 to acquire intellectual property through the buyout of certain licensing arrangements, which are recognized as intangible assets and result in additional intangible asset amortization expense instead of royalty expense. The lower royalty expense was partially offset by higher manufacturing costs.

Intangible asset amortization expense increased in amount in the three-month period three and six-month periods ended March 31, 2024 June 30, 2024 compared to the same prior year period, periods due to the 2023 acquisitions, and the buyout of certain royalty-related licensing agreements as described above, above and other technology-based asset purchases.

R&D expenses decreased in amount and as a percentage of net sales in the three-month period three and six-month periods ended March 31, 2024 June 30, 2024 when compared to the same prior year period, periods. The decreases were driven by lower spending on our initial compliance with the European Union Medical Device Regulation EU MDR as we continue to make progress on the approvals of our products, but were partially offset by higher personnel-related costs, and lower expenses due to our 2023 Restructuring Plan.

Selling, general and administrative ("SG&A") expenses increased in amount, but slightly decreased as a percentage of net sales in the three-month period three and six-month periods ended March 31, 2024 June 30, 2024 when compared to the same prior year period, periods. The increase in expenses was due to selling and distribution costs that are variable expenses which increase as net sales increase. Additionally, we recognized higher bad debt-related charges driven by a bankruptcy at a significant U.S. healthcare system, instrument-related costs were higher due to new product introductions, share-based compensation was higher due to timing of awards, and we recognized higher charges on various strategic initiatives. These higher costs were partially offset by savings from lower expenses due to our 2023 Restructuring Plan, Plan and lower expenses from our cost savings initiatives.

In December of 2023, 2021 and 2019, we initiated global restructuring programs. We also have other cost reduction and optimization initiatives that have the goal of reducing costs across the organization. We recognized expenses of \$124.4 million \$41.5 million and \$41.8 million \$165.9 million in the three-month three and six-month periods ended March 31, 2024 June 30, 2024, respectively, and 2023, \$24.4 million and \$66.3 million in the three and six-month periods ended June 30, 2023, respectively, primarily related to employee termination benefits, sales agent contract terminations, and consulting and project management expenses associated with these programs. The expenses were higher in the 2024 period periods when compared to the 2023 period periods primarily due to additional expenses related to the 2023 Restructuring Plan that had just been initiated at the end of 2023. For more information regarding these expenses, see Note 4 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report.

Acquisition, integration, divestiture and related expenses decreased in amount and as a percentage of net sales in the three-month period three and six-month periods ended March 31, 2024 June 30, 2024 when compared to the same prior year period, periods, primarily due to gains recognized from the timing of changes in the fair value estimates of contingent consideration.

28

## Other Income (Expense) Income, Net, Interest Expense, Net, and Income Taxes

In the three-month period three and six-month periods ended March 31, 2024 June 30, 2024, we recognized expense gains of \$0.1 million \$2.0 million and \$1.9 million, respectively, in our other income (expense) income, net financial statement line item compared to a loss of \$1.2 million and gain of \$7.7 million \$6.5 million in the same prior year period. periods, respectively. The year-over-year change was primarily due changes in the three and six-month periods were the result of lower net losses from changes in foreign currency exchange rates in the current year periods compared to declines the same prior year periods in fair value in addition to losses recognized on our equity investments. investments in the current year periods compared to gains recognized in the prior year periods.

Interest expense, net, increased decreased in the three-month period and increased in the six-month period ended March 31, 2024 June 30, 2024 when compared to the same prior year period, primarily from periods. Our interest expense, net, has been favorably impacted by new borrowings at lower interest rates that replaced previous borrowings, and unfavorably impacted by increased losses incurred on our fixed-to-variable interest rate swaps in the current year period. periods.

In the three-month period three and six-month periods ended March 31, 2024 June 30, 2024, our effective tax rate ("ETR") was 19.7 19.6 percent for each period, compared to 18.9 percent for the three-month period ended March 31, 2023. The 19.7 24.2 percent and 18.9 21.5 percent in the three and six-month periods ended June 30, 2023, respectively. The 19.6 percent ETR in each of the three-month three and six-month periods ended March 31, 2024 and 2023, June 30, 2024, respectively, were primarily driven by our mix of earnings between U.S. and foreign locations. The 24.2 percent and 21.5 percent ETR in the three and six-month periods ended June 30, 2023, respectively, were primarily driven by the reorganization of the ownership structure of certain wholly-owned subsidiaries in the second quarter of 2023. Absent discrete tax events, we expect our future ETR will be lower than the U.S. corporate income tax rate of 21.0 percent due to our mix of earnings between U.S. and foreign locations, which generally have lower corporate income tax rates. Our ETR in future periods could also potentially be impacted by: changes in our mix of pre-tax earnings; changes in tax rates, tax laws or their interpretation, including the European Union adoption of Pillar Two proposals which began to take effect in 2024; the outcome of various federal, state and foreign audits, appeals, and litigation; and the expiration of certain statutes of limitations. Currently, we cannot reasonably estimate the impact of these items on our financial results.

