

REFINITIV

DELTA REPORT

10-Q

GMED - GLOBUS MEDICAL INC

10-Q - MARCH 31, 2023 COMPARED TO 10-Q - SEPTEMBER 30, 2022

The following comparison report has been automatically generated

TOTAL DELTAS 2425

█ CHANGES 127

█ DELETIONS 247

█ ADDITIONS 2051

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 **September 30, 2022** **March 31, 2023**
or
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File No. 001-35621
GLOBUS MEDICAL, INC.
(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation or organization)

04-3744954

(I.R.S. Employer Identification No.)

2560 General Armistead Avenue, Audubon, PA 19403-5214

(610) 930-1800

(Address of principal executive offices) (Zip Code)

(Registrant's telephone number, including Area Code)

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

Title of each class	Trading Symbols	Name of exchange on which registered
Class A Common Stock, par value \$.001 per share	GMED	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

The number of shares outstanding of the issuer's common stock (par value \$0.001 per share) as of **November 4, 2022** **May 1, 2023** was **99,842,557** **100,333,893** shares.

1

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

TABLE OF CONTENTS

		Page
PART I.	FINANCIAL INFORMATION	
Item 1.	Financial Statements	
	Condensed Consolidated Balance Sheets (Unaudited)	
	September 30, 2022 March 31, 2023 and December 31, 2021 December 31, 2022	3
	Condensed Consolidated Statements of Operations and Comprehensive Income (Unaudited)	
	Three and nine months ended September 30, 2022 March 31, 2023 and September 30, 2021 March 31, 2022	4

Condensed Consolidated Statements of Equity (Unaudited)	5
Three and nine months ended September 30, 2022 March 31, 2023 and September 30, 2021 March 31, 2022	
Condensed Consolidated Statements of Cash Flows (Unaudited)	
Nine Three months ended September 30, 2022 March 31, 2023 and September 30, 2021 March 31, 2022	6
Notes to Condensed Consolidated Financial Statements (Unaudited)	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	23
Item 3. Quantitative and Qualitative Disclosures About Market Risk	31 ²⁹
Item 4. Controls and Procedures	31 ²⁹
PART II. OTHER INFORMATION	33 ³⁰
Item 1. Legal Proceedings	33 ³⁰
Item 1A. Risk Factors	33 ³¹
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	33 ³⁵
Item 3. Defaults Upon Senior Securities	33 ³⁵
Item 4. Mine Safety Disclosures	33 ³⁵
Item 5. Other Information	33 ³⁵
Item 6. Exhibits	33 ³⁵
SIGNATURES	35 ³⁷

[Table of Contents](#)

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

**GLOBUS MEDICAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS**

(Unaudited)

	September 30,		December 31,		March 31, December 31,	
	2022	2021	2023	2022	2023	2022
<i>(In thousands, except share and per share values)</i>						
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 134,223	\$ 193,069	\$ 217,685	\$ 150,466		
Short-term marketable securities	271,063	250,378	286,685	295,592		
Accounts receivable, net of allowances of \$4,284 and \$4,962, respectively	206,307	164,436				
Accounts receivable, net of allowances of \$5,514 and \$4,724, respectively			222,783	213,247		
Inventories	282,408	237,001	321,033	298,981		
Prepaid expenses and other current assets	23,803	18,417	19,201	20,997		
Income taxes receivable	2,197	1,215	3,042	4,061		
Total current assets	920,001	864,516	1,070,429	983,344		
Property and equipment, net of accumulated depreciation of \$332,917 and \$305,575, respectively	236,342	221,076				
Property and equipment, net of accumulated depreciation of \$353,868 and \$343,036, respectively			245,098	243,729		
Long-term marketable securities	503,965	562,475	480,025	495,852		
Intangible assets, net	54,057	68,660	59,194	63,574		
Goodwill	181,774	179,708	198,710	197,471		
Other assets	35,654	36,334	44,985	43,311		
Deferred income taxes	44,719	24,494	51,179	48,845		
Total assets	\$ 1,976,512	\$ 1,957,263	\$ 2,149,620	\$ 2,076,126		
LIABILITIES AND EQUITY						
Current liabilities:						
Accounts payable	\$ 31,971	\$ 21,955	\$ 39,835	\$ 36,101		
Accrued expenses	88,361	91,168	83,998	94,705		

Income taxes payable	1,308	1,046	16,389	990
Business acquisition liabilities	11,329	11,770	13,784	13,308
Deferred revenue	12,286	12,025	13,541	14,100
Payable to broker	—	2,200		
Total current liabilities	145,255	140,164	167,547	159,204
Business acquisition liabilities, net of current portion	52,965	58,755	52,486	54,950
Deferred income taxes	1,578	4,314	1,369	1,779
Other liabilities	12,603	12,642	13,398	13,820
Total liabilities	212,401	215,875	234,800	229,753
Commitments and contingencies (Note 15)				
Equity:				
Class A common stock; \$0.001 par value. Authorized 500,000,000 shares; issued and outstanding 77,401,459 and 79,113,916 shares at September 30, 2022 and December 31, 2021, respectively	77	79		
Class B common stock; \$0.001 par value. Authorized 275,000,000 shares; issued and outstanding 22,430,097 and 22,430,097 shares at September 30, 2022 and December 31, 2021, respectively	22	22		
Class A common stock; \$0.001 par value. Authorized 500,000,000 shares; issued and outstanding 77,904,573 and 77,762,282 shares at March 31, 2023 and December 31, 2022, respectively			78	78
Class B common stock; \$0.001 par value. Authorized 275,000,000 shares; issued and outstanding 22,430,097 and 22,430,097 shares at March 31, 2023 and December 31, 2022, respectively			22	22
Additional paid-in capital	606,352	553,787	645,062	630,952
Accumulated other comprehensive income/(loss)	(32,226)	(6,772)	(19,422)	(24,630)
Retained earnings	1,189,886	1,194,272	1,289,080	1,239,951
Total equity	1,764,111	1,741,388	1,914,820	1,846,373
Total liabilities and equity	\$ 1,976,512	\$ 1,957,263	\$ 2,149,620	\$ 2,076,126

See accompanying notes to unaudited condensed consolidated financial statements.

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

<i>(In thousands, except per share amounts)</i>	(Unaudited)					
	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,	September 30,	2022	2021	2023	2022
Net sales	\$ 254,148	\$ 229,721	\$ 748,345	\$ 708,081	\$ 276,688	\$ 230,549
Cost of goods sold	65,497	58,554	193,134	177,427	70,825	59,167
Gross profit	188,651	171,167	555,211	530,654	205,863	171,382
Operating expenses:						
Research and development	18,701	15,853	53,508	46,324	21,082	17,412
Selling, general and administrative	106,576	96,444	314,042	301,589	122,416	100,748
Provision for litigation	—	605	2,341	511	—	2,341
Amortization of intangibles	4,324	4,573	13,229	13,970	4,601	4,512
Acquisition related costs	(652)	363	(1,832)	14,507	1,361	(76)
Total operating expenses	128,949	117,838	381,288	376,901	149,460	124,937
Operating income/(loss)	59,702	53,329	173,923	153,753	56,403	46,445
Other income/(expense), net						
Interest income/(expense), net	3,899	2,105	8,918	7,358	6,497	2,543
Foreign currency transaction gain/(loss)	(2,210)	(898)	(3,708)	(969)	212	(391)

Other income/(expense)	74	(84)	1,770	437	77	301
Total other income/(expense), net	1,763	1,123	6,980	6,826	6,786	2,453
Income/(loss) before income taxes	61,465	54,452	180,903	160,579	63,189	48,898
Income tax provision	14,034	7,241	40,799	26,494	14,060	10,814
Net income/(loss)	\$ 47,431	\$ 47,211	\$ 140,104	\$ 134,085	\$ 49,129	\$ 38,084
Other comprehensive income/(loss), net of tax:						
Unrealized gain/(loss) on marketable securities	(4,380)	(991)	(18,239)	(3,431)	4,298	(8,828)
Foreign currency translation gain/(loss)	(2,478)	(491)	(7,215)	(3,578)	910	(1,567)
Total other comprehensive income/(loss), net of tax	(6,858)	(1,482)	(25,454)	(7,009)	5,208	(10,395)
Comprehensive income/(loss)	\$ 40,573	\$ 45,729	\$ 114,650	\$ 127,076	\$ 54,337	\$ 27,689
Earnings per share:						
Basic	\$ 0.48	\$ 0.47	\$ 1.39	\$ 1.33	\$ 0.49	\$ 0.37
Diluted	\$ 0.47	\$ 0.45	\$ 1.36	\$ 1.30	\$ 0.48	\$ 0.37
Weighted average shares outstanding:						
Basic	99,652	101,104	100,638	100,477	100,279	101,600
Diluted	101,417	104,418	102,789	103,430	102,196	104,077

See accompanying notes to unaudited condensed consolidated financial statements.

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)

(In thousands)	Accumulated						Accumulated						
	Class A		Class B				Class A		Class B				
	Common	Common	Additional	other	paid-in	comprehensive	Retained	Common	Common	Additional	other	paid-in	comprehensive
	Stock	Stock	Stock	Stock	capital	income/(loss)	earnings	Stock	Stock	Stock	capital	income/(loss)	earnings
	Shares	\$	Shares	\$			Total	Shares	\$	Shares	\$		Total
Balance at													
December 31,													
2021	79,114	\$ 79	22,430	\$ 22	\$ 553,787	\$	(6,772)	1,194,272	\$ 1,741,388				
Balance at													
December 31,													
2022								77,762	\$ 78	22,430	\$ 22	\$ 630,952	\$ (24,630)
Stock-based compensation	—	—	—	—	8,353	—	—	8,353	—	—	—	9,032	—
Grant of restricted stock units	—	—	—	—	196	—	—	196	—	—	—	219	—
Exercise of stock options	184	—	—	—	7,746	—	—	7,746	143	—	—	4,859	—
Comprehensive income/(loss)	—	—	—	—	(10,395)	38,084	27,689	—	—	—	—	5,208	49,129
Balance at													
March 31,													
2022	79,298	\$ 79	22,430	\$ 22	\$ 570,082	\$	(17,167)	1,232,356	\$ 1,785,372				
Stock-based compensation	—	—	—	—	8,020	—	—	8,020					

Grant of restricted stock units	—	—	—	220	—	—	220									
Exercise of stock options	90	—	—	3,585	—	—	3,585									
Comprehensive income/(loss)	—	—	—	—	(8,201)	54,590	46,389									
Repurchase and retirement of common stock	(2,351)	(2)	—	—	—	(144,491)	(144,493)									
Balance at																
June 30, 2022	77,037	\$ 77	22,430	\$ 22	\$ 581,907	\$ (25,368)	\$ 1,142,455	\$ 1,699,093								
Stock-based compensation	—	—	—	8,434	—	—	8,434									
Grant of restricted stock units	—	—	—	1,116	—	—	1,116									
Exercise of stock options	364	—	—	14,895	—	—	14,895									
Comprehensive income/(loss)	—	—	—	—	(6,858)	47,431	40,573									
Balance at																
September 30, 2022	77,401	\$ 77	22,430	\$ 22	\$ 606,352	\$ (32,226)	\$ 1,189,886	\$ 1,764,111								
Balance at March 31, 2023								77,905 \$ 78 22,430 \$ 22 \$ 645,062 \$ (19,422) \$ 1,289,080 \$ 1,914,820								
	Class A	Class B	Accumulated				Class A	Class B	Accumulated							
	Common	Common	Additional	other			Common	Common	Additional	other						
	Stock	Stock	paid-in	comprehensive	Retained	Total	Stock	Stock	paid-in	comprehensive	Retained	Total				
(in thousands)	Shares	\$	Shares	\$	capital	income/(loss)	earnings	Total	Shares	\$	Shares	\$	capital	income/(loss)	earnings	Total
Balance at December 31, 2020	77,284	\$ 77	22,430	\$ 22	\$ 457,161	\$ 3,955	\$ 1,045,082	\$ 1,506,297								
Balance at December 31, 2021									79,114	\$ 79	22,430	\$ 22	\$ 553,787	\$ (6,772)	\$ 1,194,272	\$ 1,741,388
Stock-based compensation	—	—	—	7,883	—	—	7,883	—	—	—	8,353	—	—	—	8,353	
Grant of restricted stock units	—	—	—	163	—	—	163	—	—	—	196	—	—	—	196	
Exercise of stock options	303	1	—	9,100	—	—	9,101	184	—	—	7,746	—	—	—	7,746	
Comprehensive income/(loss)	—	—	—	—	(5,779)	45,329	39,550	—	—	—	—	(10,395)	38,084	27,689		
Balance at March 31, 2021	77,587	\$ 78	22,430	\$ 22	\$ 474,307	\$ (1,824)	\$ 1,090,411	\$ 1,562,994								
Stock-based compensation	—	—	—	7,788	—	—	7,788									

Grant of restricted stock units	—	—	—	197	—	—	197					
Exercise of stock options	716	1	—	26,496	—	—	26,497					
Comprehensive income/(loss)	—	—	—	—	252	41,545	41,797					
Balance at												
June 30, 2021	78,303	\$79	22,430	\$22	\$508,788	\$ (1,572)	\$1,131,956	\$1,639,273				
Stock-based compensation	—	—	—	7,621	—	—	7,621					
Grant of restricted stock units	—	—	—	1,311	—	—	1,311					
Exercise of stock options	727	—	—	24,335	—	—	24,335					
Comprehensive income/(loss)	—	—	—	—	(1,482)	47,211	45,729					
Balance at												
September 30, 2021	79,030	\$79	22,430	\$22	\$542,055	\$ (3,054)	\$1,179,167	\$1,718,269				
Balance at												
March 31, 2022					79,298	\$79	22,430	\$22	\$570,082	\$ (17,167)	\$1,232,356	\$1,785,372

See accompanying notes to unaudited condensed consolidated financial statements.

