

**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  
or

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

For the quarterly period ended

June 30, 2023

Commission File Number

001-39218

**CONMED CORPORATION**

(Exact name of the registrant as specified in its charter)

**Delaware**

**16-0977505**

(State or other jurisdiction of incorporation or organization)

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

**11311 Concept Blvd    Largo,    Florida**

**33773**

(Address of principal executive offices)

(Zip Code)

**(727) 392-6464**

(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value	CNMD	NYSE

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, 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 (Check one).

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 registrant's common stock, as of July 24, 2023 is 30,739,751 shares.

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CONMED CORPORATION  
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FOR THE QUARTER ENDED JUNE 30, 2023  
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**PART I FINANCIAL INFORMATION**

**Item 1.**

**CONMED CORPORATION**  
**CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(Unaudited, in thousands except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Net sales	\$ 317,652	\$ 277,190	\$ 613,121	\$ 519,516
Cost of sales	146,962	125,413	287,110	231,748
Gross profit	170,690	151,777	326,011	287,768
Selling and administrative expense	129,700	115,826	259,784	218,701
Research and development expense	13,572	11,493	26,110	22,165
Operating expenses	143,272	127,319	285,894	240,866
Income from operations	27,418	24,458	40,117	46,902
Interest expense	9,997	5,928	20,252	10,926
Other expense (See Note 11)	—	112,011	—	112,011
Income (loss) before income taxes	17,421	(93,481)	19,865	(76,035)
Provision for income taxes	3,689	74,810	4,314	77,281
Net income (loss)	\$ 13,732	\$ (168,291)	\$ 15,551	\$ (153,316)
Comprehensive income (loss)	\$ 15,767	\$ (172,636)	\$ 20,462	\$ (156,221)
<i>Per share data:</i>				
Net income (loss)				
Basic	\$ 0.45	\$ (5.65)	\$ 0.51	\$ (5.18)
Diluted	0.43	(5.65)	0.49	(5.18)
Weighted average common shares				
Basic	30,662	29,775	30,587	29,601
Diluted	31,795	29,775	31,499	29,601

See notes to consolidated condensed financial statements.

**CONMED CORPORATION**  
**CONSOLIDATED CONDENSED BALANCE SHEETS**  
(Unaudited, in thousands except share and per share amounts)

	June 30, 2023	December 31, 2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 27,848	\$ 28,942
Accounts receivable, net	229,256	191,345
Inventories	327,309	332,320
Prepaid expenses and other current assets	31,109	28,619
Total current assets	615,522	581,226
Property, plant and equipment, net	116,788	115,611
Goodwill	815,634	815,429
Other intangible assets, net	665,584	681,799
Other assets	109,194	103,527
Total assets	\$ 2,322,722	\$ 2,297,592
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 69,632	\$ 69,746
Accounts payable	78,577	73,393
Accrued compensation and benefits	55,052	54,733
Other current liabilities	149,908	98,680
Total current liabilities	353,169	296,552
Long-term debt	971,475	985,076
Deferred income taxes	66,081	66,725
Other long-term liabilities	151,803	203,694
Total liabilities	1,542,528	1,552,047
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, par value \$0.01 per share; authorized 500,000 shares; none outstanding	—	—
Common stock, par value \$0.01 per share; 100,000,000 shares authorized; 31,299,194 shares issued in 2023 and 2022, respectively	313	313
Paid-in capital	432,780	413,235
Retained earnings	415,924	412,631
Accumulated other comprehensive loss	(52,947)	(57,858)
Less: 565,685 and 811,532 shares of common stock in treasury, at cost, in 2023 and 2022, respectively	(15,876)	(22,776)
Total shareholders' equity	780,194	745,545
Total liabilities and shareholders' equity	\$ 2,322,722	\$ 2,297,592

See notes to consolidated condensed financial statements.

**CONMED CORPORATION**  
**CONSOLIDATED CONDENSED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(Unaudited, in thousands except per share amounts)

	Common Stock		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Shareholders' Equity
	Shares	Amount					
Balance at December 31, 2022	31,299	\$ 313	\$ 413,235	\$ 412,631	\$ (57,858)	\$ (22,776)	\$ 745,545
Common stock issued under employee plans			556			2,044	2,600
Stock-based compensation			5,726				5,726
Dividends on common stock (\$0.20 per share)				(6,113)			(6,113)
Comprehensive income:							
Cash flow hedging gain, net					877		
Pension liability, net					403		
Foreign currency translation adjustments					1,596		
Net income				1,819			
Total comprehensive income							4,695
Balance at March 31, 2023	31,299	\$ 313	\$ 419,517	\$ 408,337	\$ (54,982)	\$ (20,732)	\$ 752,453
Common stock issued under employee plans			6,841			4,856	11,697
Stock-based compensation			6,422				6,422
Dividends on common stock (\$0.20 per share)				(6,145)			(6,145)
Comprehensive income:							
Cash flow hedging gain, net					503		
Pension liability, net					403		
Foreign currency translation adjustments					1,129		
Net income				13,732			
Total comprehensive income							15,767
Balance at June 30, 2023	31,299	\$ 313	\$ 432,780	\$ 415,924	\$ (52,947)	\$ (15,876)	\$ 780,194