29

## Segment Operating Profit

	Operating Profit as a						Operating Profit as a					
	Net Sales		Operating Profit		Percentage of Net Sales		Net Sales		Operating Profit		Percentage of Net Sales	
	Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended	
	March 31,		March 31,		March 31,		June 30,		June 30,		June 30,	
(dollars in millions)	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Americas	\$ 1,186.5	\$ 1,141.3	\$ 639.3	\$ 608.9	53.9 %	53.4 %	\$ 1,199.3	\$ 1,156.2	\$ 636.9	\$ 619.9	53.1 %	53.6 %
EMEA	444.8	425.6	153.0	149.5	34.4	35.1	432.4	402.9	149.7	132.0	34.6	32.8
Asia Pacific	258.0	264.1	93.3	90.2	36.2	34.2	310.3	310.5	121.1	115.3	39.0	37.1

	Operating Profit as a					
	Net Sales		Operating Profit		Percentage of Net Sales	
	Six Months Ended		Six Months Ended		Six Months Ended	
	June 30,		June 30,		June 30,	
(dollars in millions)	2024	2023	2024	2023	2024	2023
Americas	\$ 2,385.8	\$ 2,297.5	\$ 1,276.2	\$ 1,228.8	53.5 %	53.5 %
EMEA	877.2	828.5	302.7	281.5	34.5	34.0
Asia Pacific	568.3	574.6	214.4	205.5	37.7	35.8

### Americas

In the Americas, operating profit increased in the three and operating six-month periods ended June 30, 2024 when compared to the same prior year periods. Operating profit as a percentage of net sales increased declined in the three-month period ended March 31, 2024 June 30, 2024 and was flat in the six-month period ended June 30, 2024, when compared to the same prior year period. periods. The increases in operating profit were primarily due to higher net sales driven by market growth and new product introductions, coupled with lower royalty expense as a result of agreements we entered into in 2023 to acquire intellectual property through the buyout of certain licensing arrangements. However,

operating profit as a percentage of net sales declined in the three-month period and did not improve in the six-month period due to higher bad debt-related charges in the current year periods driven by a bankruptcy at a significant U.S. healthcare system.

#### EMEA

In EMEA, operating profit increased, but and operating profit as a percentage of net sales decreased, increased in the three-month period three and six-month periods ended March 31, 2024 June 30, 2024 when compared to the same prior year period. periods. The increase in operating profit was increases were due to higher net sales driven by market growth, improved pricing and improved pricing. However, operating profit timing of certain export sales, lower expenses driven by our 2023 Restructuring Plan and cost savings initiatives, and reduced royalty expense as a percentage result of net sales decreased due agreements we entered into in 2023 to higher manufacturing costs and a higher mix acquire intellectual property through the buyout of profits from countries with lower operating profit margins, certain licensing arrangements.

#### Asia Pacific

In Asia Pacific, operating profit and operating profit as a percentage of net sales increased in the three-month period three and six-month periods ended March 31, 2024 June 30, 2024 when compared to the same prior year period. periods. In Asia Pacific, changes in foreign currency exchange rates have had a larger impact on our results than in our other operating segments. While net sales declined in the three-month period three and six-month periods ended March 31, 2024 June 30, 2024 when compared to the same prior year period periods due to changes in foreign currency exchange rates, the negative net sales impact was partially offset by higher hedge gains recognized in the current year period periods from our hedging program. As a result, net sales volume growth, lower royalty expense as a result of agreements we entered into in 2023 to acquire intellectual property through the buyout of certain licensing arrangements, and savings from lower expenses driven by our restructuring programs 2023 Restructuring Plan resulted in higher operating profit and operating profit as a percentage of sales in Asia Pacific in the 2024 period. periods.

29

## Liquidity and Capital Resources

As of March 31, 2024 June 30, 2024, we had \$393.0 million \$420.1 million in cash and cash equivalents. In addition, we had \$1.0 billion available to borrow under our 2023 2024 364-Day Credit Agreement, and \$1.5 billion available under our 2023 2024 Five-Year Revolving Facility. The terms of the 2023 2024 364-Day Credit Agreement and the 2023 2024 Five-Year Revolving Facility are described further in Note 8 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report.

We believe that cash flows from operations, our cash and cash equivalents on hand, and available borrowings under our revolving credit facilities will be sufficient to meet our ongoing liquidity requirements for at least the next twelve months. However, it is

30

possible our needs may change. Further, there can be no assurance that, if needed, we will be able to secure additional financing on terms favorable to us, if at all.

#### Sources of Liquidity

Cash flows provided by operating activities were \$228.0 million \$597.4 million in the three-month six-month period ended March 31, 2024 June 30, 2024, compared to \$307.7 million \$655.6 million in the same prior year period. The decrease in the 2024 period was driven by higher bonus, income tax and restructuring-related payments in the 2024 period. In addition, the timing of accounts payable payments made in the 2024 period compared to the 2023 period also resulted in a decline in operating cash flows.