5

Table of Contents

GLOBUS MEDICAL, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In thousands)	Nine Months Ended		Three Months Ended	
	September 30,		March 31,	
	2022	2021	2023	2022
Cash flows from operating activities:				
Net income	\$ 140,104	\$ 134,085	\$ 49,129	\$ 38,084
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	51,342	53,038	18,108	16,837
Amortization of premium (discount) on marketable securities	4,446	1,763	482	1,690
Write-down for excess and obsolete inventories, net	5,890	5,570	2,055	1,834
Stock-based compensation expense	24,303	22,781	8,953	8,152
Allowance for doubtful accounts	(396)	883	810	(728)
Change in fair value of business acquisition liabilities	(2,043)	14,336	(446)	(263)
Change in deferred income taxes	(17,014)	(3,131)	(3,979)	(2,994)
(Gain)/loss on disposal of assets, net	241	383	81	115
Payment of business acquisition related liabilities	(2,021)	—	(772)	(743)
(Increase)/decrease in:				
Accounts receivable	(46,200)	(19,928)	(9,861)	(1,614)
Inventories	(48,650)	(9,161)	(22,470)	(17,939)
Prepaid expenses and other assets	(6,866)	(794)	836	547
Increase/(decrease) in:				

Accounts payable	10,407	2,521	3,916	4,160
Accrued expenses and other liabilities	1,660	7,500	(9,969)	(15,428)
Income taxes payable/receivable	(710)	(9,825)	16,440	12,980
Net cash provided by/(used in) operating activities	114,493	200,021	53,313	44,690
Cash flows from investing activities:				
Purchases of marketable securities	(322,100)	(347,057)	(69,141)	(142,145)
Maturities of marketable securities	239,126	171,886	85,546	106,549
Sales of marketable securities	89,978	82,882	13,240	42,673
Purchases of property and equipment	(55,707)	(39,853)	(15,991)	(19,971)
Acquisition of businesses, net of cash acquired and purchases of intangible and other assets	(1,175)	—	(2,662)	(1,000)
Net cash provided by/(used in) investing activities	(49,878)	(132,142)	10,992	(13,894)
Cash flows from financing activities:				
Payment of business acquisition liabilities	(5,288)	(4,763)	(1,919)	(1,699)
Proceeds from exercise of stock options	26,228	59,933	4,859	7,746
Repurchase of common stock	(144,493)	—	—	—
Net cash provided by/(used in) financing activities	(123,553)	55,170	2,940	6,047
Effect of foreign exchange rates on cash	92	(570)	(26)	(123)
Net increase/(decrease) in cash and cash equivalents	(58,846)	122,479	67,219	36,720
Cash and cash equivalents at beginning of period	193,069	239,397	150,466	193,069
Cash and cash equivalents at end of period	\$ 134,223	\$ 361,876	\$ 217,685	\$ 229,789
Supplemental disclosures of cash flow information:				
Income taxes paid	\$ 58,301	\$ 39,450	\$ 1,724	\$ 572
Purchases of property and equipment included in accounts payable and accrued expenses	\$ 5,341	\$ 3,491	\$ 6,493	\$ 4,105

See accompanying notes to unaudited condensed consolidated financial statements.

6

Table of Contents

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

NOTE 1. BACKGROUND

(a) The Company

Globus Medical, Inc., together with its subsidiaries, is a medical device company that develops and commercializes healthcare solutions with a mission to improve the quality of life of patients with musculoskeletal disorders. We are primarily focused on implants that promote healing in patients with musculoskeletal disorders, including the use of a robotic guidance and navigation system and products to treat patients who have experienced orthopedic traumas.

We are an engineering-driven company with a history of rapidly developing and commercializing advanced products and procedures to assist surgeons in effectively treating their patients and to address new treatment options. With over 220 230 products launched, we offer a comprehensive portfolio of innovative and differentiated technologies that address a variety of musculoskeletal pathologies, anatomies, and surgical approaches.

We are headquartered in Audubon, Pennsylvania, and we market and sell our products through our exclusive sales force in the United States, as well as within North, Central & South America, Europe, Asia, Africa and Australia. Our The sales force consists of direct sales representatives and distributor sales representatives employed by exclusive independent distributors.

The terms the "Company," "Globus," "we," "us" and "our" refer to Globus Medical, Inc. and, where applicable, our consolidated subsidiaries.

(b) NuVasive Agreement and Plan of Merger

On February 8, 2023, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with NuVasive, Inc. ("NuVasive") and Zebra Merger Sub Inc. ("Merger Sub"), a wholly owned subsidiary of the Company, pursuant to which Merger Sub will merge with and into NuVasive (the "Merger"), with NuVasive surviving as a wholly owned subsidiary of the Company. Under the Merger Agreement, at the effective time of the Merger, each share of common stock, par value \$0.001 per share, of NuVasive issued and outstanding immediately prior to the effective time (other than certain excluded shares as described in the Merger Agreement) will be cancelled and converted into the right to receive 0.75 fully paid and non-assessable shares of Class A common stock of Globus Medical, \$0.001 par value per share, and the right to receive cash in lieu of fractional shares. On April 27, 2023, the Merger and related transactions were approved by stockholders of the Company and NuVasive. The Company expects that the Merger will close in the third quarter of 2023, subject to the expiration or termination of the waiting period under the HSR Act and the satisfaction or waiver of the other customary closing conditions.

As previously disclosed, in connection with the Merger, the Company and NuVasive filed notification and report forms (the "HSR Filing") under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") with the U.S. Federal Trade Commission (the "FTC") and on March 31, 2023, the Company, in consultation with NuVasive, voluntarily withdrew its HSR Filing. The Company refiled on April 3, 2023 in order to restart the initial waiting period under the HSR Act and to provide the FTC additional time to review the proposed transaction.

On May 3, 2023, the Company and NuVasive each received a request for additional information and documentary materials (the "Second Request") from the FTC in connection with the FTC's review of the Merger. The effect of the Second Request is to extend the waiting period imposed by the HSR Act until 30 days after the Company and NuVasive have substantially complied with the Second Request, unless that period is extended voluntarily by the parties or terminated sooner by the FTC. Both parties intend to continue to work cooperatively with the FTC in its review. Completion of the Merger remains subject to the expiration or termination of the waiting period under the HSR Act and the satisfaction or waiver of the other closing conditions specified in the Merger Agreement.

For more information about the Merger, please refer to our Current Reports on Form 8-K filed on February 9, 2023, April 3, 2023, April 17, 2023, April 28, 2023 and May 3, 2023.

(c) COVID-19 Pandemic Impact

In March 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. COVID-19 has significantly

7

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

impacted the economic conditions in the U.S. and globally as federal, state and local governments react to the public health crisis, creating significant uncertainties in the economy.

Although the Company cannot reasonably estimate the length or severity of the impact that COVID-19 will have on its financial results, the Company may experience a material adverse impact on its sales, results of operations, and cash flows in 2022 2023 should there be a resurgence impacting hospitals, surgical facilities, our internal operations, or our suppliers.

In response to these developments, the Company will continue to monitor liquidity and cash flow. The Company has the ability to borrow from its existing credit facility, if needed, although we do not expect to do so due to our cash, cash equivalents and short-term marketable securities balances.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The accompanying interim unaudited condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial statements and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain information and footnote disclosures normally included in complete financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). As such, the information included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying footnotes included in our Annual Report on Form 10-K for the year ended December 31, 2021 December 31, 2022.

In the opinion of management, these condensed consolidated financial statements include all adjustments necessary, which are of a normal and recurring nature, for the fair presentation of our financial position as of September 30, 2022 March 31, 2023, and results of operations for the three and nine months ended September 30, 2022 March 31, 2023. The results of operations for any interim period may not be indicative of results for the full year.

(b) Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of Globus and its wholly-owned majority-owned or controlled subsidiaries. All intercompany balances and transactions are eliminated in consolidation.

7

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

(c) Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. We base our estimates, in part, on historical experience that management believes to be reasonable under the circumstances. Actual results could differ from those estimates. Estimates and assumptions are periodically reviewed and the effects of revisions are reflected in the condensed consolidated financial statements in the period they are determined to be necessary.

Significant areas that require estimates include revenue recognition, intangible assets, business acquisition liabilities, allowance for doubtful accounts, stock-based compensation, reserves for excess and obsolete inventory, useful lives of assets, the outcome of litigation, recoverability of intangible assets and income taxes. We are subject to risks and uncertainties due to changes in the healthcare environment, regulatory oversight, competition, and legislation that may cause actual results to differ from estimated results.

(d) Revenue Recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. Sales and other taxes we collect concurrent with revenue-producing activities are excluded from revenue. For purposes of disclosure, we disaggregate our revenue into two categories, Musculoskeletal Solutions and Enabling Technologies. Our Musculoskeletal Solutions products consist primarily of the implantable devices, disposables, and unique instruments used in an expansive range of spine, orthopedic trauma, hip, knee and extremity procedures. The majority of our

8

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

Musculoskeletal Solutions contracts have a single performance obligation and revenue is recognized at a point in time. Our Enabling Technologies products are advanced hardware and software systems, and related technologies that are designed to enhance a surgeon's capabilities and streamline surgical procedures by making them less invasive, more accurate, and more reproducible to improve patient care. The majority of our Enabling Technologies product contracts contain multiple performance obligations, including maintenance and support, and revenue is recognized as we fulfill each performance obligation. When contracts have multiple performance obligations, we allocate the contract's transaction price to each performance obligation using our best estimate of the standalone selling price of each distinct good or service in the contract. Our policy is to classify shipping and handling costs billed to customers as sales and the related expenses as cost of goods sold.

Nature of Products and Services

A significant portion of our Musculoskeletal Solutions product revenue is generated from consigned inventory maintained at hospitals or with sales representatives. Revenue from the sale of consigned musculoskeletal products is recognized when we transfer control, which generally occurs at the time the product is used or implanted. For all other Musculoskeletal Solutions product transactions, we recognize revenue when we transfer title to the goods, provided there are no remaining performance obligations that can affect the customer's final acceptance of the sale.

Revenue from the sale of Enabling Technologies products is generally recognized when control transfers to the customer which occurs at the time the product is shipped or delivered. Any revenue related to the provision of maintenance and support is recognized as we satisfy the performance obligation. We use an observable price to determine the stand-alone selling price for each separate performance obligation.

Contract Balances

Timing of revenue recognition may differ from the timing of invoicing to customers. We record a receivable when revenue is recognized prior to invoicing, or deferred revenue when revenue is recognized subsequent to invoicing.

Deferred revenue is comprised mainly of unearned revenue related to the sales of certain Enabling Technologies products, which includes maintenance and support services. Maintenance and support services are generally invoiced annually, at the beginning of each contract period, and revenue is recognized ratably over the maintenance period. For the three and nine months ended September 30, 2022 March 31, 2023, there was an immaterial amount of revenue recognized from previously deferred revenue.

8

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

(e) Cash and Cash Equivalents

The Company considers all short-term, highly liquid investments with original maturities of 90 days or less at acquisition date to be cash equivalents. Cash equivalents, which consist of money market accounts, commercial paper and corporate debt securities are stated at fair value.

(f) Marketable Securities

Our marketable securities include municipal bonds, corporate debt securities, commercial paper, asset-backed securities, and securities of government, federal agency, and other sovereign obligations and are classified as available-for-sale as of September 30, 2022 March 31, 2023. Short-term and long-term marketable securities are recorded at fair value on our condensed consolidated balance sheets. Any change in fair value of our available-for-sale securities, that do not result in recognition or reversal of an allowance for credit loss or write-down, are recorded, net of taxes, as a component of accumulated other comprehensive income or loss on our condensed consolidated balance sheets. Premiums and discounts are recognized over the life of the related security as an adjustment to yield using the straight-line method. Realized gains or losses from the sale of marketable securities are determined on a specific identification basis. Realized gains and losses, interest income and the amortization/accretion of premiums/discounts are included in as a component of other income/(expense), net, on our condensed consolidated statements of

operations and comprehensive income. Interest receivable is recorded **as a component of** prepaid expenses and other current assets on our condensed consolidated balance sheets.

We invest in securities that meet or exceed standards as defined in our investment policy. Our policy also limits the amount of credit exposure to any one issue, issuer or type of security. We review declines in the fair value of our securities to determine whether they are resulting from expected credit losses or other factors. If the assessment indicates a credit loss exists, we recognize any measured impairment as an allowance for credit loss in our condensed

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

consolidated statements of operations. Any other impairments not recorded through allowance for credit losses is recognized in our other comprehensive income.

(g) Fair Value Measurements

Assets and Liabilities That Are Measured at Fair Value on a Recurring Basis

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or the liability in an orderly transaction between market participants on the measurement date. Additionally, a fair value hierarchy was established that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. The level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Our assets and liabilities measured at fair value on a recurring basis are classified and disclosed in one of the following three categories:

Level 1—quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2—observable inputs other than quoted prices in active markets for identical assets and liabilities; and

Level 3—unobservable inputs in which there is little or no market data available, which require the reporting entity to use significant unobservable inputs or valuation techniques.

Assets and Liabilities That Are Measured at Fair Value on a Nonrecurring Basis

The purchase price of business acquisitions is primarily allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values on the acquisition date, with the excess recorded as goodwill. We utilize Level 3 inputs in the determination of the initial fair value.

Contingent consideration represents contingent milestone, performance and revenue-sharing payment obligations related to acquisitions and is measured at fair value, based on significant inputs that are not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The valuation of contingent consideration uses assumptions we believe would be made by a market participant. We assess these assumptions on an ongoing basis as additional data impacting the assumptions is obtained. The fair value of contingent consideration **is recorded** in business acquisition liabilities on our condensed consolidated balance sheets, and changes in the fair value of contingent consideration are recognized in acquisition related costs in the condensed consolidated statements of operations and comprehensive income. The fair value of contingent restricted stock unit ("RSU") grants are recorded as additional paid-in capital in the consolidated balance sheet on the day of the grant due to the remote likelihood of forfeiture.

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

(h) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a first-in, first-out basis. The majority of our inventory is finished goods and we utilize both in-house manufacturing and third-party suppliers to produce our products. We periodically evaluate the carrying value of our inventories in relation to estimated forecasts of product demand, which takes into consideration the life cycle of product releases. When quantities on hand exceed estimated sales forecasts, we record a write-down for such excess inventories. Once inventory has been written down, it creates a new cost basis for inventory that is not subsequently written up.

(i) Goodwill and Intangible Assets

Goodwill represents the excess of purchase price over the fair values of the identifiable assets acquired less the liabilities assumed in the acquisition of a business. Goodwill is tested for impairment at least annually or whenever events or circumstances indicate that a carrying amount may not be recoverable. Goodwill is tested for impairment at the reporting unit level by comparing the reporting unit's carrying amount to the estimated fair value of the reporting unit. Fair values are estimated using an income and discounted cash flow approach. We perform our annual impairment test of goodwill in the fourth quarter of each year. We consider qualitative indicators of the fair value of a reporting unit when it is unlikely that a reporting unit has impaired goodwill. **During the nine months ended September 30, 2022 and 2021, we did not record any impairment charges related to goodwill.**

[Table of Contents](#)**GLOBUS MEDICAL, INC. AND SUBSIDIARIES**

Intangible assets consist of purchased in-process research and development ("IPR&D"), developed technology, supplier network, patents, customer relationships, re-acquired rights, and non-compete agreements. Intangible assets with finite useful lives are amortized over the period of estimated benefit using the straight-line method and estimated useful lives ranging from **one** 1 to **sixteen** 21 years. Intangible assets with finite useful lives are tested whenever events or circumstances indicate that a carrying amount of an asset (asset group) may not be recoverable. If an impairment is indicated, we measure the amount of the impairment loss as the amount by which the carrying amount exceeds the fair value of the asset. Fair value is generally determined using a discounted future cash flow analysis. **There were no impairments of finite-lived intangible assets during the nine months ended September 30, 2022 or 2021.**

IPR&D has an indefinite life and is not amortized until completion of the project at which time the IPR&D becomes an amortizable asset. Intangible assets with indefinite useful lives are tested for impairment annually or whenever events or circumstances indicate that a carrying amount of an asset (asset group) may not be recoverable. If the related project is not completed in a timely manner, we may have an impairment related to the IPR&D, calculated as the excess of the asset's carrying value over its fair value. **There**

During the three months ended March 31, 2023, there were no impairments **of** in **goodwill, finite-lived intangible assets, and IPR&D during the nine months ended September 30, 2022 or 2021.** &D.