	Common Stock		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Shareholders' Equity
	Shares	Amount					
Balance at December 31, 2021	31,299	\$ 313	\$ 396,771	\$ 496,605	\$ (54,203)	\$ (54,051)	\$ 785,435
Common stock issued under employee plans			2,232			4,020	6,252
Stock-based compensation			4,463				4,463
Dividends on common stock (\$0.20 per share)				(5,899)			(5,899)
Comprehensive income (loss):							
Cash flow hedging gain, net					1,082		
Pension liability, net					521		
Foreign currency translation adjustments					(163)		
Net income				14,975			
Total comprehensive income							16,415
Cumulative effect of change in accounting principle <sup>(1)</sup>			(37,911)	20,791			(17,120)
Balance at March 31, 2022	31,299	\$ 313	\$ 365,555	\$ 526,472	\$ (52,763)	\$ (50,031)	\$ 789,546
Common stock issued under employee plans			611			633	1,244
Stock-based compensation			5,755				5,755
Dividends on common stock (\$0.20 per share)				(6,092)			(6,092)
Shares issued for the settlement of convertible notes			(25,890)			25,890	—
Convertible note premium on extinguishment			103,125				103,125
Settlement of convertible notes hedge transactions			118,912				118,912
Settlement of warrants			(96,758)				(96,758)
Issuance of convertible notes hedge transactions, net of tax			(142,128)				(142,128)
Issuance of warrants			72,000				72,000
Comprehensive income (loss):							
Cash flow hedging gains, net					4,662		
Pension liability, net					490		
Foreign currency translation adjustments					(9,497)		
Net loss				(168,291)			
Total comprehensive loss							(172,636)
Balance at June 30, 2022	31,299	\$ 313	\$ 401,182	\$ 352,089	\$ (57,108)	\$ (23,508)	\$ 672,968

<sup>(1)</sup>We recorded the cumulative impact of adopting Accounting Standards Update (ASU) 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity in 2022.

See notes to consolidated condensed financial statements.

**CONMED CORPORATION**  
**CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS**  
(Unaudited, in thousands)

	Six Months Ended	
	June 30,	
	2023	2022
Cash flows from operating activities:		
Net income (loss)	\$ 15,551	\$ (153,316)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	8,222	8,090
Amortization of deferred debt issuance costs	3,012	1,916
Amortization	27,777	26,065
Stock-based compensation	12,148	10,218
Deferred income taxes	(607)	70,402
Non-cash adjustment to fair value of contingent consideration liability	3,799	—
Loss on early extinguishment of debt	—	3,426
Loss on convertible notes conversion premium	—	103,125
Loss on convertible notes hedge transactions settlement	—	5,460
Increase (decrease) in cash flows from changes in assets and liabilities:		
Accounts receivable	(35,184)	(17,779)
Inventories	4,468	(35,549)
Accounts payable	4,453	13,724
Accrued compensation and benefits	(253)	(12,260)
Other assets	(11,907)	(11,388)
Other liabilities	(8,653)	6,936
Net cash provided by operating activities	22,826	19,070
Cash flows from investing activities:		
Purchases of property, plant and equipment	(8,783)	(9,398)
Payments related to business acquisition, net of cash acquired	—	(142,555)
Other	(1,000)	—
Net cash used in investing activities	(9,783)	(151,953)
Cash flows from financing activities:		
Payments on term loan	—	(92,981)
Payments on revolving line of credit	(347,000)	(312,000)
Proceeds from revolving line of credit	331,000	172,000
Payments to redeem convertible notes	—	(275,000)
Proceeds from issuance of convertible notes	—	800,000
Payments related to debt issuance costs	—	(21,187)
Dividends paid on common stock	(12,208)	(11,773)
Purchases of convertible notes hedge transactions	—	(187,600)
Proceeds from issuance of warrants	—	72,000
Proceeds from settlement of convertible notes hedge transactions	—	86,228
Payment for settlement of warrants	—	(69,534)
Other, net	13,771	6,457
Net cash provided by (used in) financing activities	(14,437)	166,610
Effect of exchange rate changes on cash and cash equivalents	300	(1,422)
Net increase (decrease) in cash and cash equivalents	(1,094)	32,305
Cash and cash equivalents at beginning of period	28,942	20,847
Cash and cash equivalents at end of period	\$ 27,848	\$ 53,152
Non-cash investing and financing activities:		
Contingent consideration	\$ —	\$ 69,402
Dividends payable	\$ 6,145	\$ 6,092





**CONMED CORPORATION**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS**  
**(Unaudited, in thousands except per share amounts)**

**Note 1 - Operations**

CONMED Corporation ("CONMED", the "Company", "we" or "us") is a medical technology company that provides devices and equipment for surgical procedures. The Company's products are used by surgeons and other healthcare professionals in a variety of specialties including orthopedics, general surgery, gynecology, thoracic surgery and gastroenterology.