Cash flows used in investing activities were \$195.0 million \$442.0 million in the three-month six-month period ended March 31, 2024 June 30, 2024, compared to \$149.4 million \$392.5 million in the same prior year period. Instrument and property, plant and equipment additions reflected ongoing investments in our product portfolio, including new product introductions, optimization of our manufacturing and logistics networks, and investments in enterprise resource planning software. The decline in property, plant and equipment additions was driven by lower enterprise resource planning software spend as that project was getting closer to being fully implemented, in addition to the prior year period including investment in a corporate aircraft which did not recur in the current year period. In addition, in the three-month six-month period ended March 31, 2024 June 30,

2024 we entered into agreements to acquire the ownership rights or gain access to various technologies that were recognized as intangible assets, acquired two businesses and invested in a debt security as well as other intangible assets, security.

Cash flows used in financing activities were \$50.1 million \$142.0 million in the three-month six-month period ended March 31, 2024 June 30, 2024, compared to \$206.7 million \$316.1 million in the same prior year period. In the 2024 period, we borrowed a net \$70.0 million \$115.0 million under our Uncommitted Credit Facility and used those proceeds, along with cash on hand, to repurchase \$113.6 million \$199.5 million of our common stock. In the 2023 period, we borrowed a net \$210.0 million \$145.0 million under our revolving credit facilities and used those proceeds, along with cash on hand, to repurchase \$267.6 million \$281.9 million of our common stock. We also repaid \$120.2 million of other debt obligations that were due in the first quarter of 2023.

We place our cash and cash equivalents in highly-rated financial institutions and limit the amount of credit exposure to any one entity. We invest only in high-quality financial instruments in accordance with our internal investment policy.

As of March 31, 2024 June 30, 2024, \$350.6 million \$388.9 million of our cash and cash equivalents were held in jurisdictions outside of the U.S. Of this amount, \$31.5 million \$44.0 million is denominated in U.S. Dollars and, therefore, bears no foreign currency translation risk. The remaining amount is denominated in currencies of the various countries where we operate. We generally intend to limit distributions from foreign subsidiaries earnings that were previously taxed in the U.S., as a result of the transition tax or tax on Global Intangible Low-Taxed Income ("GILTI"). These previously taxed earnings would not be subject to further U.S. federal tax.

Our concentrations of credit risks with respect to trade accounts receivable are limited due to the large number of customers and their dispersion across a number of geographic areas and by frequent monitoring of the creditworthiness of the customers to whom credit is granted in the normal course of business. Substantially all of our trade receivables are concentrated in the public and private hospital and healthcare industry in the U.S. and internationally or with distributors or dealers who operate in international markets and, accordingly, are exposed to their respective business, economic and country-specific variables.

#### Material Cash Requirements from Known Contractual and Other Obligations

At March 31, 2024 June 30, 2024, we had outstanding debt of \$5,796.2 million \$5,834.7 million, of which \$970.0 million \$1,878.0 million was classified as current debt. Of our current debt, \$850.0 million of senior notes mature on November 22, 2024, \$863.0 million of senior notes mature April 1, 2025, and the remaining \$120.0 million \$165.0 million was outstanding under our Uncommitted Credit Facility which we expect to repay during 2024. We believe we can satisfy these debt obligations with cash generated from our operations, by issuing new debt and/or by borrowing on our committed revolving credit facilities.

For additional information on our debt, including types of debt, maturity dates, interest rates, debt covenants and available revolving credit facilities, see Note 8 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report.

30 31

In February and May 2024, our Board of Directors declared a quarterly cash dividend of \$0.24 per share. We expect to continue paying cash dividends on a quarterly basis; however, future dividends are subject to approval of the Board of Directors and may be adjusted as business needs or market conditions change.

In February 2016, our Board of Directors authorized a \$1.0 billion share repurchase program effective March 1, 2016, which expired on May 29, 2024. In May 2024, our Board of Directors authorized a \$2.0 billion share repurchase program effective May 29, 2024, with no expiration date. In the three-month period ended March 31, 2024 June 30, 2024, we repurchased approximately 0.7 million 0.9 million shares for \$88.0 million \$95.4 million. As of March 31, 2024 June 30, 2024, \$67.8 million \$1,904.6 million remained authorized under this the May 2024 program. Between July 1, 2024 and August 5, 2024, we repurchased an additional 1.9 million shares for \$207.0 million, resulting in \$1,697.6 million remaining authorized under the May 2024 program as of August 5, 2024. We used cash on hand and additional borrowings under Uncommitted Credit Facility to fund these repurchases.

As discussed in Note 4 to our interim condensed consolidated financial statements in Part I, Item 1 of this report, we are executing on a 2023 Restructuring Plan, a 2021 Restructuring Plan and a 2019 Restructuring Plan. The 2023 Restructuring Plan along with other related initiatives is expected to result in total pre-tax charges of \$120 million to \$135 million by the end of 2025, of which approximately \$92 million \$107 million was incurred through March 31, 2024 June 30, 2024. We expect to reduce gross annual pre-tax operating expenses by \$175 million to \$200 million relative to the 2023 baseline expenses by the end of 2025 as program benefits under the 2023 Restructuring Plan are realized. The 2021 Restructuring Plan is expected to result in total pre-tax restructuring charges of approximately \$180 million by the end of 2024, of which approximately \$170 million was incurred through March 31, 2024 June 30, 2024. We expect to reduce gross annual pre-tax operating expenses by approximately \$190 million relative to the 2021 baseline expenses by the end of 2024 as program benefits under the 2021 Restructuring Plan are realized. The 2019 Restructuring Plan is expected to result in total pre-tax restructuring charges of approximately \$370 million by the end of 2025, of which approximately \$336 million \$341 million was incurred through March 31, 2024 June 30, 2024. In our original estimates, we expected to reduce gross annual pre-tax operating expenses by approximately \$180 million to \$280 million relative to the 2019 baseline expenses by the end of 2023

as benefits under the 2019 Restructuring Plan were realized. Our latest estimates indicate that we will be near the low end of that range, and the full benefits will not be realized until we complete the closure of a manufacturing facility, which is expected to occur in 2025.