(j) Stock-Based Compensation

The cost of employee and non-employee director awards is measured at the grant date fair value of the award and is recognized as expense over the requisite service period, which is generally the vesting period of the equity award. Compensation expense for awards includes the impact of forfeiture in the period when they occur.

We estimate the fair value of stock options utilizing the Black-Scholes option-pricing model. Inputs to the Black-Scholes model include our stock price, expected volatility, expected term, risk-free interest rate and expected dividends. Expected volatility is based on the historical volatility of the Company's common stock over the most recent period commensurate with the estimated expected term of the Company's stock options offering period which is derived from historical experience. The risk-free interest rate assumption is based on observed interest rates of U.S. Treasury securities appropriate for the expected terms of the stock options. The dividend yield assumption is based on the history and expectation of no dividend payouts. The fair value of restricted stock units is estimated on the **date** **day** of the **grant** **using** **based** **on** the closing price of the Company's common stock.

(k) Recently Issued Accounting Pronouncements

None applicable.

(l) Recently Adopted Accounting Pronouncements

On March 12, 2020, the **FASB** **Financial Accounting Standards Board** (the "FASB") issued **ASU** **Accounting Standard Update ("ASU")** No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued. The ASU **is** **became** effective for all entities as of March 12, 2020, and **will** **apply** **applied** through December 31, 2022. **To** **date**, **we** **On** December 21, 2022, the FASB issued ASU 2022-06, **Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848**, which extends the period of time entities can utilize the reference rate reform relief guidance under ASU 2020-04 from December 31, 2022 to December 31, 2024. This standard did not have **had** **no** **impacts** **a** **material** **impact** **on** **our** **investment** **portfolio** **or** **our** **credit** **agreement** **with** **Citizens** **Bank, N.A.** **related** **to** **reference** **rate** **reform**. We

10

[Table](#) [financial](#) [position](#), [results](#) [of](#) [Contents](#)**GLOBUS MEDICAL, INC. AND SUBSIDIARIES**

will **continue** **to** **evaluate** **the** **impact** **this** **guidance** **could** **have** **on** **our** **condensed** **consolidated** **financial** **statements** **operations** **and** **related** **disclosures**.

NOTE 3. ASSET ACQUISITIONS AND BUSINESS COMBINATIONS**Asset Acquisitions**

During the fourth quarter of 2021, the Company acquired substantially all the assets of Capstone Surgical Technologies, LLC, which engages in the business of advanced drill and robotic surgery platforms. The purchase price consisted of \$24.5 million of cash paid at closing, subject to net working capital and other post-closing adjustments, if applicable. The transaction also provides for additional consideration contingent upon the developed products obtaining approval from the U.S. Food and Drug Administration (the "FDA") of up to \$15.0 million, and additional consideration **of** **up** **to** **\$10.0** **million** contingent upon the achievement of certain performance milestones. **obligations** **of** **up** **to** **\$10.0** **million**. Contingent consideration is not recorded in an asset acquisition until the milestone is met.

11

[Table of Contents](#)**GLOBUS MEDICAL, INC. AND SUBSIDIARIES**

Also during the fourth quarter of 2021, the Company acquired substantially all the assets of a company that engages in the development of technology for use in robotic surgery platforms which was not considered material to the consolidated financial statements during the periods presented. The purchase price consisted of \$10.0 million of cash paid at closing and also provides for additional consideration of \$5.0 million contingent upon the achievement of certain performance milestones. Contingent consideration is not recorded in an asset acquisition until the milestone is met.

During the second quarter obligations of 2020, the Company acquired Synoste Oy, a Finnish engineering company that specializes in the research and development of a limb lengthening system. The fair value of the net assets acquired was \$25.3 million, and the consideration consisted of approximately \$22.8 million of cash paid at closing plus \$2.5 million of a contractual holdback obligation payable eighteen months from the closing date of the transaction, subject to net working capital and other post-closing adjustments, if applicable. During the fourth quarter of 2021, the contractual holdback and net working capital and other post-closing adjustments were settled for \$2.7 million \$5.0 million. The transaction also provides for additional consideration of \$8.0 million contingent upon the developed product obtaining approval from the FDA within the third anniversary, or \$4.0 million if within the fourth anniversary of the acquisition closing date, respectively. Contingent consideration is not recorded in an asset acquisition until the milestone is met.

The Company accounted for each both of these transactions as asset acquisitions because as substantially all of the fair value of the assets acquired in each transaction was concentrated in a single identified asset, in-process research and development ("IPR&D") of the acquired technology, thus satisfying the requirements of the screen test in ASU 2017-1. At the date of the acquisitions, the Company determined that the development of the projects underway had not yet reached technological feasibility and that the research in process had no alternative future use. Accordingly, the acquired IPR&D of \$34.3 million and \$24.4 million was charged to research and development expense in the condensed consolidated statements of operations and comprehensive income for years the year ended 2021 and 2020, respectively. 2021.

Business Combinations

During the first nine months quarter of 2022, 2023, the Company completed one acquisition in the second quarter that was not considered material to the condensed consolidated financial statements and has been included in our financial statements from the date of acquisition. The purchase price consisted of approximately \$1.4 million of cash. The Company recorded identifiable assets of \$0.4 million of instruments and \$1.0 million of inventory.

During the fourth quarter of 2022, the Company acquired the membership interests of Harvest Biologics LLC, which engages in the business of selling systems that produce autologous biologics. The purchase price consisted of approximately \$30.0 million of cash paid at closing, plus \$1.4 million of preliminary post-closing adjustments. The Company recorded identifiable net assets, based on their estimated fair values, for inventory of \$3.4 million, goodwill of \$15.1 million, customer relationships and other intangibles of \$10.5 million with a weighted average useful life of 20 years, and developed technology of \$2.4 million with a weighted average useful life of 8 years. The Company will finalize the purchase price allocation of the assets and liabilities acquired within one year from the date of acquisition.

During the second quarter of 2022, the Company completed one acquisition that was not considered material to the overall condensed consolidated financial statements during the periods presented. This acquisition has been included in the condensed consolidated financial statements from the date of acquisition. The purchase price consisted of approximately \$0.2 million of cash paid at closing and \$4.4 million of contingent consideration payments, resulting in goodwill of \$4.6 million based on the estimated fair values. The contingent payments for this acquisition are based upon achieving various performance milestones over a period of 10 years and are payable in a combination of cash and RSUs.

During 2021, the Company completed three acquisitions that were not considered material, individually or collectively, to the condensed consolidated financial statements during the periods presented. Two acquisitions were completed in the third quarter, while the third acquisition was completed in the fourth quarter. These acquisitions have been included in the condensed consolidated financial statements from the date of acquisition. The purchase price of the acquisition in the fourth quarter consisted of approximately \$0.3 million of cash paid at closing and \$13.0 million of contingent consideration payments, resulting in goodwill of \$13.3 million based on the estimated fair values. The combined purchase price of the two acquisitions in the third quarter consisted of approximately \$12.6 million of contingent consideration payments. The Company recorded other intangible assets of \$1.6 million, with a weighted average useful life of 3.8 years, and goodwill of \$11.0 million based on their estimated fair values. The contingent payments for all three acquisitions are based upon achieving various performance milestones obligations over a period of 10 years and are payable in a combination of cash and RSUs.

During the fourth quarter of 2020, the Company completed two acquisitions that were not considered material, individually or collectively, to the overall condensed consolidated financial statements during the periods presented. These acquisitions have been included in the condensed consolidated financial statements from the date of acquisition. The combined purchase price consisted of approximately \$1.5

11 12

Table of Contents

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

million of cash paid at closing, plus \$0.3 million of other liabilities and \$33.2 million of contingent consideration payments. The contingent payments are based upon achieving various performance milestones over a period of 10 years and are payable in a combination of cash and RSUs. The Company recorded other intangible assets of \$8.8 million, with a weighted average useful life of 4.2 years, and goodwill of \$26.2 million based on their fair values.

NOTE 4. NET SALES

The following table represents net sales by product category:

Three Months Ended	Nine Months Ended	Three Months Ended
--------------------	-------------------	--------------------

(In thousands)	September 30,		September 30,		March 31,			
	2022		2021		2022		2021	
	\$ 230,060	\$ 209,478	\$ 681,704	\$ 652,157	\$ 251,607	\$ 217,402		
Musculoskeletal Solutions								
Enabling Technologies	24,088	20,243	66,641	55,924	25,081	13,147		
Total net sales	\$ 254,148	\$ 229,721	\$ 748,345	\$ 708,081	\$ 276,688	\$ 230,549		

NOTE 5. MARKETABLE SECURITIES

The composition of our short-term and long-term marketable securities was as follows:

(In thousands)	September 30, 2022				March 31, 2023			
	Gross		Fair		Gross		Gross	
	Amortized Cost	Unrealized Gains	Gross Losses	Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Short-term:								
Municipal bonds	\$ 65,662	\$ —	\$ (1,457)	\$ 64,205	\$ 94,854	\$ 4	\$ (1,381)	\$ 93,477
Corporate debt securities	191,993	—	(3,646)	188,347	159,167	—	(3,415)	155,752
Commercial paper	8,644	—	(12)	8,632				
Asset-backed securities	—	—	—	—	4,727	—	(142)	4,585
Government, federal agency, and other sovereign obligations	9,942	—	(63)	9,879	33,360	1	(490)	32,871
Total short-term marketable securities	\$ 276,241	\$ —	\$ (5,178)	\$ 271,063	\$ 292,108	\$ 5	\$ (5,428)	\$ 286,685
Long-term:								
Municipal bonds	\$ 67,771	\$ —	\$ (2,497)	\$ 65,274	\$ 52,949	\$ 134	\$ (884)	\$ 52,199
Corporate debt securities	280,053	—	(12,779)	267,274	264,149	406	(6,089)	258,466
Asset-backed securities	116,909	—	(3,340)	113,569	119,361	301	(2,235)	117,427
Government, federal agency, and other sovereign obligations	59,395	—	(1,547)	57,848	52,400	133	(600)	51,933
Total long-term marketable securities	\$ 524,128	\$ —	\$ (20,163)	\$ 503,965	\$ 488,859	\$ 974	\$ (9,808)	\$ 480,025

1213

Table of Contents

(In thousands)	GLOBUS MEDICAL, INC. AND SUBSIDIARIES				December 31, 2021				December 31, 2022			
	Gross		Gross		Gross		Gross		Gross		Gross	
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Short-term:												
Municipal bonds	\$ 66,379	\$ 99	\$ (11)	\$ 66,467	\$ 83,279	\$ 9	\$ (1,680)	\$ 81,608				
Corporate debt securities	107,102	434	(65)	107,471	187,174	2	(3,438)	183,738				
Commercial paper	38,252	2	(1)	38,253	5,583	—	(1)	5,582				
Asset-backed securities	12,931	58	—	12,989	4,200	—	(181)	4,019				
Government, federal agency, and other sovereign obligations	25,231	—	(33)	25,198	21,102	1	(458)	20,645				
Total short-term marketable securities	\$ 249,895	\$ 593	\$ (110)	\$ 250,378	\$ 301,338	\$ 12	\$ (5,758)	\$ 295,592				
Long-term:												
Municipal bonds	\$ 91,185	\$ 4	\$ (409)	\$ 90,780	\$ 61,986	\$ 44	\$ (1,549)	\$ 60,481				
Corporate debt securities	324,492	351	(1,318)	323,525	268,524	72	(8,947)	259,649				
Asset-backed securities	128,139	101	(578)	127,662	120,929	217	(2,795)	118,351				
Government, federal agency, and other sovereign obligations	20,539	—	(31)	20,508	58,453	18	(1,100)	57,371				
Total long-term marketable securities	\$ 564,355	\$ 456	\$ (2,336)	\$ 562,475	\$ 509,892	\$ 351	\$ (14,391)	\$ 495,852				

The short-term marketable securities have effective maturity dates of less than one year and the long-term marketable securities have effective maturity dates ranging from one to three years as of **September 30, 2022**, **March 31, 2023** and **December 31, 2021**, **December 31, 2022**, respectively.

Purchases of marketable securities include amounts payable to brokers of \$2.2 million as of December 31, 2021. Purchases of marketable securities included no amounts payable to brokers as of September 30, 2022.

NOTE 6. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value on a recurring basis included the following:

(In thousands)	Balance at September 30,				Balance at March 31,			
	2022	Level 1	Level 2	Level 3	2023	Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$	\$	\$	\$
Assets:								
Cash equivalents	\$ 2,247	\$ 2,247	\$ —	\$ —	\$ 45,921	\$ 12,013	\$ 33,908	\$ —
Municipal bonds	129,479	—	129,479	—	145,676	—	145,676	—
Corporate debt securities	455,621	—	455,621	—	414,218	—	414,218	—
Commercial paper	8,632	—	8,632	—	—	—	—	—
Asset-backed securities	113,569	—	113,569	—	122,012	—	122,012	—
Government, federal agency, and other sovereign obligations	67,727	—	67,727	—	84,804	39,452	45,352	—
Liabilities:								
Business acquisition liabilities	64,294	—	—	64,294	64,882	—	—	64,882
Balance at December 31,								
(In thousands)	2021	Level 1	Level 2	Level 3	2022	Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$	\$	\$	\$
	\$ 26,684	\$ 3,768	\$ 22,916	\$ —	\$ 17,655	\$ 17,655	\$ —	\$ —
Cash equivalents	157,247	—	157,247	—	142,089	—	142,089	—
Municipal bonds	430,996	—	430,996	—	443,387	—	443,387	—
Corporate debt securities	38,253	—	38,253	—	5,582	—	5,582	—
Commercial paper	140,651	—	140,651	—	122,370	—	122,369	—
Asset-backed securities	45,706	—	45,706	—	78,016	—	78,016	—
Government, federal agency, and other sovereign obligations	70,525	—	—	70,525	68,258	—	—	68,258
Business acquisition liabilities	70,525	—	—	70,525	68,258	—	—	68,258

Our marketable securities are classified as Level 2 within the fair value hierarchy, as we measure their fair value using market prices for similar instruments and inputs such as actual trade data, benchmark yields, broker/dealer quotes and other similar data obtained from quoted market prices or independent pricing vendors.

1314

Table of Contents

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

Assets and Liabilities That Are Measured at Fair Value on a Nonrecurring Basis

Fair value of the revenue-based business acquisition liabilities was determined using a discounted cash flow model and an option pricing model. The significant inputs of such models are not observable in the market, such as certain financial metric growth rates, volatility and discount rates, market price risk adjustment, projections associated with the applicable milestone, the interest rate, and the related probabilities and payment structure in the contingent consideration arrangement.