**Note 2 - Interim Financial Information**

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for annual financial statements. The information herein reflects all normal recurring material adjustments, which are, in the opinion of management, necessary to fairly present the results for the periods presented. The consolidated condensed financial statements herein consist of all wholly-owned domestic and foreign subsidiaries with all significant intercompany transactions eliminated. Results for the period ended June 30, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023.

The consolidated condensed financial statements and notes thereto should be read in conjunction with the consolidated financial statements and notes for the year ended December 31, 2022 included in our Annual Report on Form 10-K.

**Use of Estimates**

Preparation of the consolidated condensed 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 disclosure of contingent assets and liabilities at the date of the consolidated condensed financial statements and the reported amounts of revenue and expenses during the reporting period.

While there has been uncertainty and disruption in the global economy and financial markets, we are not aware of any specific event or circumstance that would require an update to our estimates or judgments or a revision of the carrying value of our assets or liabilities as of July 27, 2023, the date of issuance of this Quarterly Report on Form 10-Q. These estimates may change, as new events occur and additional information is obtained. Actual results could differ materially from these estimates under different assumptions or conditions.

**Note 3 - New Accounting Pronouncements**

**Recently Issued Accounting Standards, Not Yet Adopted**

In March 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides optional guidance if certain criteria are met for entities that have contracts, hedging relationships, and other transactions that reference LIBOR or other reference rates expected to be discontinued as a result of reference rate reform. This ASU is effective as of March 12, 2020 through December 31, 2022 and was extended through December 31, 2024 by ASU 2022-06, Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848. The Company has not adopted these ASUs as of June 30, 2023. Our seventh amended and restated senior credit agreement includes language to address the change from LIBOR to SOFR, an alternative base rate, therefore we do not believe reference rate reform will have a significant impact on our consolidated financial statements.

**Note 4 - Business Combinations**

On June 13, 2022, we acquired In2Bones Global, Inc. ("In2Bones") and all of its stock (the "In2Bones Acquisition") for an aggregate upfront payment of \$145.2 million in cash. In addition, there are potential earn-out payments to In2Bones' equity holders in an amount up to \$110.0 million based on the achievement of certain revenue targets for In2Bones products during the sixteen (16) successive quarters commencing on July 1, 2022. In2Bones is a global developer, manufacturer and distributor of medical devices for the treatment of disorders and injuries of the lower extremities (foot and ankle). The

In2Bones Acquisition was funded through a combination of cash on hand and long-term borrowings as further described in Note 11. Proforma information for In2Bones is immaterial for disclosure for the three and six months ended June 30, 2023 and 2022.

We incurred costs for the amortization of inventory step-up to fair value of \$ 2.2 million and \$4.3 million during the three and six months ended June 30, 2023, respectively, and \$0.3 million during both the three and six months ended June 30, 2022 related to the In2Bones acquisition, which were recorded in cost of sales. During the three and six months ended June 30, 2023, we recognized \$0.2 million and \$0.5 million, respectively, in integration costs and professional fees related to the acquisition that were included in selling and administrative expense. During the three and six months ended June 30, 2022, we recognized \$2.6 million in consulting and legal related fees associated with the acquisition of In2Bones, which were included in selling and administrative expense.

On August 9, 2022, we acquired Biorez, Inc. ("Biorez") and all of its stock (the "Biorez Acquisition") for an aggregate upfront payment of \$85.5 million in cash. We paid \$83.9 million as of June 30, 2023, with a \$1.6 million holdback, pursuant to the merger agreement for the Biorez Acquisition. In addition, there are potential earn-out payments to Biorez' equity holders in an amount up to \$165.0 million based on the achievement of certain revenue targets for Biorez products during the sixteen (16) successive quarters commencing on October 1, 2022. Biorez is a medical device start-up focused on advancing the healing of soft tissue using its proprietary BioBrace® implant technology. The Biorez Acquisition was funded through a combination of cash on hand and long-term borrowings. Proforma information is immaterial for disclosure for the three and six months ended June 30, 2023 and 2022.