As discussed in Note 12 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report, the IRS has issued proposed adjustments for years 2010 through 2012, for years 2013 through 2015, and for years 2016 through 2019. We have disputed these proposed adjustments and intend to continue to vigorously defend our positions. Although the ultimate timing for resolution of the disputed tax issues is uncertain, future payments may be significant to our operating cash flows.

As discussed in Note 15 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report, we are involved in various litigation matters. We estimate the total liabilities for all litigation matters was \$226.5 million \$208.2 million as of March 31, 2024 June 30, 2024. However, litigation is inherently uncertain, and upon resolution of any of these uncertainties, we may incur charges in excess of these estimates, and may in the future incur other material judgments or enter into other material settlements of claims. We expect to pay these liabilities over the next few years. Additionally, we have entered into development, distribution and other contractual arrangements that may result in future payments dependent upon various events such as the achievement of certain product R&D milestones, sales milestones, or, at our discretion, maintenance of exclusive rights to distribute a product. Since there is uncertainty on the timing or whether such payments will have to be made, they have not been recognized on our condensed consolidated balance sheets. These estimated payments could range from \$0 to approximately \$405 million \$395 million.

#### Recent Accounting Pronouncements

Information pertaining to recent accounting pronouncements can be found in Note 2 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report.

#### Critical Accounting Estimates

The preparation of our financial statements is affected by the selection and application of accounting policies and methods, and also requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Critical accounting estimates are those that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition and results of operations. There were no changes in the three-month period ended March 31, 2024 June 30, 2024 to our critical accounting estimates as described in our Annual Report on Form 10-K for the year ended December 31, 2023.

31 32

#### Cautionary Note Regarding Forward-Looking Statements and Factors That May Affect Future Results

This quarterly report contains certain statements that are forward-looking statements within the meaning of federal securities laws. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. When used in this report, the words “may,” “will,” “can,” “should,” “would,” “could,” “anticipate,” “expect,” “plan,” “seek,” “believe,” “are confident that,” “look forward to,” “predict,” “estimate,” “potential,” “project,” “target,” “forecast,” “see,” “intend,” “design,” “strive,” “strategy,” “future,” “opportunity,” “assume,” “guide,” “position,” “continue” and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on current beliefs, expectations and assumptions of management and are subject to significant risks, uncertainties and changes in circumstances that could cause actual results to differ materially from such forward-looking statements. These risks, uncertainties and changes in circumstances include, but are not limited to:

- competition;
- pricing pressures;
- dependence on new product development, technological advances and innovation;
- changes in customer demand for our products and services caused by demographic changes, obsolescence, development of different therapies or other factors;
- shifts in the product category or regional sales mix of our products and services;
- the effects of business disruptions affecting us, our suppliers, customers or payors, either alone or in combination with other risks on our business and operations;
- the risks and uncertainties related to our ability to successfully execute our restructuring plans;
- control of costs and expenses;
- our ability to attract, retain and develop the highly skilled employees, senior management, independent agents and distributors we need to support our business;
- the possibility that the anticipated synergies and other benefits from mergers and acquisitions will not be realized, or will not be realized within the expected time period;
- the risks and uncertainties related to our ability to successfully integrate the operations, products, employees and distributors of acquired companies;
- the effect of the potential disruption of management's attention from ongoing business operations due to integration matters related to mergers and acquisitions;



- the effect of mergers and acquisitions on our relationships with customers, suppliers and lenders and on our operating results and businesses generally;
- the ability to form and implement alliances;
- dependence on a limited number of suppliers for key raw materials and other inputs and for outsourced activities;
- the risk of disruptions in the supply of materials and components used in manufacturing or sterilizing our products;
- breaches or failures of our information technology systems or products, including by cyberattack, unauthorized access or theft;
- challenges relating to changes in and compliance with governmental laws and regulations affecting our U.S. and international businesses, including regulations of the Food and Drug Administration ("FDA") and other government regulators, such as more stringent requirements for regulatory clearance of products;
- the outcome of government investigations;
- the impact of healthcare reform and cost containment measures, including efforts sponsored by government agencies, legislative bodies, the private sector and health purchasing organizations, through reductions in reimbursement levels, repayment demands and otherwise;
- the impact of substantial indebtedness on our ability to service our debt obligations and/or refinance amounts outstanding under our debt obligations at maturity on terms favorable to us, or at all;
- changes in tax obligations arising from examinations by tax authorities and from changes in tax laws in jurisdictions where we do business, including as a result of the erosion and profit shifting" project undertaken by the Organisation for Economic Co-operation and Development and otherwise;
- challenges to the tax-free nature of the ZimVie spinoff transaction and the subsequent liquidation of our retained interest in ZimVie;