The following are the significant unobservable inputs used in the two valuation techniques:

Unobservable input	Range			Weighted Average*	Weighted	
	Range	Weighted Average*	Range		Range	Average*
Revenue risk premium	2.4%	-	4.9%	3.0%	2.2% - 4.7%	2.8%
Revenue volatility	14.0%	-	15.8%	14.9%	14.0% - 15.8%	14.8%
Discount rate	3.8%	-	8.5%	6.2%	5.9% - 8.5%	6.7%
Projected year of payment	2022	-	2032		2023 - 2032	

* The weighted average rates were calculated based on the relative fair value of each business acquisition liability.

The change in the carrying value of the business acquisition liabilities during the three and nine months ended September 30, 2022 March 31, 2023 and 2021, respectively included the following:

(In thousands)	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2022	2021	2022	2021	2023	2022
Beginning balance	\$ 68,314	\$ 47,995	\$ 70,525	\$ 37,270	\$ 68,258	\$ 70,525
Purchase price contingent consideration	—	12,628	4,414	12,628	(2,691)	(2,412)
Contingent cash payments	(2,657)	(1,613)	(7,264)	(4,628)	(1,671)	(219)
Contingent RSU grants	(1,116)	(1,311)	(1,532)	(1,671)	(219)	(196)
Changes in fair value of business acquisition liabilities	(653)	208	(2,043)	14,336	(446)	(263)
Contractual payable reclassification	406	(65)	194	(93)	(20)	382
Ending balance	\$ 64,294	\$ 57,842	\$ 64,294	\$ 57,842	\$ 64,882	\$ 68,036

Changes in the fair value of business acquisition liabilities are driven by changes in market conditions and the achievement of certain performance conditions.

NOTE 7. INVENTORIES

Inventories included the following:

(In thousands)	December			
	September 30,		December 31,	
	2022	2021	March 31,	31,
Raw materials	\$ 55,961	\$ 41,819	\$ 65,418	\$ 60,324
Work in process	20,160	17,401	18,237	18,699
Finished goods	206,287	177,781	237,378	219,958
Total inventories	\$ 282,408	\$ 237,001	\$ 321,033	\$ 298,981

During the three months ended September March 30, 31, 2023 and 2022, and 2021, net adjustments to cost of sales related to excess and obsolete inventory were \$1.8 million \$2.1 million and \$0.6 million \$1.8 million, respectively. The net adjustments for the three months ended September March 30, 31, 2023 and 2022 and 2021 reflect a combination of additional expense for excess and obsolete related provisions (\$10.4 3.5 million and \$3.8 million \$3.4 million, respectively) offset by sales and disposals (\$8.6 1.4 million and \$3.2 million, respectively) of inventory for which an excess and obsolete provision was provided previously through expense recognized in prior periods.

During the nine months ended September 30, 2022 and 2021, net adjustments to cost of sales related to excess and obsolete inventory were \$5.9 million and \$5.6 million, respectively. The net adjustments for the nine months ended September 30, 2022 and 2021 reflect a combination of additional expense for excess and obsolete related provisions (\$19.0 million and \$15.2 million, respectively) offset by sales and disposals (\$13.1 million and \$9.6 million \$1.6 million, respectively) of inventory for which an excess and obsolete provision was provided previously through expense recognized in prior periods.

1415

Table of Contents

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

NOTE 8. PROPERTY AND EQUIPMENT

Property and equipment included the following:

(In thousands)	Useful	September 30,		December 31,		December		
		Life	2022	2021	Life	2023	31,	2022
Land	—	\$ 8,248	\$ 8,296	—	\$ 8,282	\$ 8,277		
Buildings and improvements	31.5	47,233	44,672	31.5	54,945	51,510		
Equipment	5-15	136,717	113,301	5-15	151,965	148,803		
Instruments	5	303,656	285,762	5	320,982	312,055		
Modules and cases	5	46,869	44,185	5	49,091	48,023		
Other property and equipment	3-5	26,536	30,435	3-5	13,701	18,097		
		569,259	526,651		598,966	586,765		
Less: accumulated depreciation		(332,917)	(305,575)		(353,868)	(343,036)		
Total		<u>\$ 236,342</u>	<u>\$ 221,076</u>		<u>\$ 245,098</u>	<u>\$ 243,729</u>		

Instruments are hand-held devices used by surgeons to install implants during surgery. Modules and cases are used to store and transport the instruments and implants.

Depreciation expense related to property and equipment was as follows:

(In thousands)	Three Months Ended				Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,		March 31,	
	2022	2021	2022	2021	2023	2022	2023	2022
Depreciation	\$ 13,254	\$ 12,178	\$ 38,113	\$ 39,068	\$ 13,507	\$ 12,325		

NOTE 9. GOODWILL AND INTANGIBLE ASSETS

The change in the carrying amount of goodwill during the twelve months ended December 31, 2021 December 31, 2022 and the nine three months ended September, March 30, 2022, 2023, respectively included the following:

(In thousands)	December 31, 2020		December 31, 2021		September 30, 2022		December 31, 2022	
	Additions and adjustments	Foreign exchange						
December 31, 2020							\$ 156,716	
Additions and adjustments							24,251	
Foreign exchange							(1,259)	
December 31, 2021							179,708	\$ 179,708
Additions and adjustments							4,589	18,799
Foreign exchange							(2,523)	(1,036)
September 30, 2022							\$ 181,774	
December 31, 2022								197,471
Additions and adjustments								912
Foreign exchange								327
March 31, 2023								\$ 198,710

The composition of intangible assets was as follows: March 31, 2023 included the following:

(In thousands)	September 30, 2022				March 31, 2023			
	Weighted				Weighted			
	Average				Average			
	Amortization	Gross			Intangible	Assets, net		
	Period	Carrying	Accumulated	Assets, net	Period	Carrying	Accumulated	Assets, net
	(in years)	Amount	Amortization	net	(in years)	Amount	Amortization	net
Supplier network	10.0	\$ 4,000	\$ (3,167)	\$ 833	10.0	\$ 4,000	\$ (3,367)	\$ 633
Customer relationships & other intangibles	6.4	49,640	(37,864)	11,776	8.7	62,816	(44,011)	18,805
Developed technology	8.0	71,401	(34,983)	36,418	8.0	75,367	(40,565)	34,802
Patents	16.0	8,618	(3,588)	5,030	16.1	8,943	(3,989)	4,954
Total intangible assets		\$ 133,659	\$ (79,602)	\$ 54,057		\$ 151,126	\$ (91,932)	\$ 59,194
		15 16						

Table of Contents

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

Intangible assets as of December 31, 2022 included the following:

(In thousands)	December 31, 2021				December 31, 2022			
	Weighted				Weighted			
	Average				Average			
	Amortization	Gross			Intangible	Assets, net		
	Period	Carrying	Accumulated	Assets, net	Period	Carrying	Accumulated	Assets, net
	(in years)	Amount	Amortization	net	(in years)	Amount	Amortization	net
Supplier network	10.0	\$ 4,000	\$ (2,867)	\$ 1,133	10.0	\$ 4,000	\$ (3,267)	\$ 733
Customer relationships & other intangibles	6.4	56,264	(37,842)	18,422	8.7	62,324	(41,651)	20,673
Developed technology	8.0	71,947	(28,545)	43,402	8.0	75,087	(37,984)	37,103
Patents	16.1	8,938	(3,235)	5,703	16.1	8,885	(3,820)	5,065
Total intangible assets		\$ 141,149	\$ (72,489)	\$ 68,660		\$ 150,296	\$ (86,722)	\$ 63,574

The following table summarizes amortization of intangible assets for future periods as of **September 30, 2022** **March 31, 2023**:

<i>(In thousands)</i>	<i>Annual Amortization</i>	<i>Annual Amortization</i>
Remaining 2022	\$ 4,359	
2023	15,601	\$ 12,241
2024	13,101	13,988
2025	8,815	9,703
2026	5,371	6,259
2027		5,178
Thereafter	6,810	11,825
Total	\$ 54,057	\$ 59,194

NOTE 10. ACCRUED EXPENSES

Accrued **expense** expenses as of March 31, 2023 and December 31, 2022, respectively included the following:

<i>(In thousands)</i>	<i>September 30, 2022</i>		<i>December 31, 2021</i>		<i>March 31, 2023</i>		<i>31, 2022</i>		
	\$	48,615	\$	52,407	\$42,641	\$53,352	\$	91,168	\$83,998
Compensation and other employee-related costs									
Legal and other settlements and expenses		4,202		6,124		5,077		5,564	
Accrued non-income taxes		12,738		6,415		8,592		10,029	
Royalties		3,873		4,558		4,245		4,375	
Rebates		9,210		8,725		10,219		10,501	
Other		9,723		12,939		13,224		10,884	
Total accrued expenses	\$ 88,361		\$ 91,168		\$83,998		\$94,705		

NOTE 11. DEBT

Line of Credit

In August 2020, we entered into a credit agreement with Citizens Bank, N.A. (the "Credit Agreement") that provides a revolving credit facility permitting borrowings up to \$125.0 million (as amended, the "Revolving Credit Facility"), and has a termination date of August 2, 2023. The Revolving Credit Facility includes up to a \$25.0 million sub limit for letters of credit. Revolving loans under the Credit Agreement will bear interest, at the Company's option, at either a base rate or the **Daily Bloomberg Short-Term Bank Yield ("BSBY" Index Rate (the "Daily BSBY Rate")** (as defined in the **Revolving Credit Agreement Facility**), plus, in each case, an applicable margin, as determined in accordance with the provisions of the Credit Agreement. The base rate will be the highest of: the rate of interest announced publicly by Citizens Bank, N.A. from time to time as its "prime rate"; the federal funds effective rate plus 1/2 of 1%; and the Daily BSBY Rate plus 1%. The applicable margin is subject to adjustment as provided in the Credit Agreement. The Credit Agreement contains financial and other customary covenants, including a maximum leverage ratio. As of **September 30, 2022** **March 31, 2023**, we have not borrowed under the **Revolving Credit Agreement Facility**.

16 17

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

NOTE 12. EQUITY

Share Repurchases

On March 11, 2020, the Company announced a share repurchase program, which authorized the Company to repurchase up to **\$200 million** **\$200.0 million** of the Company's Class A common stock. On March 4, 2022, the share repurchase program was expanded by authorizing the Company to repurchase an additional **\$200 million** **\$200.0 million** of the Company's Class A common stock. The repurchase program has no time limit and may be suspended for periods or discontinued at any time. The Company did not repurchase any Class A Common during the three months ended March 31, 2023. As of **September 30, 2022** **March 31, 2023**, the Company has remaining authorization to repurchase a total of \$150.8 million of Class A common stock. The timing and actual number of shares repurchased will depend on various factors including price, corporate and regulatory requirements, debt covenant requirements, alternative investment opportunities and other market conditions. Funding of share repurchases is expected to come from operating cash flows and excess cash.

Shares repurchased by the Company are accounted for under the constructive retirement method, in which the shares repurchased, are immediately retired, as there is no plan to **reissue** **reissue the shares**. The Company made an accounting policy election to charge the excess of repurchase price over par value entirely to retained earnings.

The following table summarizes the activity related to share repurchases:

(In thousands except for per share prices)

Period	Total number of shares repurchased	Average price paid per share	Dollar amount of shares repurchased ⁽¹⁾	Approximate dollar value of shares that may yet be purchased under the plan
January 1, 2020 - March 31, 2020	1,920	\$ 38.49	\$ 73,902	\$ 126,098
April 1, 2020 - June 30, 2020	771	\$ 39.95	\$ 30,804	\$ 95,294
July 1, 2020 - September 30, 2020	—	—	—	\$ 95,294
October 1, 2020 - December 31, 2020	—	—	—	\$ 95,294
January 1, 2021 - March 31, 2021	—	—	—	\$ 95,294
April 1, 2021 - June 30, 2021	—	—	—	\$ 95,294
July 1, 2021 - September 30, 2021	—	—	—	\$ 95,294
October 1, 2021 - December 31, 2021	—	—	—	\$ 95,294
January 1, 2022 - March 31, 2022	—	—	—	\$ 295,294
April 1, 2022 - June 30, 2022	2,351	\$ 61.45	\$ 144,493	\$ 150,801
July 1, 2022 - September 30, 2022	—	—	—	\$ 150,801
January 1, 2020 - September 30, 2022	5,042	\$ 49.42	\$ 249,199	

⁽¹⁾ Inclusive of an immaterial amount of commission fees

Common Stock

Our amended and restated Certificate of Incorporation provides for a total of 775,000,000 authorized shares of common stock. Of the authorized number of shares of common stock, 500,000,000 shares are designated as Class A common stock ("Class A Common"), Common, and 275,000,000 shares are designated as Class B common stock ("Class B Common").

The holders of Class A Common are entitled to one vote for each share of Class A Common held. The holders of Class B Common are entitled to 10 votes for each share of Class B Common held. The holders of Class A Common and Class B Common vote together as one class of common stock on all matters submitted to a vote of stockholders, except as required by law or our amended and restated Certificate of Incorporation. Each share of our Class B Common is convertible at any time at the option of the holder into one share of our Class A Common. In addition, each share of our Class B Common will convert automatically into one share of our Class A Common upon any transfer, whether or not for value, except for permitted transfers. For more details relating to the conversion of our Class B Common please see "Exhibit 4.2, Description of Securities of the Registrant" filed with our Annual Report on Form 10-K on February 17, 2022 February 21, 2023.

17

Table The holders of Contents

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

Class B Common are entitled to 10 votes for each share of Class B Common held. The holders of Class A Common and Class B Common vote together as one class of common stock. Except for voting rights, the Class A Common and Class B Common have the same rights and privileges.

Accumulated Other Comprehensive Income (Loss)

The tables below present the changes in each component of accumulated other comprehensive income/(loss), including current period other comprehensive income/(loss) and reclassifications out of accumulated other comprehensive income/(loss) for the nine months ended September 30, 2022 and 2021, respectively:

(In thousands)	Unrealized loss on marketable securities, net of tax			Unrealized loss on foreign currency translation adjustments			Unrealized loss on accumulated other comprehensive loss net of tax		
	marketable securities, net of tax	Foreign currency translation adjustments	Accumulated other comprehensive loss	marketable securities, translation adjustments	Foreign currency net of tax	Accumulated other comprehensive loss			
Accumulated other comprehensive income/(loss), net of tax, at December 31, 2021	\$ (1,053)	\$ (5,719)	\$ (6,772)						
Accumulated other comprehensive income/(loss), net of tax, at December 31, 2022							\$ (15,093)	\$ (9,537)	\$ (24,630)
Other comprehensive income/(loss) before reclassifications	(23,959)	(7,215)	(31,174)	5,603	910	6,513			
Amounts reclassified from accumulated other comprehensive income/(loss), net of tax	5,720	—	5,720	(1,305)	—	(1,305)			

Other comprehensive income/(loss), net of tax	(18,239)	(7,215)	(25,454)	4,298	910	5,208
Accumulated other comprehensive income/(loss), net of tax, at September 30, 2022	\$ (19,292)	\$ (12,934)	\$ (32,226)			
Accumulated other comprehensive income/(loss), net of tax, at March 31, 2023				\$ (10,795)	\$ (8,627)	\$ (19,422)
<i>(In thousands)</i>						
Accumulated other comprehensive income/(loss), net of tax, at December 31, 2020	\$ 5,001	\$ (1,046)	\$ 3,955			
Other comprehensive income/(loss) before reclassifications	(4,179)	(3,578)	(7,757)			
Amounts reclassified from accumulated other comprehensive income/(loss), net of tax	748	—	748			
Other comprehensive income/(loss), net of tax	(3,431)	(3,578)	(7,009)			
Accumulated other comprehensive income/(loss), net of tax, at September 30, 2021	\$ 1,570	\$ (4,624)	\$ (3,054)			

18

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

<i>(In thousands)</i>	Unrealized loss on marketable securities, net of tax		Foreign currency translation adjustments		Accumulated other comprehensive loss	
Accumulated other comprehensive income/(loss), net of tax, at December 31, 2021	\$ (1,053)	\$ (5,719)	\$ (6,772)			
Other comprehensive income/(loss) before reclassifications	(11,596)	(1,567)	(13,163)			
Amounts reclassified from accumulated other comprehensive income/(loss), net of tax	2,768	—	2,768			
Other comprehensive income/(loss), net of tax	(8,828)	(1,567)	(10,395)			
Accumulated other comprehensive income/(loss), net of tax, at March 31, 2022	\$ (9,881)	\$ (7,286)	\$ (17,167)			

Amounts reclassified from accumulated other comprehensive loss, net of tax, related to unrealized gains/losses on marketable securities were released to other income, net in our condensed consolidated statements of operations and comprehensive income.

Earnings Per Common Share

The Company computes basic earnings per share using the weighted-average number of common shares outstanding during the period. Diluted earnings per share assumes the conversion, exercise or issuance of all potential common stock equivalents, unless the effect of inclusion would be anti-dilutive. For purposes of this calculation, common stock equivalents include the Company's stock options and unvested RSUs. The contingently issuable shares are included in basic net income per share as of the date that all necessary conditions have been satisfied and are included in the denominator for dilutive calculation for the entire period if such shares would be issuable as of the end of the reporting period assuming the end of the reporting period was the end of the contingency period.

18

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

The following table sets forth the computation of basic and diluted earnings per share:

<i>(In thousands, except per share amounts)</i>	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2022	2021	2022	2021	2023	2022
Net income/(loss)	47,431	\$ 47,211	\$ 140,104	\$ 134,085	\$ 49,129	\$ 38,084
Denominator for basic and diluted net income per share:						
Weighted average shares outstanding for basic	99,652	101,104	100,638	100,477	100,279	101,600
Dilutive stock options and RSUs	1,765	3,314	2,151	2,953	1,917	2,477
Weighted average shares outstanding for diluted	101,417	104,418	102,789	103,430	102,196	104,077
Earnings per share:						

Basic	0.48	\$ 0.47	\$ 1.39	\$ 1.33	0.49	\$ 0.37
Diluted	0.47	\$ 0.45	\$ 1.36	\$ 1.30	0.48	\$ 0.37
Anti-dilutive stock options and RSUs excluded from the calculation	4,362	1,748	3,720	2,164	5,383	3,378

NOTE 13. STOCK-BASED AWARDS

We have two stock plans: our 2012 Equity Incentive Plan (the "2012 Plan") and our 2021 Equity Incentive Plan (the "2021 Plan"), together with the 2012 Plan, the "Plans". The 2021 Plan is the only active stock plan. The purpose of the 2012 Plan was, and of the 2021 Plan is, to provide incentive to employees, directors, and consultants of Globus. The Plans are administered by the Board of Directors of Globus (the "Board") or its delegates. The number, type of option, exercise price, and vesting terms are determined by the Board or its delegates in accordance with the terms of the Plans. The options granted expire on a date specified by the Board, which is generally not more than ten years from the grant date. Options granted to employees generally vest in varying installments over a four-year period.

The 2012 Plan was approved by our Board in March 2012, and by our stockholders in June 2012. The 2012 Plan terminated as to new awards pursuant to its terms in 2022. Following the effectiveness of the 2021 Plan, we have not issued any additional awards under the 2012 Plan; however, awards previously granted under the 2012 Plan remain outstanding and are administered by our Board under the terms and conditions of the 2012 Plan. Under the 2012 Plan, the aggregate number of shares of Class A Common that were able to be issued subject to options and other awards is equal to the sum of (i) 3,076,923 shares, (ii) any shares available for issuance under the 2008 Equity Incentive Plan as

19

Table of Contents

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

of March 13, 2012, (iii) any shares underlying awards outstanding under the 2008 Plan as of March 13, 2012 that, on or after that date, are forfeited, terminated, expired or lapse for any reason, or are settled for cash without delivery of shares and (iv) starting January 1, 2013, an annual increase in the number of shares available under the 2012 Plan equal to up to 3% of the number of shares of our common and preferred stock outstanding at the end of the previous year, as determined by our Board. The number of shares that were able to be issued or transferred pursuant to incentive stock options under the 2012 Plan was limited to 10,769,230 shares. The shares of Class A Common covered by the 2012 Plan included authorized but unissued shares, treasury shares or shares of common stock purchased on the open market.

The 2021 Plan was approved by our Board in March 2021, and by our stockholders in June 2021. Under the 2021 Plan, as originally approved, amended to date, the aggregate number of shares of Class A Common that were able to be issued subject to options and other awards was equal to the sum of (i) 2,000,000 4,000,000 shares, (ii) any shares available for issuance under the 2012 Plan as of June 3, 2021 and (iii) any shares underlying awards outstanding under the 2012 Plan or 2021 Plan as of June 3, 2021 that, on or after that date, were forfeited, terminated, expired or lapse for any reason, or were settled for cash without delivery of shares. The number of shares that could be issued or transferred pursuant to incentive stock options under the 2021 Plan was limited to 2,000,000 4,000,000 shares. The shares of Class A Common covered by the 2021 Plan include authorized but unissued shares, treasury shares or shares of common stock purchased on the open market.

On June 2, 2022, the Company's stockholders approved an amendment to the 2021 Plan (the "2021 Plan Amendment"). The 2021 Plan Amendment increased the number of shares of Class A Common that may be issued or transferred pursuant to awards under the 2021 Plan by 2,000,000 shares to 4,000,000 shares. The 2021 Plan Amendment also increased the aggregate number of shares of Class A Common that may be issued or transferred under the 2021 Plan pursuant to incentive stock options under Section 422 of the Code from 2,000,000 to 4,000,000.

As of September 30, 2022 March 31, 2023, pursuant to the 2021 Plan, there were 5,649,132 5,716,708 shares of Class A Common reserved and 2,858,843 1,526,833 shares of Class A Common available for future grants.

19

Table of Contents

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

Stock Options

Stock option activity during the nine three months ended September 30, 2022 March 31, 2023 is summarized as follows:

Option	Shares (thousands)	Weighted		
		Weighted	average	Aggregate
		average	remaining	intrinsic
		exercise	contractual	value
Outstanding at December 31, 2021	9,462	\$ 48.01		
Granted	2,441		63.56	
Exercised	(638)		41.28	

Forfeited	(787)	59.93		
Outstanding at September 30, 2022	10,478	\$ 51.16	6.9	\$ 112,947
Exercisable at September 30, 2022	5,459	\$ 43.40	5.7	\$ 91,874
Expected to vest at September 30, 2022	5,020	\$ 59.61	8.3	\$ 21,072

	Shares (thousands)	Weighted			
		Option		average	Aggregate
		Granted	Exercised	remaining	intrinsic
Outstanding at December 31, 2022	10,338	\$ 51.86			
Granted	1,197	60.60			
Exercised	(143)	34.12			
Forfeited	(93)	66.54			
Outstanding at March 31, 2023	11,299	\$ 52.89	6.9	\$ 87,079	
Exercisable at March 31, 2023	6,229	\$ 46.29	5.6	\$ 74,076	
Expected to vest at March 31, 2023	5,070	\$ 61.00	8.6	\$ 13,003	

The total intrinsic value of stock options exercised was \$7.9 million \$5.3 million and \$33.8 million \$4.7 million during the three months ended September 30, 2022 March 31, 2023, and 2021, respectively. The total intrinsic value of stock options exercised was \$15.3 million and \$68.9 million during the nine months ended September 30, 2022, and 2021, 2022, respectively.

The fair value of the options was estimated on the date of the grant using a Black-Scholes option pricing model with the following assumptions:

	Nine Months Ended				Three Months Ended	
	September 30,				March 31,	
	2022		2021		2023	2022
Risk-free interest rate	1.46%	-	3.51%	0.40%	-	0.84%
Expected term (years)	4.7	-	9.9	4.8	4.7	4.7
Expected volatility	33.0%	-	35.0%	33.0%	-	34.0%
Expected dividend yield	—%			—%	—%	—%

The weighted average grant date fair value of stock options granted during the three months ended September 30, 2022 March 31, 2023, and 2021 2022 was \$23.16 \$22.31 and \$24.11 per share, respectively. The weighted average grant date fair value of stock options granted during the nine months ended September 30, 2022, and 2021 was \$21.78 and \$20.19 \$20.48 per share, respectively.

Restricted Stock Units

Restricted stock unit activity during the nine months ended September 30, 2022 is summarized as follows:

	Restricted Stock Units	Weighted			Weighted
		average		remaining	average
		Units	grant date fair value	contractual	average
		(thousands)	per share	life (years)	average
Outstanding at December 31, 2021	29	\$ 72.54			
Granted	25	61.13			
Vested	—	—			
Forfeited	—	—			
Outstanding at September 30, 2022	54	\$ 67.20	8.0	8.0	8.0

20

Table of Contents

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

Restricted Stock Units

Restricted stock unit activity during the three months ended March 31, 2023 is summarized as follows:

	Restricted Stock	Weighted		Weighted average remaining contractual life (years)
		Units	average	
		(thousands)	grant date fair value	
			per share	
Outstanding at December 31, 2022		60	\$ 67.40	
Granted		4	62.33	
Vested		—	—	
Forfeited		—	—	
Outstanding at March 31, 2023		64	\$ 67.12	7.6

Stock-Based Compensation

Compensation expense related to stock options granted to employees and non-employees under the Plans was as follows:

(In thousands)	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	March 31,
	2022	2021	2022	2021	2023	2022
Stock-based compensation expense	\$ 8,314	\$ 7,451	\$ 24,303	\$ 22,781	\$ 8,953	\$ 8,152
Net stock-based compensation capitalized into inventory	120	170	504	511	79	201
Total stock-based compensation cost	\$ 8,434	\$ 7,621	\$ 24,807	\$ 23,292	\$ 9,032	\$ 8,353

As of September 30, 2022 March 31, 2023, there was \$78.8 \$91.9 million of unrecognized compensation expense related to unvested employee stock options that are expected to vest over a weighted average period of approximately three years.

NOTE 14. INCOME TAXES

In computing our income tax provision, we make certain estimates and judgments, such as estimated annual taxable income or loss, annual effective tax rate, the nature and timing of permanent and temporary differences between taxable income for financial reporting and tax reporting, and the recoverability of deferred tax assets. Our estimates and assumptions may change as new events occur, additional information is obtained, or as the tax environment changes. Should facts and circumstances change during a quarter causing a material change to the estimated effective income tax rate, a cumulative adjustment is recorded.

The following table provides a summary of our effective tax rate for the three and nine months ended September 30, 2022 March 31, 2023 and 2021, 2022, respectively:

	Three Months Ended		Nine Months Ended			
	September 30,		September 30,			
	2022	2021	2022	2021		
Effective income tax rate	22.8%	13.3%	22.6%	16.5%		

	Three Months Ended			
	March 31,			
	2023	2022		
Effective income tax rate	22.3%	22.1%		

NOTE 15. COMMITMENTS AND CONTINGENCIES

We are involved in a number of proceedings, legal actions, and claims arising in the ordinary course of business. Such matters are subject to many uncertainties, and the outcomes of these matters are not within our control and may not be known for prolonged periods of time. In some actions, the claimants seek damages, as well as other relief, including injunctions prohibiting us from engaging in certain activities, which, if granted, could require significant expenditures and/or result in lost revenues. We record a liability in the condensed consolidated financial statements for these actions when a loss is considered probable and the amount can be reasonably estimated. If the reasonable estimate of a probable loss is a range, and no amount in the range is a better estimate than any other, the minimum amount of the range is accrued. If a loss is reasonably possible, but not known or probable, and the amount can be reasonably estimated, the estimated loss or range of loss is disclosed. In most cases, significant judgment is required to estimate the amount and timing of a loss. loss to be recorded. While it is not possible to predict the outcome for most of the

[Table of Contents](#)**GLOBUS MEDICAL, INC. AND SUBSIDIARIES**

matters discussed, we believe it is possible that costs associated with them could have a material adverse impact on our consolidated earnings, financial position or cash flows.

Moskowitz Family LLC Litigation

On November 20, 2019, Moskowitz Family LLC filed suit against us in the U.S. District Court for the Western District of Texas for patent infringement. Moskowitz, a non-practicing entity, alleges that Globus willfully infringes one or more claims of six patents by making, using, offering for sale or selling the COALITION®, COALITION MIS®, COALITION AGX®, CORBEL®, MONUMENT®, MAGNIFY®-S, HEDRON IATM, HEDRON IC®, INDEPENDENCE®, INDEPENDENCE MIS®, INDEPENDENCE MIS AGX®, FORTIFY® and XPAND® families, SABLE®, RISE®, RISE® INTRALIF, RISE®-L, ELSA®, ELSA® ATP, ALTERA®, ARIEL®, CALIBER® and CALIBER®-L products. Moskowitz seeks monetary damages and injunctive relief. On July 2, 2020, this suit was transferred from the U.S. District Court for the Western District of Texas to the U.S. District Court for the Eastern District of Pennsylvania. The outcome of this litigation cannot be determined, nor can we estimate a range of potential loss, therefore, we have not recorded a liability related to this litigation as of **September 30, 2022** **March 31, 2023**.

21

[Table of Contents](#)**GLOBUS MEDICAL, INC. AND SUBSIDIARIES****NOTE 16. SEGMENT AND GEOGRAPHIC INFORMATION**

Operating segments are defined as components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. We manage our business globally within one operating segment, and segment information is consistent with how the chief operating decision makers review the business, make investing and resource allocation decisions and assess operating performance.

The following table represents total net sales by geographic area, based on the location of the customer:

<i>(In thousands)</i>	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2022	2021	2022	2021	2023	2022
United States	\$ 217,024	\$ 198,172	\$ 638,707	\$ 606,608	\$ 234,120	\$ 196,403
International	37,124	31,549	109,638	101,473	42,568	34,146
Total net sales	\$ 254,148	\$ 229,721	\$ 748,345	\$ 708,081	\$ 276,688	\$ 230,549

NOTE 17. SUBSEQUENT EVENT

On October 11, 2022, the Company acquired the membership interests of Harvest Biologics, LLC, which engages in the business of selling systems that produce autologous biologics. The purchase price is a cash payment of \$30 million, subject to post-closing adjustments, if applicable.