33

- the risk of additional tax liability due to the recategorization of our independent agents and distributors to employees;

32

- the risk that material impairment of the carrying value of our intangible assets, including goodwill, could negatively affect our operating results;
- changes in general domestic and international economic conditions, including interest rate and currency exchange rate fluctuations;
- changes in general industry and market conditions, including domestic and international growth, inflation and currency exchange rates;
- the domestic and international business impact of political, social and economic instability, tariffs, trade restrictions and embargoes, sanctions, wars, disputes and other conflicts, including on our ability to operate in, export from or collect accounts receivable in affected countries;
- challenges relating to changes in and compliance with governmental laws and regulations affecting our U.S. and international businesses, including regulations of the and other government regulators relating to medical products, healthcare fraud and abuse laws and data privacy and security laws;
- the success of our quality and operational excellence initiatives;
- the ability to remediate matters identified in inspectional observations or warning letters issued by the FDA and other regulators, while continuing to satisfy the demand for our products;
- product liability, intellectual property and commercial litigation losses; and
- the ability to obtain and maintain adequate intellectual property protection.

Our Annual Report on Form 10-K for the year ended December 31, 2023 contains detailed discussions of these and other important factors under the heading "Risk Factors." You should understand that it is not possible to predict or identify all factors that could cause actual results to differ materially from forward-looking statements. Consequently, you should not consider any list or discussion of such factors to be a complete set of all potential risks or uncertainties.

Forward-looking statements speak only as of the date they are made and we expressly disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Readers of this report are cautioned not to rely on these forward-looking statements since there can be no assurance that these forward-looking statements will prove to be accurate. This cautionary statement is applicable to all forward-looking statements contained in this report.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk



There have been no material changes from the information provided in our Annual Report on Form 10-K for the year ended December 31, 2023.

#### Item 4. Controls and Procedures

*Evaluation of Disclosure Controls and Procedures.* We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")) that are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Because of inherent limitations, disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of disclosure controls and procedures are met.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective at a reasonable assurance level.

34

*Changes in Internal Control Over Financial Reporting.* There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2024 June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

In July 2024 we implemented a new enterprise resource planning ("ERP") software system for a significant portion of our U.S. and Canada sales operations. The new ERP replaced our existing order entry, fulfillment and financial systems, resulting in material changes to our business processes and internal controls. Our implementation planning process was designed to identify and implement appropriate internal control processes for any changes that occurred. We will continue to monitor and assess the impacts from the new ERP system on our internal controls throughout the quarter ending September 30, 2024.

33 35

## Part II – Other Information

### Item 1. Legal Proceedings

Information pertaining to legal proceedings can be found in Note 15 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report and is incorporated herein by reference.

### Item 1A. Risk Factors

You should carefully consider the factors discussed in Part I, Item 1A "Risk Factors" Factors of our Annual Report on Form 10-K for the year ended December 31, 2023 ("2023 Form 10-K"), which could materially affect our business, financial condition and results of operations. The risks described in our 2023 Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or results of operations.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

#### Unregistered Sales of Equity Securities

During the three-month period ended March 31, 2024, we issued 0.2 million shares of our common stock valued at \$23.4 million upon the achievement of a commercial milestone related to the Embody acquisition. The shares were issued to the former Embody shareholders whom we reasonably believed to be accredited investors in a private transaction exempt from registration under Section 4(a)(2) and Regulation D under the Securities Act. To minimize dilution from issuing shares for the milestone settlement, we repurchased 0.2 million shares of our common stock in February 2024.

#### Issuer Purchases of Equity Securities

The following table summarizes repurchases of common stock settled during the three-month period ended **March 31, 2024** **June 30, 2024**:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as a Part of Publicly Announced Program <sup>(1)</sup>	Maximum Approximate Dollar Value of Shares that may yet be Purchased Under the Program <sup>(1)</sup>
January 2024	530,017	\$ 120.94	530,017	\$ 91,702,916
February 2024	192,737	123.87	192,737	67,828,222
March 2024	-	-	-	67,828,222
Total	722,754	\$ 121.72	722,754	\$ 67,828,222

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as a Part of Publicly Announced Program <sup>(1)</sup>	Maximum Approximate Dollar Value of Shares that may yet be Purchased Under the Program <sup>(1)</sup>
April 2024	-	\$ -	-	\$ 67,828,222
May 2024	-	-	-	2,000,000,000
June 2024	888,000	107.43	888,000	1,904,602,369
Total	888,000	\$ 107.43	888,000	\$ 1,904,602,369

<sup>(1)</sup> In February 2016, our Board of Directors authorized a \$1.0 billion share repurchase program effective March 1, 2016, which authorization expired on May 29, 2024. In May 2024, our Board of Directors authorized a \$2.0 billion share repurchase program effective May 29, 2024, with no expiration date. Subsequent to June 30, 2024 through August 5, 2024, we repurchased an additional 1.9 million shares for \$207.0 million, resulting in \$1,697.6 million remaining authorized under the May 2024 program as of August 5, 2024.