22

[Table of Contents](#)**GLOBUS MEDICAL, INC. AND SUBSIDIARIES****Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes that appear in Item 1 of this Quarterly Report on Form 10-Q and with our audited consolidated financial statements and related notes for the year ended **December 31, 2021** **December 31, 2022**, which are included in our Annual Report on Form 10-K filed with the SEC on **February 17, 2022** **February 21, 2023**.

Overview

Globus Medical, Inc. (together, as applicable, with its consolidated subsidiaries, "Globus," "we," "us" or "our"), headquartered in Audubon, Pennsylvania, is a medical device company that develops and commercializes healthcare solutions and whose mission is to improve the quality of life of patients with musculoskeletal disorders. Founded in 2003, Globus is committed to medical device innovation and delivering exceptional service to hospitals, ambulatory surgery centers and physicians to advance patient care and improve efficiency. Since inception, Globus has listened to the voice of the surgeon to develop practical solutions and products to help surgeons effectively treat patients and improve lives.

Globus is an engineering-driven company with a history of rapidly developing and commercializing advanced products and procedures to address treatment challenges. With over 220 product launches to date, we offer a comprehensive portfolio of innovative and differentiated technologies that are used to treat a variety of musculoskeletal conditions. Although we manage our business globally within one operating segment, we separate our products into two major categories: Musculoskeletal Solutions and Enabling Technologies.

NuVasive Agreement and Plan of Merger

On February 8, 2023, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with NuVasive, Inc. ("NuVasive") and Zebra Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of the Company ("Merger Sub"). The Merger Agreement provides, among other things, that subject to the satisfaction or waiver of the conditions set forth therein, Merger Sub will merge with and into NuVasive (the "Merger"), with NuVasive surviving the Merger as a wholly owned subsidiary of the Company. On April 27, 2023, the Merger and related transactions were approved by stockholders of the Company and NuVasive. The Company expects that the Merger will close in the third quarter of 2023, subject to the expiration or termination of the waiting period under the HSR Act and the satisfaction or waiver of the other customary closing conditions.

As previously disclosed, in connection with the Merger, the Company and NuVasive filed notification and report forms (the "HSR Filing") under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") with the U.S. Federal Trade Commission (the "FTC") and on March 31, 2023, the Company, in consultation with NuVasive, voluntarily withdrew its HSR Filing. The Company refiled on April 3, 2023 in order to restart the initial waiting period under the HSR Act and to provide the FTC additional time to review the proposed transaction.

On May 3, 2023, the Company and NuVasive each received a request for additional information and documentary materials (the "Second Request") from the FTC in connection with the FTC's review of the Merger. The effect of the Second Request is to extend the waiting period imposed by the HSR Act until 30 days after the Company and NuVasive have substantially complied with the Second Request, unless that period is extended voluntarily by the parties or terminated sooner by the FTC. Both parties intend to continue to work cooperatively with the FTC in its review. Completion of the Merger remains subject to the expiration or termination of the waiting period under the HSR Act and the satisfaction or waiver of the other closing conditions specified in the Merger Agreement.

For more information about the Merger, please refer to our Current Reports on Form 8-K filed on February 9, 2023, April 3, 2023, April 17, 2023, April 28, 2023 and May 3, 2023.

COVID-19 Update

We continue to monitor the rapidly evolving situation and guidance from international and domestic authorities, including federal, state and local public health authorities, regarding the COVID-19 pandemic, and we may need to make changes to our business based on their recommendations. Under these circumstances, there may be developments outside our control requiring us to adjust our operating plan. As such, given the dynamic nature of this situation, the Company cannot reasonably estimate the impacts of COVID-19 on our financial condition, results of operations or cash flows in

23

Table of Contents

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

the future. However, if a resurgence of COVID-19 infections occurs and governments mandate restrictions, including restrictions on elective surgeries, we do expect that it could have a material adverse impact on our revenue growth, operating profit and cash flow, revised payment terms with certain of our customers, and a change in effective tax rate driven by changes in the mix of earnings across the Company's jurisdictions.

We are focused on navigating these recent challenges presented by COVID-19 and believe we are in a strong position to continue to sustain and grow our business.

Product Categories

While we group our products into two categories, Musculoskeletal Solutions and Enabling Technologies, they are not limited to a particular technology, platform or surgical approach. Instead, our goal is to offer a comprehensive product suite that can be used to safely and effectively treat patients based on their specific anatomy and condition, and is customized to the surgeon's training and surgical preference.

Musculoskeletal Solutions

Our Musculoskeletal Solutions consist primarily of implantable devices, biologics, accessories, and unique surgical instruments used in an expansive range of spinal, orthopedic and neurosurgical procedures. Musculoskeletal disorders are a leading driver of healthcare costs worldwide. Disorders range in severity from mild pain and loss of feeling to extreme pain and paralysis. These disorders are primarily caused by degenerative and congenital conditions, deformity, tumors and traumatic injuries. Treatment alternatives for musculoskeletal disorders range from non-operative conservative therapies to surgical interventions depending on the pathology. Conservative therapies include bed rest, medication, casting, bracing, and physical therapy. When conservative therapies are not indicated, or fail to provide adequate quality of life improvements, surgical interventions may be used. Surgical treatments for musculoskeletal disorders can be instrumented, which include the use of implants, or non-instrumented, which forego the use of hardware but may include biologics.

Enabling Technologies

Our Enabling Technologies are comprised of imaging, navigation and robotics ("INR") solutions for assisted surgery which are advanced computer-assisted intelligent systems designed to enhance a surgeon's capabilities, and ultimately improve patient care and reduce radiation exposure for all involved, by streamlining

surgical procedures to be safer, less invasive, and more accurate. The

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

market for our Enabling Technologies in spine and orthopedic surgery is still in its infancy stage and consists primarily of imaging, navigation and robotic systems. In spine, a majority of these technologies are limited to surgical planning and assistance in implant placement for increased accuracy and time savings with less intraoperative radiation exposure to the patient and surgical staff. As our Enabling Technologies become more fully integrated with our Musculoskeletal Solutions, a continued rise in adoption is expected. Furthermore, we believe as new technologies such as augmented reality and artificial intelligence are introduced, Enabling Technologies have the potential to transform the way surgery is performed and most importantly, continue to improve patient outcomes.

Geographic Information

To date, the primary market for our products has been the United States, where we sell our products through a combination of direct sales representatives employed by us and distributor sales representatives employed by exclusive independent distributors, who distribute our products for a commission that is generally based on a percentage of sales. We believe there is significant opportunity to strengthen our position in the U.S. market by increasing the size of our U.S. sales force and we intend to add additional direct and distributor sales representatives in the future.

During the ~~nine~~ three months ended ~~September 30, 2022~~ March 31, 2023, international net sales accounted for approximately ~~14.7%~~ 15.4% of our total net sales. We have sold our products in approximately ~~50~~ 45 countries other than the United States through a combination of sales representatives employed by us and exclusive international distributors. We believe there are significant opportunities for us to increase our presence in both existing and new international markets through the continued expansion of our direct and distributor sales forces and through the commercialization of additional products.

Seasonality

Our business is generally not seasonal in nature. However, sales of our Musculoskeletal Solutions products may be influenced by summer vacation and winter holiday periods during which we have experienced fewer surgeries

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

taking place, as well as more surgeries taking place later in the year when patients have met the deductibles under insurance plans. Sales of our Enabling Technologies products may be influenced by longer capital purchase cycles and the timing of budget approvals for major capital purchases.

Critical Accounting Policies and Estimates

The preparation of the consolidated financial statements requires us to make assumptions, estimates and judgments that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as of the date of the consolidated financial statements, and the reported amounts of sales and expenses during the reporting periods. There have been no material changes to the critical accounting policies and estimates as previously disclosed in Part II, Item 7 of our [Annual Report on Form 10-K for the year-ended December 31, 2021](#) December 31, 2022.

Results of Operations

Three Months Ended ~~September 30, 2022~~ March 31, 2023 Compared to the Three Months Ended ~~September 30, 2021~~ March 31, 2022

Net Sales

The following table sets forth, for the periods indicated, our net sales by geography expressed as dollar amounts and the changes in net sales between the specified periods expressed in dollar amounts and as percentages:

<i>(In thousands, except percentages)</i>	Three Months Ended				Three Months Ended			
	September 30,		Change		March 31,		Change	
	2022	2021	\$	%	2023	2022	\$	%
United States	\$ 217,024	\$ 198,172	\$ 18,852	9.5%	\$ 234,120	\$ 196,403	\$ 37,717	19.2%
International	37,124	31,549	5,575	17.7%	42,568	34,146	8,422	24.7%
Total net sales	\$ 254,148	\$ 229,721	\$ 24,427	10.6%	\$ 276,688	\$ 230,549	\$ 46,139	20.0%

In the United States, the increase in net sales of ~~\$18.9 million~~ \$37.7 million for the three month period ended ~~September 30, 2022~~ March 31, 2023 was due primarily to an increase in increased spine product sales, including robotic instruments, resulting from penetration in existing territories and an increase in sales volume of enabling technologies.

International net sales increased by **\$5.6 million** **\$8.4 million** for the three month period ended **September 30, 2022** **March 31, 2023** due to an increase in increased spine product sales including robotic instruments, resulting from penetration in existing territories, and sales volume of enabling technologies, partially offset by lower sales in Japan due to the transition of our sales force composition.

24

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

territories.

Cost of Goods Sold

(In thousands, except percentages)	Three Months Ended				Three Months Ended			
	September 30,		Change		March 31,		Change	
	2022	2021	\$	%	2023	2022	\$	%
Cost of goods sold	\$ 65,497	\$ 58,554	\$ 6,943	11.9%	\$ 70,825	\$ 59,167	\$ 11,658	19.7%
Percentage of net sales	25.8%	25.5%			25.6%	25.7%		

The **\$6.9 million** **\$11.7 million** increase in cost of goods sold was primarily due to increased volume higher inventory reserves and unfavorable freight trends, partially offset by lower inventory write-offs product mix.

Research and Development Expenses

(In thousands, except percentages)	Three Months Ended				Three Months Ended			
	September 30,		Change		March 31,		Change	
	2022	2021	\$	%	2023	2022	\$	%
Research and development	\$ 18,701	\$ 15,853	\$ 2,848	18.0%	\$ 21,082	\$ 17,412	\$ 3,670	21.1%
Percentage of net sales	7.4%	6.9%			7.6%	7.6%		

The **\$2.8 million** **\$3.7 million** increase in research and development expenses was primarily due to an increase in personnel related expenses due to our continued investment in product development.

Selling, General and Administrative Expenses

(In thousands, except percentages)	Three Months Ended			
	September 30,		Change	
	2022	2021	\$	%
Selling, general and administrative	\$ 106,576	\$ 96,444	\$ 10,132	10.5%
Percentage of net sales	41.9%	42.0%		

The \$10.1 million increase in selling, general and administrative expenses was primarily due to an increase in commission expenses resulting from higher product sales and travel and meeting expenses for the three month period ended September 30, 2022 compared to the three month period ended September 30, 2021.

Provision for Litigation

(In thousands, except percentages)	Three Months Ended			
	September 30,		Change	
	2022	2021	\$	%
Provision for litigation	\$ —	\$ 605	\$ (605)	-100.0%
Percentage of net sales	0.0%	0.3%		

The provision for litigation was immaterial for the three month periods ended September 30, 2022 and 2021.

Amortization of Intangibles

(In thousands, except percentages)	Three Months Ended			
	September 30,		Change	
	2022	2021	\$	%
Amortization of intangibles	\$ 4,324	\$ 4,573	\$ (249)	-5.4%
Percentage of net sales	1.7%	2.0%		

The decrease in the amortization of intangibles is primarily due to individual intangible assets reaching their full amortization.

25

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

Selling, General and Administrative Expenses

(In thousands, except percentages)	Three Months Ended			
	March 31,		Change	
	2023	2022	\$	%
Selling, general and administrative	\$ 122,416	\$ 100,748	\$ 21,668	21.5%
Percentage of net sales	44.2%	43.7%		

The increase in selling, general and administrative expenses was due to an increase in personnel related expenses resulting primarily from higher product sales, and an increase in travel and meeting expenses.

Provision for Litigation

(In thousands, except percentages)	Three Months Ended			
	March 31,		Change	
	2023	2022	\$	%
Provision for litigation	\$ —	\$ 2,341	\$ (2,341)	-100.0%
Percentage of net sales	0.0%	1.0%		

The provision for litigation for the three month period ended March 31, 2022 includes an accrual for a potential legal settlement.

Amortization of Intangibles

(In thousands, except percentages)	Three Months Ended			
	March 31,		Change	
	2023	2022	\$	%
Amortization of intangibles	\$ 4,601	\$ 4,512	\$ 89	2.0%
Percentage of net sales	1.7%	2.0%		

Amortization of intangibles remained consistent for the three month period ended March 31, 2023 compared to the three month period ended March 31, 2022.

Acquisition Related Costs

(In thousands, except percentages)	Three Months Ended			
	September 30,		Change	
	2022	2021	\$	%
Acquisition related costs	\$ (652)	\$ 363	\$ (1,015)	-279.6%
Percentage of net sales	-0.3%	0.2%		0.5% 0.0%

The decrease in acquisition related costs is due to costs incurred related to the Merger Agreement with NuVasive, including payments for regulatory filings and share registration costs, which were partially offset by favorable changes in fair value of business acquisition liabilities.

Other Income/(expense), Net

(In thousands, except percentages)	Three Months Ended			
	September 30,		Change	
	2022	2021	\$	%
Other income/(expense), net	\$ 1,763	\$ 1,123	\$ 640	57.0%
Percentage of net sales	0.7%	0.5%		

The increase in other income/(expense) is due to an increase in interest income partially offset by change in foreign exchange rates.

Income Tax Provision

(In thousands, except percentages)	Three Months Ended			
	September 30,		Change	
	2022	2021	\$	%
Income tax provision	\$ 14,034	\$ 7,241	\$ 6,793	93.8%
Effective income tax rate	22.8%	13.3%		

The increase in market conditions and the effective income tax rate was primarily due to the lower impact achievement of stock option exercises.

A discussion of our Results of Operations for the three months ended September 30, 2021 can be found in "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations: Results of Operations; Three Months Ended September 30, 2021 Compared to the Three Months Ended September 30, 2020." on our Form 10-Q filed on November 4, 2021.certain performance conditions.

[Table of Contents](#)**GLOBUS MEDICAL, INC. AND SUBSIDIARIES***Nine Months Ended September 30, 2022 Compared to the Nine Months Ended September 30, 2021***Net Sales**

The following table sets forth, for the periods indicated, our net sales by geography expressed as dollar amounts and the changes in net sales between the specified periods expressed in dollar amounts and as percentages:

<i>(In thousands, except percentages)</i>	Nine Months Ended			
	September 30,		Change	
	2022	2021	\$	%
United States	\$638,707	\$606,608	\$ 32,099	5.3%
International	109,638	101,473	8,165	8.0%
Total net sales	<u>\$748,345</u>	<u>\$708,081</u>	<u>\$ 40,264</u>	<u>5.7%</u>

In the United States, the increase in net sales of \$32.1 million was due primarily to increased spine product sales, including robotic spine instruments, resulting from penetration in existing territories and an increase in sales volume of enabling technologies.

International net sales increased by \$8.2 million, which was due primarily to increased spine product sales, including robotic spine instruments, resulting from penetration in existing territories and an increase in sales volume of enabling technologies, partially offset by lower sales in Japan due to the transition of our sales force composition.

Cost of Goods Sold

<i>(In thousands, except percentages)</i>	Nine Months Ended			
	September 30,		Change	
	2022	2021	\$	%
Cost of goods sold	\$193,134	\$177,427	\$ 15,707	8.9%
Percentage of net sales	25.8%	25.1%		

The \$15.7 million increase in cost of goods sold was primarily due to increased volume, unfavorable freight trends and production variances, partially offset by lower inventory write-offs and lower depreciation.

Research and Development Expenses

<i>(In thousands, except percentages)</i>	Nine Months Ended			
	September 30,		Change	
	2022	2021	\$	%
Research and development	\$ 53,508	\$ 46,324	\$ 7,184	15.5%
Percentage of net sales	7.2%	6.5%		

The \$7.2 million increase in research and development expenses was primarily due to an increase in personnel related expenses due to our continued investment in product development.

Selling, General and Administrative Expenses

<i>(In thousands, except percentages)</i>	Nine Months Ended			
	September 30,		Change	
	2022	2021	\$	%
Selling, general and administrative	\$314,042	\$301,589	\$ 12,453	4.1%
Percentage of net sales	42.0%	42.6%		

The \$12.5 million increase in selling, general and administrative expenses was primarily due to an increase in travel and meeting expenses and an increase in commission expenses resulting from higher product sales, partially offset by a decrease in employee benefit costs.

[Table of Contents](#)**GLOBUS MEDICAL, INC. AND SUBSIDIARIES****Provision for Litigation**

<i>(In thousands, except percentages)</i>	Nine Months Ended			
	September 30,		Change	
	2022	2021	\$	%
Provision for litigation	\$ 2,341	\$ 511	\$ 1,830	358.1%

Percentage of net sales	0.3%	0.1%
-------------------------	------	------

The provision for litigation for the nine month period ended September 30, 2022 includes a legal settlement and for the period ended September 30, 2021 includes a receipt of a settlement.

Amortization of Intangibles

(In thousands, except percentages)	Nine Months Ended			
	September 30,		Change	
	2022	2021	\$	%
Amortization of intangibles	\$ 13,229	\$ 13,970	\$ (741)	-5.3%
Percentage of net sales	1.8%	2.0%		

The decrease in the amortization of intangibles is primarily due to individual intangible assets reaching their full amortization.

Acquisition Related Costs

(In thousands, except percentages)	Nine Months Ended			
	September 30,		Change	
	2022	2021	\$	%
Acquisition related costs	\$ (1,832)	\$ 14,507	\$ (16,339)	-112.6%
Percentage of net sales	-0.2%	2.0%		

Acquisition related costs decreased due to favorable changes in fair value of business acquisition liabilities during the nine months ended September 30, 2022 compared to unfavorable changes in fair value of business acquisition liabilities during the nine months ended September 30, 2021.

Other Income/(expense), Net

(In thousands, except percentages)	Nine Months Ended				Three Months Ended			
	September 30,		Change		March 31,		Change	
	2022	2021	\$	%	2023	2022	\$	%
Other income, net	\$ 6,980	\$ 6,826	\$ 154	2.3%				
Other income/(expense), net					\$ 6,786	\$ 2,453	\$ 4,333	176.7%
Percentage of net sales	0.9%	1.0%			2.5%	1.1%		

The increase in other income/(expense) is income, net was due primarily to an increase in higher interest income and a reimbursement for damaged inventory and instrumentation, partially offset by change in foreign exchange rates from higher yields on marketable securities from external market factors.

Income Tax Provision

(In thousands, except percentages)	Nine Months Ended				Three Months Ended			
	September 30,		Change		March 31,		Change	
	2022	2021	\$	%	2023	2022	\$	%
Income tax provision	\$ 40,799	\$ 26,494	\$ 14,305	54.0%	\$ 14,060	\$ 10,814	\$ 3,246	30.0%
Effective income tax rate	22.6%	16.5%			22.3%	22.1%		

The increase in the effective income tax rate was primarily due remained consistent for the three months ended March 31, 2023 compared to the lower impact of stock option exercises three month period ended March 31, 2022.

Table of Contents

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

A discussion of our Results of Operations for the nine three months ended September 30, 2021 March 31, 2022 can be found in "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations: Results of Operations; Nine Three Months Ended September 30, 2021 March 31, 2022 Compared to the Nine Three Months Ended September 30, 2020 March 31, 2021." on our [Form 10-Q filed on November 4, 2021 May 10, 2022](#).

Liquidity and Capital Resources

Our principal source of liquidity is cash flow from operating activities as well as our cash and cash equivalents and marketable securities, which we believe will provide sufficient funding for us to meet our liquidity requirements for the foreseeable future. Our principal liquidity requirements are to fund working capital, research and development, including clinical trials, capital expenditures primarily related to investment in surgical sets required to maintain and expand our business, and potential future business or intellectual property acquisitions. We expect to continue to make investments in surgical sets as we launch new products, increase the size of our U.S. sales force, and expand into international markets. We may, however, require additional liquidity as we continue to execute our business strategy. To the extent that we require new sources of liquidity, we may consider incurring debt, including borrowing against our existing credit facility, convertible debt instruments, and/or raising

additional funds through an equity offering. The sale of additional equity may result in dilution to our stockholders. There is no assurance that we will be able to secure such additional funding on terms acceptable to us, or at all.

In August 2020, we entered into the Credit Agreement with Citizens Bank, N.A. which provides a Revolving Credit Facility permitting borrowings up to \$125.0 million. As amended, the Credit Agreement has a termination date of August 2, 2023. The Revolving Credit Facility includes up to a \$25.0 million sub limit for letters of credit. As of **September 30, 2022** **March 31, 2023**, we have not borrowed under the Credit Agreement.

29 27

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

Cash Flows

The following table summarizes, for the periods indicated, cash flows from operating, investing and financing activities:

(in thousands)	Nine Months Ended		2022-2021		Three Months Ended	
	September 30,		Change		March 31,	
	2022	2021	\$	2023	2022	\$
Net cash provided by/(used in) operating activities	\$ 114,493	\$ 200,021	\$ (85,528)	\$ 53,313	\$ 44,690	\$ 8,623
Net cash provided by/(used in) investing activities	(49,878)	(132,142)	82,264	10,992	(13,894)	24,886
Net cash provided by/(used in) financing activities	(123,553)	55,170	(178,723)	2,940	6,047	(3,107)
Effect of foreign exchange rate changes on cash	92	(570)	662	(26)	(123)	97
Increase (decrease) in cash and cash equivalents	\$ (58,846)	\$ 122,479	\$ (181,325)	\$ 67,219	\$ 36,720	\$ 30,499

Cash Provided by Operating Activities

The net cash provided by operating activities for the **nine months** **three month period** ended **September 30, 2022** **March 31, 2023** was primarily cash flow from net income and favorable changes in **income tax and** accounts payable, partially offset by outflows for inventories and unfavorable changes in accounts **receivables** **receivable** and **prepaid accrued** expenses and other **assets** **liabilities**.

Cash Used in Investing Activities

The cash **used in** provided by investing activities for the **nine months** **three month period** ended **September 30, 2022** **March 31, 2023** was primarily from purchases of property and equipment partially offset by the net inflows of purchases, maturities and sales of marketable securities. securities, partially offset by purchases of property and equipment and the acquisition of businesses, net of cash acquired and purchases of intangible and other assets.

Cash Used in Financing Activities

The net cash **used in** provided by financing activities for the **nine months** **three month period** ended **September 30, 2022** **March 31, 2023** was primarily the result of the **repurchased Class A common stock** partially offset by inflows from proceeds from exercise of stock **options**. **options**, partially offset by payment of business **acquisition** **liabilities**.

A discussion of our Cash Flows for the **nine** **three** months ended **September 30, 2021** **March 31, 2022** can be found in **"Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations: Results of Operations; Cash Flows."** on our [Form 10-Q filed on November 4, 2021 May 10, 2022](#).

Contractual Obligations and Commitments

There have been no material changes to our contractual obligations during the **nine** **three** months ended **September 30, 2022** **March 31, 2023**.

Backlog

We work closely with our suppliers to ensure that our inventory needs are met while maintaining high quality and reliability. To date, we have experienced slight delays in locating and obtaining the materials necessary to fulfill our production requirements, which has extended our lead times but it has not caused a meaningful backlog of sales orders. Despite the current such delays, which we believe are primarily driven by the dynamic nature of COVID-19 and geopolitical impacts on the global supply chain, we believe our supplier relationships and facilities will support our capacity needs for the foreseeable future for Musculoskeletal Solutions. future. However, it is possible that the impacts of a prolonged COVID-19 and geopolitical disruptions disruption could cause a backlog of sales orders for Musculoskeletal Solutions products. The delays experienced for sourcing certain components of Enabling Technology products may cause a backlog of sales orders in the foreseeable future.

orders. A majority of our product inventory is held primarily with our sales representatives and at hospitals throughout the United States. We stock inventory in our warehouse facilities and retain title to consigned inventory which is maintained with our field representatives and hospitals in sufficient quantities so that products are available when needed for surgical procedures. Safety stock levels are determined based on a number of factors, including demand, manufacturing lead times, and quantities required to maintain service levels.

[Table of Contents](#)**GLOBUS MEDICAL, INC. AND SUBSIDIARIES****Recently Issued Accounting Pronouncements**

For further details on recently issued accounting pronouncements, please refer to “**Part I; Item 1. Financial Statements; Notes to Condensed Consolidated Financial Statements (Unaudited); Note 2. Summary of Significant Accounting Policies; (k) Recently Issued Accounting Pronouncements**” above.

28

[Table of Contents](#)**GLOBUS MEDICAL, INC. AND SUBSIDIARIES****Cautionary Note Concerning Forward-Looking Statements**

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical fact are forward-looking statements. We have tried to identify forward-looking statements by using words such as “believe,” “may,” “might,” “could,” “will,” “aim,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “plan” and similar words. These forward-looking statements are based on our current assumptions, expectations and estimates of future events and trends. Forward-looking statements are only predictions and are subject to many risks, uncertainties and other factors that may affect our businesses and operations and could cause actual results to differ materially from those predicted. These risks and uncertainties include, but are not limited to, the occurrence of any change, event, series of events or circumstances that could give rise to the termination of the Merger Agreement, including a termination of the Merger Agreement under circumstances that could require Globus to pay a termination fee to NuVasive or require NuVasive to pay a termination fee to Globus; the inability to complete the Merger due to the failure to satisfy any of the conditions to the completion of the Merger, including receipt of the necessary approval under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the “HSR Act”), in a timely manner or otherwise; any unexpected costs, liabilities or delays related to the NuVasive transaction; the respective businesses of Globus and NuVasive may suffer as a result of uncertainty surrounding the transaction; the effect of the announcement of the transaction on the ability of Globus or NuVasive to retain and hire key personnel and maintain relationships with customers, suppliers and others with whom Globus or NuVasive does business, or on Globus’ or NuVasive’s operating results and business generally; health epidemics, pandemics and similar outbreaks, including the COVID-19 pandemic, factors affecting our quarterly results, our ability to manage our growth, our ability to sustain our profitability, demand for our products, our ability to compete successfully (including without limitation our ability to convince surgeons to use our products and our ability to attract and retain sales and other personnel), our ability to rapidly develop and introduce new products, our ability to develop and execute on successful business strategies, our ability to comply with changes and applicable laws and regulations that are applicable to our businesses, our ability to safeguard our intellectual property, our success in defending legal proceedings brought against us, trends in the medical device industry, and general economic conditions, and other risks set forth in this Quarterly Report on Form 10-Q and throughout our [Annual Report on Form 10-K for the year ended December 31, 2021](#) [December 31, 2022](#), particularly those set forth under “**Item 1. Business**,” “**Item 1A. Risk Factors**,” “**Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations**,” and “**Item 7A. Quantitative and Qualitative Disclosure About Market Risk**”, and those discussed in other documents we file with the U.S. Securities and Exchange Commission (the “SEC”). Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for us to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements. Forward-looking statements contained in this Quarterly Report speak only as of the date of this Quarterly Report. We undertake no obligation to update any forward-looking statements as a result of new information, events or circumstances or other factors arising or coming to our attention after the date hereof.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

We have evaluated the information required under this item that was disclosed under Item 7A in our [Annual Report on Form 10-K for the year ended December 31, 2021](#) [December 31, 2022](#) and there have been no significant changes to this information.

Item 4. Controls and Procedures**Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer (“CEO”) and our Chief Financial Officer (“CFO”), evaluated the effectiveness of our disclosure controls and procedures as of [September 30, 2022](#) [March 31, 2023](#). The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC rules and forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's

29

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Based on their evaluation of our disclosure controls and procedures as of **September 30, 2022** **March 31, 2023**, our CEO and CFO concluded that, as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended **September 30, 2022** **March 31, 2023** that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

31

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

Inherent Limitations on Effectiveness of Controls

Our management, including our CEO and CFO, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. For example, these inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

32 30

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in a number of proceedings, legal actions and claims. Such matters are subject to many uncertainties, and the outcomes of these matters are not within our control and may not be known for prolonged periods of time. In some actions, the claimants seek damages, as well as other relief, including injunctions prohibiting us from engaging in certain activities, which, if granted, could require significant expenditures and/or result in lost revenues. For further details on the material legal proceedings to which we are currently a party, please refer to "**Part I; Item 1. Financial Statements; Notes to Condensed Consolidated Financial Statements (Unaudited); Note 15. Commitments and Contingencies**" above.

In addition, we are subject to legal proceedings arising in the ordinary course of business.

Item 1A. Risk Factors

Not applicable. Risk factors that could cause our actual results to differ from our expectations and that could negatively impact our business, results of operations and financial condition are discussed below and elsewhere in this Quarterly Report on Form 10-Q. If any of these risks actually occurs, our business, results of operations, financial condition and future growth prospects could be materially and adversely affected. You should carefully read and consider each of these risks, together with all of the other information set forth in this Quarterly Report on Form 10-Q. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial may also materially adversely affect our business, results of operations, financial condition and future growth prospects, and our stock price.

Except for the additional risk factors set forth below, there have been no material changes to the risk factors set forth in Item 1A. "Risk Factors" of our [2022 Annual Report on Form 10-K filed on February 21, 2023](#).

Risks Relating to the Merger With NuVasive

The Merger may not be completed and the Merger Agreement may be terminated in accordance with its terms.