### Item 3. Defaults Upon Senior Securities

None

### Item 4. Mine Safety Disclosures

Not applicable

### Item 5. Other Information

During the three-month period ended **March 31, 2024**, the Audit Committee of our Board of Directors approved the engagement of PricewaterhouseCoopers LLP, our independent registered public accounting firm, to perform certain audit-related and tax services. This disclosure is made pursuant to Section 10A(i)(2) of the Exchange Act, as added by Section 202 of the Sarbanes-Oxley Act of 2002.

During the three-month period ended **March 31, 2024** **June 30, 2024**, no members of our Board of Directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, amended or terminated any contract, instruction or written plan for the purchase or sale of our

34

securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any non-Rule 10b5-1 trading arrangement, as defined in rules of the Securities and Exchange Commission.

35 36

## Item 6. Exhibits

The following exhibits are filed or furnished as part of this report:

- |         |  |
|---------|--|
| 3.1     | <a href="#">Restated Certificate of Incorporation of Zimmer Biomet Holdings, Inc., dated May 17, 2021 (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed May 20, 2021)</a>   |
| 3.2     | <a href="#">Restated Bylaws of Zimmer Biomet Holdings, Inc., effective December 14, 2022 (incorporated by reference to Exhibit 3.2 to the Registrant's Annual Report on Form 10-K filed February 24, 2023)</a>   |
| 10.1    | <a href="#">Form of Amendment to Change in Control Severance Agreement with Ivan Tornos, Suketu Upadhyay, Rachel Ellingson, Lori Winkler Zimmer Biomet Holdings, Inc. Employee Stock Purchase Plan, as amended and Paul Stellato restated effective May 10, 2024 (incorporated by reference to Exhibit 10.51 10.1 to the Registrant's Annual Current Report on Form 10-K 8-K filed February 23, 2024 May 15, 2024)</a>                             |
| 10.2    | <a href="#">Amendment to Change in Control Severance Five-Year Revolving Credit Agreement, dated February 19, 2024 between as of June 28, 2024, among Zimmer GmbH Biomet Holdings, Inc., the lenders party thereto and Wilfred van Zuijen JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.52 10.1 to the Registrant's Annual Current Report on Form 10-K 8-K filed February 23, 2024 July 1, 2024)</a> |
| 10.3    | <a href="#">Deed 364-Day Revolving Credit Agreement, dated as of Amendment dated February 19, 2024 between June 28, 2024, among Zimmer Asia (HK) Limited Biomet Holdings, Inc., the lenders party thereto and Sang-Uk Yi JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.53 10.2 to the Registrant's Annual Current Report on Form 10-K 8-K filed February 23, 2024)</a>                               |
| 10.4    | <a href="#">Form of Change in Control Severance Agreement with Mark Bezjak (incorporated by reference to Exhibit 10.54 to the Registrant's Annual Report on Form 10-K filed February 23, 2024 July 1, 2024)</a>  |
| 21      | <a href="#">List of Subsidiaries of Zimmer Biomet Holdings, Inc.</a>   |
| 31.1    | <a href="#">Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934 of the Chief Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>   |
| 31.2    | <a href="#">Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934 of the Chief Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>   |
| 32      | <a href="#">Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>   |
| 101     | Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.   |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document   |
| 104     | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)   |

36 37

## 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 thereunto duly authorized.

ZIMMER BIOMET HOLDINGS, INC.

(Registrant)

Date: May 2, 2024 August 7, 2024

By: /s/ Suketu Upadhyay  
Suketu Upadhyay  
Chief Financial Officer and Executive Vice President - Finance, Operations  
and Supply Chain  
(Principal Financial Officer)

Date: May 2, 2024 August 7, 2024

By: /s/ Paul Stellato  
Paul Stellato  
Vice President, Controller and Chief Accounting Officer  
(Principal Accounting Officer)

37 38

Exhibit 21

**Subsidiaries of Zimmer Biomet Holdings, Inc.**

As of March 31, 2024 June 30, 2024

**Name of Subsidiary:**

**Jurisdiction of Formation**

**Domestic subsidiaries:**

A&E Advanced Closure Systems, LLC

Delaware

A&E Medical Corp.

New Jersey

Alto Development Corp.

New Jersey

Avitus Orthopaedics, Inc.

Delaware

Biomet Biologics, LLC

Indiana

Biomet CV Holdings, LLC

Delaware

Biomet Fair Lawn LLC

Indiana

Biomet International, Inc.

Delaware

Biomet Manufacturing, LLC

Indiana

Biomet Microfixation, LLC

Florida

dba Zimmer Biomet CMF and Thoracic

Biomet Orthopedics, LLC

Indiana

Biomet Sports Medicine, LLC

Indiana

dba Biomet Sports Medicine Limited Liability Company (Forced)

Biomet Trauma, LLC

Indiana

Biomet U.S. Reconstruction, LLC

Indiana

Biomet, Inc.

Indiana

dba Zimmer Biomet

Cayenne Medical, Inc.

Delaware

CD Diagnostics, Inc.

Delaware

CD Laboratories, Inc.