The Merger is subject to a number of conditions that must be satisfied (or waived, to the extent permitted), including (i) the adoption of the Merger Agreement by NuVasive stockholders; (ii) approval by Globus stockholders of the issuance of shares of Globus Class A Common Stock in connection with the Merger; (iii) the absence of any law or order prohibiting consummation of the Merger; (iv) this registration statement on Form S-4 having been declared effective by the SEC; (v) the expiration or termination of the applicable waiting period (and any extension thereof) under the HSR Act; (vi) with respect to a party, accuracy of the other party's representations and warranties, subject to certain materiality standards set forth in the Merger Agreement; (vii) compliance by each party in all material respects with such other party's obligations under the Merger Agreement; and (viii) with respect to a party, the absence of a material adverse effect on the other party since February 8, 2023. These conditions are described in the section titled "The Merger Agreement—Conditions to the Consummation of the Merger" on our joint prospectus/proxy filed with the SEC on March 28, 2023 (the "Prospectus"). These conditions to the completion of the Merger, some of which are beyond the control of Globus and NuVasive, may not be satisfied or waived in a timely manner or at all, and, accordingly, the Merger may be delayed or not completed.

Additionally, either Globus or NuVasive may terminate the Merger Agreement under certain circumstances, subject to the payment of a termination fee in certain cases. See the section titled "The Merger Agreement—Termination of the Merger Agreement" and "The Merger Agreement—Termination Fees" in the Prospectus for a more completed discussion of the circumstances under which the Merger Agreement could be terminated and when a termination fee may be payable by Globus or NuVasive.

Failure to complete the Merger could negatively impact the future business and financial results of Globus and the trading price of the Globus Class A Common Stock.

If the Merger is not completed for any reason, our ongoing business may be adversely affected and, without realizing any of the expected benefits of having completed the Merger, and we would be subject to a number of risks, including the following:

31

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

- We may experience negative reactions from the financial markets, including negative impacts on our stock price;
- We may experience negative reactions from its customers, partners, suppliers and employees;
- We will have incurred substantial costs towards completion of the Merger and will generally be required to pay all costs relating to the Merger, such as financial advisory, legal, accounting costs and associated fees and expenses, whether or not the Merger is completed;
- There may be disruptions to our business resulting from the announcement and dependency of the Merger, and any adverse changes in relationships with either company's respective customers, partners, suppliers, surgeons, other business partners, contractors and employees may continue or intensify; and
- We have committed substantial time and resources to matters relating to the Merger (including integration planning) which would otherwise have been devoted to day-to-day operations and other opportunities that may have been beneficial to an independent company.

Until the completion of the Merger or the termination of the Merger Agreement pursuant to its terms, Globus is prohibited from entering into certain transactions and taking certain actions that might otherwise be beneficial to Globus or its stockholders.

From and after the date of the Merger Agreement and prior to the completion of the Merger or the termination of the Merger Agreement pursuant to its terms, the Merger Agreement restricts Globus and NuVasive from taking specified actions without the consent of the other party and requires that the businesses of Globus, NuVasive and their respective subsidiaries be conducted in the ordinary course. These restrictions may prevent Globus from taking actions during the dependency of the Merger that would have been beneficial. Adverse effects arising from these restrictions during the dependency of the Merger could be exacerbated by any delays in the completion of the Merger or termination of the Merger Agreement.

The Merger, and uncertainty regarding the Merger, may cause business partners, surgeons, vendors or other stakeholders to delay or defer decisions concerning Globus and adversely affect our ability to effectively manage our business, which could adversely affect our business, operating results and financial position and, following the completion of the Merger, the Combined Company's business, operating results and financial position.

The Merger will happen only if the stated conditions are met, including the receipt of the expiration or termination of the applicable waiting period (and any extension thereof) under the HSR Act can be obtained, among other conditions. Many of the conditions are beyond the control of Globus

and NuVasive, and both parties also have certain rights to terminate the Merger Agreement. Accordingly, there may be uncertainty regarding the completion of the Merger. This uncertainty may cause existing or prospective business partners, surgeons, vendors and other stakeholders, including sales representatives, to:

- delay or defer other decisions concerning Globus, NuVasive or to Globus and NuVasive collectively following completion of the Merger (the "Combined Company"), including entering into contracts with Globus or NuVasive or making other decisions concerning Globus or NuVasive or seek to change or cancel existing business relationships with Globus or NuVasive; or
- otherwise seek to change the terms on which they do business with Globus, NuVasive or the Combined Company.

Any such disruption such as delays or deferrals of those decisions or changes in existing agreements could adversely affect the respective business, operating results and financial position of Globus, whether the Merger is ultimately completed, and following the completion of the Merger, the Combined Company, including an adverse effect on the Combined Company's ability to realize the anticipated synergies and other benefits of the Merger. The risk, and adverse effect, of any such disruptions could be exacerbated by a delay in completion of the Merger or termination of the Merger Agreement.

Whether or not the Merger is completed, the announcement and pendency of the Merger could cause disruptions in our businesses, which could have an adverse effect on our businesses and financial results.

Whether or not the Merger is completed, the announcement and pendency of the Merger could cause disruptions in our businesses, including by diverting the attention of our management and employees, such as those involved in day-to-day operations and sales, toward the completion of the Merger. In addition, we have diverted significant management resources in an effort to complete the Merger and are subject to restrictions contained in the

Table of Contents

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

Merger Agreement on the conduct of our businesses. If the Merger is not completed, we will have incurred significant costs, including the diversion of management resources, for which we will have received little or no benefit.

Globus expects to incur substantial costs related to the Merger and integration.

We have incurred and expect to incur non-recurring costs associated with combining the operations of the two companies, as well as transaction fees and other costs related to the Merger. Such costs include, among others, filing and registration fees with the SEC, printing and mailing costs associated with this joint proxy statement/prospectus, and legal, accounting, investment banking, consulting, public relations and proxy solicitation fees. Some of these costs are payable by Globus regardless of whether the Merger is completed.

The Combined Company will also incur restructuring and integration costs in connection with the Merger. There are processes, policies, procedures, operations, technologies and systems that must be integrated in connection with the Merger and the integration of NuVasive's business into the Combined Company. Although Globus expects that the elimination of duplicative costs, strategic benefits and additional income, as well as the realization of other efficiencies related to the integration of the businesses, may offset incremental transaction, Merger-related and restructuring costs over time, any net benefit may not be achieved in the near term or at all. While Globus has assumed that certain expenses would be incurred in connection with the Merger and the other transactions contemplated by the Merger Agreement, there are many factors beyond Globus's control that could affect the total amount or the timing of the integration and implementation expenses.

Risks Relating to the Combined Company

Combining the businesses of Globus and NuVasive may be more difficult, costly or time-consuming than expected and the Combined Company may fail to realize the anticipated benefits of the Merger, which may adversely affect the Combined Company's business results and negatively affect the value of the Combined Company's common stock.

The success of the Merger will depend on, among other things, our ability to realize the anticipated benefits, synergies and efficiencies from combining the businesses of Globus and NuVasive. This success will depend on, among other factors, our ability to successfully integrate its business with the business of NuVasive. If we are not able to successfully integrate NuVasive's business into the Combined Company within the anticipated timeframe, or at all, the anticipated synergies, efficiencies and other benefits of the Merger may not be realized fully, or at all, or may take longer to realize than expected.

An inability to realize the full extent of the anticipated benefits of the Merger, as well as any delays encountered in the integration process, could have an adverse effect upon the revenues, level of expenses and operating results of the Combined Company, which may adversely affect the value of the common stock of the Combined Company.

Globus and NuVasive have operated and, until the completion of the Merger, will continue to operate independently. There can be no assurance that their businesses can be integrated successfully. It is possible that the integration process could result in the loss of key Globus or NuVasive employees, the loss of surgeon customers, the disruption of either company's or both companies' ongoing businesses, inconsistencies in standards, controls, procedures and policies, unexpected integration issues, higher than expected integration costs and an overall post-

completion integration process that takes longer than originally anticipated. The challenges involved in this integration, which will be complex and time-consuming, include the following:

- combining the businesses of Globus and NuVasive, including respective operations and corporate functions, and meeting the capital requirements of the Combined Company in a manner that permits the Combined Company to achieve any revenue synergies or efficiencies anticipated to result from the Merger, the failure of which would result in the anticipated benefits of the Merger not being realized in the time frame currently anticipated or at all;
- integrating and retaining personnel from the two companies;
- integrating each company's technologies and technologies licensed by them from third parties;
- identifying and eliminating redundant and underperforming functions and assets;
- harmonizing each company's operating practices, employee development and compensation programs, internal controls and other policies, procedures and processes;

33

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

- maintaining existing agreements with each company's business partners, surgeons, suppliers and vendors, avoiding delays in entering into new agreements with prospective business partners, surgeons, suppliers and vendors, and leveraging relationships with such third parties for the benefit of the Combined Company;
- addressing possible differences in business backgrounds, corporate cultures and management philosophies;
- consolidating each company's administrative and information technology infrastructure; coordinating sales activities and go-to-market efforts;
- coordinating geographically dispersed organizations; and
- effecting actions that may be required in connection with obtaining regulatory or other governmental approvals.

In addition, at times the attention of certain members of either company's or both companies' management and resources may be focused on completion of the Merger and the integration of the businesses of the two companies and diverted from day-to-day business operations or other opportunities that may have been beneficial to such company, which may disrupt each company's ongoing business and the business of the Combined Company.

The Combined Company may be unable to realize the anticipated synergies and expects to incur substantial expenses related to the Merger, which could adversely affect the Combined Company's business, financial condition and results of operations.

The Combined Company's ability to achieve estimated synergies in the time frame anticipated, or at all, is subject to various assumptions, which may or may not prove to be accurate. As a consequence, the Combined Company may not be able to realize all of the synergies within the time frame expected or at all. In addition, the Combined Company may incur additional or unexpected costs in order to realize these benefits. Failure to achieve the expected synergies could significantly reduce the expected benefits associated with the Merger.

Certain contractual counterparties may seek to modify contractual relationships with the Combined Company, which could have an adverse effect on the Combined Company's business and operations.

As a result of the Merger, the Combined Company may experience impacts on relationships with contractual counterparties (such as business partners, surgeons, vendors, sales representatives, contractors or other third party service providers) that may harm the Combined Company's business and results of operations. Certain counterparties may seek to terminate or modify contractual obligations following the Merger whether or not contractual rights are triggered as a result of the Merger. There can be no guarantee that Globus' or NuVasive's contractual counterparties will remain with or continue to have a relationship with the Combined Company or do so on the same or similar contractual terms following the Merger. If any contractual counterparties (such as business partners, surgeons, vendors, sales representatives, contractors or other third party service providers) seek to terminate or modify contractual obligations or discontinue their relationship with the Combined Company, then the Combined Company's business and results of operations may be harmed.

Completion of the transaction may trigger change in control, assignment or other provisions in certain agreements to which NuVasive is a party, which may have an adverse impact on the Combined Company's business and results of operations.

The completion of the Merger may trigger change in control, assignment and other provisions in certain agreements to which NuVasive is a party. If NuVasive is unable to negotiate a waiver of consents under those provisions, the counterparties may exercise their rights and remedies under the agreements, potentially terminating the agreements or seeking monetary damages or other remedies. Even if NuVasive is able to

negotiate waivers, the counterparties may require a fee for such waivers or seek to negotiate the agreements on terms less favorable to the Combined Company. Any of the foregoing or similar developments may have an adverse impact on the business, financial condition and results of operations of the Combined Company, or the ability of Globus to successfully integrate NuVasive's business.

The Combined Company may be exposed to increased litigation, which could have an adverse effect on the Combined Company's business and operations.

The Combined Company may be exposed to increased litigation from stockholders, customers, partners, suppliers, contractors and other third parties due to the merger of Globus' and NuVasive's businesses following the Merger. Such litigation may have an adverse impact on the Combined Company's business and results of operations or may cause disruption to the Combined Company's operations.

34

[Table of Contents](#)

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

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

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

The following is a list of exhibits filed as part of this Quarterly Report on Form 10-Q. Where so indicated, exhibits that were previously filed are incorporated by reference. For exhibits incorporated by reference, the location of the exhibit in the previous filing is indicated in parentheses.

33 35

[Table of Contents](#)

Exhibit No.	Item
10.1* 2.1***	Second Amendment Agreement and Plan of Merger, dated as of February 8, 2023, by and among NuVasive, Inc., Globus Medical, Inc. and Zebra Merger Sub, Inc. (incorporated by reference to Credit Exhibit 2.1 of the Registrant's Form 8-K, filed with the SEC on February 9, 2023).
10.1	Voting and Support Agreement, dated as of August 3, 2022 February 8, 2023, by and among NuVasive, Inc., Globus Medical, Inc., Globus Medical North America, Inc., David C. Paul and Citizens Banks, N.A. Sonali Paul (incorporated by reference to Exhibit 10.1 of the Registrant's Form 10-Q 8-K, filed with the SEC on August 4, 2022 February 9, 2023). ***
31.1*	Certification by Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification by Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32**	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

*** Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish on a supplemental basis a copy of the omitted schedules and exhibits to the Commission upon request.

[Table of Contents](#)**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.

GLOBUS MEDICAL, INC.Dated: **November 8, 2022** May 4, 2023**/s/ DANIEL T. SCAVILLA**

Daniel T. Scavilla
 Chief Executive Officer
 President
 (Principal Executive Officer)

Dated: **November 8, 2022** May 4, 2023**/s/ KEITH PFEIL**

Keith Pfeil
 Chief Financial Officer
 Chief Accounting Officer
 Senior Vice President
 (Principal Financial Officer)

EXHIBIT 31.1 Certification By Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Daniel T. Scavilla, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Globus Medical, 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, in light 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 and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- 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: November 8, 2022 May 4, 2023

/s/ DANIEL T. SCAVILLA

Daniel T. Scavilla
Chief Executive Officer
President
(Principal Executive Officer)

EXHIBIT 31.2 Certification By Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 I, Keith Pfeil, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Globus Medical, 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, in light 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 and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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: November 8, 2022 May 4, 2023

/s/ KEITH PFEIL

Keith Pfeil
Chief Financial Officer
Chief Accounting Officer
Senior Vice President
(Principal Financial Officer)

EXHIBIT 32**Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002** Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code), Daniel T. Scavilla, Chief Executive Officer, and Keith Pfeil, Senior Vice President and Chief Financial Officer of Globus Medical, Inc. (the "Company"), each certifies with respect to the Quarterly Report of the Company on Form 10-Q for the period ended September 30, 2022 March 31, 2023 (the "Report") that, to the best of his knowledge:

- (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.

Date: November 8, 2022 May 4, 2023

/s/ DANIEL T. SCAVILLA

Daniel T. Scavilla
Chief Executive Officer
President
(Principal Executive Officer)

Date: November 8, 2022 May 4, 2023

/s/ KEITH PFEIL

Keith Pfeil
Chief Financial Officer
Chief Accounting Officer

Senior Vice President
(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code) and is not being filed as part of the Report or as a separate disclosure document.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2023, Refinitiv. All rights reserved. Patents Pending.