Maryland

Citra Labs, LLC	Indiana
dba Biomet Citra Labs, LLC ( <i>Forced</i> )	
Dornoch Medical Systems, Inc.	Illinois
Embody, Inc.	Virginia
ETEX Corporation	Massachusetts
dba Zimmer ETEX	
dba Zimmer Biomet ETEX	
ETEX Holdings, Inc.	Delaware
dba Zimmer ETEX	
dba Zimmer Biomet ETEX	
Interpore Cross International, LLC	California
dba Zimmer Biomet Irvine	
Jace Medical, LLC	Indiana
LVB Acquisition, Inc.	Delaware
Medtech Surgical, Inc.	Delaware
ReLign Corporation	Delaware
Synvasive Technology, Inc.	California
VSC Medical Holdings Inc.	Delaware
ZB EMEA US UK LLC	Delaware
ZB Manufacturing, LLC	Delaware
Zimmer Biomet Americas Holding LLC	Delaware
Zimmer Biomet Distribution LLC	Delaware
Zimmer Biomet Integrations LLC	Delaware
Zimmer Biomet Leasing LLC	Delaware

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Zimmer Caribe, LLC	Delaware
Zimmer CEP USA, Inc.	Delaware

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Zimmer Co-op Holdings, LLC	Delaware
Zimmer CV, Inc.	Delaware
Zimmer Knee Creations, Inc.	Delaware
Zimmer Orthobiologics, Inc.	New Jersey
Zimmer Production, Inc.	Delaware
Zimmer Spine Next, Inc.	Delaware
Zimmer Surgical, Inc.	Delaware
Zimmer Trabecular Metal Technology, Inc.	New Jersey
Zimmer US, Inc.	Delaware
dba Zimmer Biomet	
dba Zimmer Biomet Bay Area	
dba Zimmer Biomet Mid-Atlantic	
dba Zimmer Biomet North Texas	
dba Zimmer Biomet Southern California	
dba Zimmer US Cooperative	
dba Compression Therapy Concepts	

dba CTC Inc.	
Zimmer, Inc.	Delaware
dba Zimmer Biomet	
dba Zimmer Biomet Corporate Services ( <i>Forced</i> )	
dba Z Hotel	
dba CD Diagnostics	
dba CD Laboratories	

**Foreign subsidiaries:**

Biomet Argentina SA	Argentina
OSSIS Australia Pty Limited	Australia
Zimmer Australia Holding Pty. Ltd.	Australia
Zimmer Biomet Pty Ltd.	Australia
Zimmer Biomet Austria GmbH	Austria
ZH2LX Barbados Branch (branch)	Barbados
Zimmer Biomet Finance Srl	Barbados
Zimmer Biomet BV	Belgium
Biomet Insurance Ltd.	Bermuda
Biomet Brazil Medical Device Ltda.	Brazil
WM World Medical Importacao e Exportacao Ltda.	Brazil
Zimmer Biomet Brasil Ltda.	Brazil
ORTHOSoft ULC	Canada
dba Zimmer CAS	
Zimmer Biomet Canada, Inc.	Canada
ZB Cayman (Asia) Holding Ltd.	Cayman Islands
Biomet Chile SA	Chile
Beijing Montagne Medical Device Co. Ltd.	China
Biomet China Co., Ltd.	China
Changzhou Biomet Medical Devices Co. Ltd.	China
Shanghai Biomet Business Consulting Co. Ltd.	China
Zhejiang Biomet Medical Products Co. Ltd.	China
Zimmer Biomet CBT	China
Zimmer (Shanghai) Medical International Trading Co., Ltd.	China
Zimmer (Shanghai) Medical International Trading Co., Ltd. - Beijing Branch (branch)	China
Zimmer Biomet Colombia SAS	Colombia
Zimmer Biomet Centroamerica SA	Costa Rica
Zimmer Czech sro	Czech Republic

Zimmer Biomet Denmark ApS	Denmark
Zimmer Biomet Finland Oy	Finland
Biomet France Sarl	France

Medtech SAS	France
Neosteo SAS	France

**V.I.M.S. VIDEO INTERVENTIONNELLE MEDICALE SCIENTIFIQUE**

Zimmer Biomet France SAS  
Zimmer Biomet France Holdings SAS  
Biomet Deutschland GmbH  
Zimmer Biomet Healthcare Management GmbH  
Zimmer Biomet Deutschland GmbH  
Zimmer Germany Holdings GmbH  
Zimmer International Logistics GmbH  
Zimmer Biomet Hellas SA  
Biomet Hong Kong Holding Ltd.  
ZB Hong Kong Holding Ltd.  
ZB Hong Kong Ltd.  
Zimmer Asia (HK) Ltd.  
Zimmer India Private Ltd.  
Zimmer Biomet Ireland Holdings Limited  
Zimmer Biomet Ireland Limited  
Zimmer Orthopedics Manufacturing Limited  
D.S. Comp Ltd.  
Zimmer Biomet Comp Ltd.  
Zimmer Biomet Medical Israel Ltd.

**J-Tech S.R.L.**

Zimmer Biomet Italia Srl  
Zimmer Biomet GK  
Zimmer Biomet Kikaku G.K.  
Zimmer Biomet Korea Ltd.  
Zimmer GmbH, Representative Office Lebanon (branch)  
Zimmer Biomet OUS Holdings AG  
Zimmer Luxembourg Sarl  
Zimmer Luxembourg II Sarl  
Zimmer Medical Malaysia SDN BHD  
Biomet Mexico S.A. de C.V.  
Representaciones Zimmer Inc., S. de R.L. de C.V.

**A&E Medical Europe BV****A&E Medical Europe Cooperatief U.A.**

Biomet C.V.  
Biomet Global Supply Chain Center B.V.  
Biomet Holdings B.V.  
**Medical Concepts Holding B.V.**  
ZB COOP C.V.  
Zimmer Biomet Asia Holding B.V.  
Zimmer Biomet Nederland B.V.  
Zimmer Manufacturing B.V.  
OSSIS Corporation  
Zimmer Biomet New Zealand Company  
Zimmer Biomet NZ Holdings Corporation  
Zimmer Biomet Norway AS  
Zimmer Biomet Polska Sp. z o.o.  
Zimmer Biomet Portugal Unipessoal, Lda  
**Biomet Orthopedics Puerto Rico, Inc.**  
Zimmer Manufacturing B.V. (branch)  
Zimmer Biomet Romania S.R.L.

France  
France  
France  
Germany  
Germany  
Germany  
Germany  
Germany  
Greece  
Hong Kong  
Hong Kong  
Hong Kong  
Hong Kong  
India  
Ireland  
Ireland  
Ireland  
Israel  
Israel  
Israel  
**Italy**  
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Japan  
Japan  
Korea  
Lebanon  
Liechtenstein  
Luxembourg  
Luxembourg  
Malaysia  
Mexico  
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Norway  
Poland  
Portugal  
**Puerto Rico**  
Puerto Rico  
Romania

Zimmer CIS Ltd.

Russia

Zimmer Biomet Asel Alarabiya Limited Company

Saudi Arabia

Zimmer GmbH, Zimmer Biomet Regional Headquarters (branch)

Saudi Arabia

Zimmer Biomet Asia Holdings Pte. Ltd.

Singapore

Zimmer Pte. Ltd.

Singapore

Zimmer Slovakia sro

Slovakia

Zimmer Biomet South Africa (Pty) Ltd.

South Africa

Biomet Spain Orthopaedics S.L.

Spain

Zimmer Biomet Spain S.L.

Spain

Biomet Cementing Technologies AB

Sweden

Scandimed Holding AB

Sweden

Zimmer Biomet Sweden AB

Sweden

Zimmer Biomet Global Holdings Switzerland GmbH

Switzerland

Zimmer Biomet OUS Holdings 1 GmbH

Switzerland

Zimmer GmbH

Switzerland

Zimmer GmbH, Euro IP Branch (branch)

Switzerland

Zimmer GmbH, Distribution (branch)

Switzerland

Zimmer GmbH, Zug Branch (branch)

Switzerland

Zimmer Surgical SA

Switzerland

Zimmer Switzerland Holdings LLC

Switzerland

Zimmer Switzerland Manufacturing GmbH

Switzerland

Zimmer Biomet Taiwan Co., Ltd.

Taiwan

Zimmer Biomet (Thailand) Co., Ltd.

Thailand

Zimmer Biomet Tibbi Cihazlar Sanayi ve Ticaret Anonim Sirketi

Turkey

Zimmer Gulf FZ LLC

United Arab Emirates

Biomet UK Ltd.

United Kingdom

Biomet UK Healthcare Ltd.

United Kingdom

ZB EMEA 1 LP

United Kingdom

ZB EMEA Finance UK 1 Ltd.

United Kingdom

ZB EMEA Finance UK 2 Ltd.

United Kingdom

ZB EMEA Finance UK 3 Ltd.

United Kingdom

ZB UK Group Holdings Limited

United Kingdom

ZB UK Plant Holdings Limited

United Kingdom

Zimmer Biomet UK Ltd.

United Kingdom

Zimmer Trustee Ltd.

United Kingdom

Zimmer Pte. Ltd., The Representative Office of Zimmer Pte. Ltd. in Hanoi City (branch)

Vietnam

<sup>1</sup> Excludes certain entities that have de minimis activity or are in the process of being liquidated or dissolved and that, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.



**CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Ivan Tornos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Zimmer Biomet Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors or the audit committee of the registrant's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2024 August 7, 2024

/s/ Ivan Tornos

Ivan Tornos

President and Chief Executive Officer

**CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Suketu Upadhyay, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Zimmer Biomet Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors the audit committee of the registrant's board of directors:
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2024 August 7, 2024

/s/ Suketu Upadhyay

Suketu Upadhyay

Chief Financial Officer and Executive Vice President - Finance,  
Operations and Supply Chain

Exhibit 32

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Zimmer Biomet Holdings, Inc. (the "Company") for the period ended March 31, 2024 June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Ivan Tornos

Ivan Tornos

President and Chief Executive Officer

May 2, August 7, 2024

/s/ Suketu Upadhyay

Suketu Upadhyay

Chief Financial Officer and Executive Vice President - Finance,  
Operations and Supply Chain

May 2, August 7, 2024

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#### DISCLAIMER

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