## Note 5 - Revenues

The following tables present revenue disaggregated by primary geographic market where the products are sold, by product line and timing of revenue recognition:

	Three Months Ended			Three Months Ended		
	June 30, 2023			June 30, 2022		
	Orthopedic Surgery	General Surgery	Total	Orthopedic Surgery	General Surgery	Total
<b>Primary Geographic Markets</b>						
United States	\$ 52,339	\$ 122,328	\$ 174,667	\$ 40,461	\$ 108,721	\$ 149,182
Europe, Middle East & Africa	32,582	25,700	58,282	32,060	22,468	54,528
Asia Pacific	33,249	19,357	52,606	27,674	16,201	43,875
Americas (excluding the United States)	22,620	9,477	32,097	19,987	9,618	29,605
Total sales from contracts with customers	<u>\$ 140,790</u>	<u>\$ 176,862</u>	<u>\$ 317,652</u>	<u>\$ 120,182</u>	<u>\$ 157,008</u>	<u>\$ 277,190</u>

<b>Timing of Revenue Recognition</b>						
Goods transferred at a point in time	\$ 130,274	\$ 175,025	\$ 305,299	\$ 110,060	\$ 155,451	\$ 265,511
Services transferred over time	10,516	1,837	12,353	10,122	1,557	11,679
Total sales from contracts with customers	<u>\$ 140,790</u>	<u>\$ 176,862</u>	<u>\$ 317,652</u>	<u>\$ 120,182</u>	<u>\$ 157,008</u>	<u>\$ 277,190</u>

	Six Months Ended			Six Months Ended		
	June 30, 2023			June 30, 2022		
	Orthopedic Surgery	General Surgery	Total	Orthopedic Surgery	General Surgery	Total
<b>Primary Geographic Markets</b>						
United States	\$ 101,284	\$ 237,973	\$ 339,257	\$ 78,408	\$ 202,001	\$ 280,409
Europe, Middle East & Africa	65,702	48,596	114,298	62,041	42,794	104,835
Asia Pacific	63,370	35,343	98,713	51,091	29,155	80,246
Americas (excluding the United States)	41,610	19,243	60,853	36,158	17,868	54,026
Total sales from contracts with customers	<u>\$ 271,966</u>	<u>\$ 341,155</u>	<u>\$ 613,121</u>	<u>\$ 227,698</u>	<u>\$ 291,818</u>	<u>\$ 519,516</u>

<b>Timing of Revenue Recognition</b>						
Goods transferred at a point in time	\$ 251,397	\$ 337,614	\$ 589,011	\$ 208,264	\$ 288,773	\$ 497,037
Services transferred over time	20,569	3,541	24,110	19,434	3,045	22,479
Total sales from contracts with customers	<u>\$ 271,966</u>	<u>\$ 341,155</u>	<u>\$ 613,121</u>	<u>\$ 227,698</u>	<u>\$ 291,818</u>	<u>\$ 519,516</u>

Contract liability balances related to the sale of extended warranties to customers are as follows:

	June 30, 2023	December 31, 2022
Contract liability	<u>\$ 18,604</u>	<u>\$ 19,114</u>

Revenue recognized during the six months ended June 30, 2023 and June 30, 2022 from amounts included in contract liabilities at the beginning of the period were \$7.6 million and \$7.0 million, respectively. There were no material contract assets as of June 30, 2023 and December 31, 2022.

**Note 6 - Comprehensive Income (Loss)**

Comprehensive income (loss) consists of the following:

	Six Months Ended June 30,			
	Three Months Ended June 30,		2023	
	2023	2022	2023	2022
Net income (loss)	\$ 13,732	\$ (168,291)	\$ 15,551	\$ (153,316)
Other comprehensive income (loss):				
Cash flow hedging gain, net of income tax (income tax expense of \$ 161 and \$1,491 for the three months ended June 30, 2023 and 2022, respectively, and \$442 and \$1,838 for the six months ended June 30, 2023 and 2022, respectively)	503	4,662	1,381	5,744
Pension liability, net of income tax (income tax expense of \$ 129 and \$158 for the three months ended June 30, 2023 and 2022, respectively, and \$258 and \$284 for the six months ended June 30, 2023 and 2022, respectively.)	403	490	806	1,012
Foreign currency translation adjustment	1,129	(9,497)	2,724	(9,661)
Comprehensive income (loss)	\$ 15,767	\$ (172,636)	\$ 20,462	\$ (156,221)

Accumulated other comprehensive loss consists of the following:

	Cash Flow Hedging Gain (Loss)	Pension Liability	Cumulative Translation Adjustments	Accumulated Other Comprehensive Income (Loss)
Balance, December 31, 2022	\$ 2,497	\$ (23,749)	\$ (36,606)	\$ (57,858)
Other comprehensive income before reclassifications, net of tax	4,010	—	2,724	6,734
Amounts reclassified from accumulated other comprehensive income (loss) before tax <sup>a</sup>	(3,471)	1,064	—	(2,407)
Income tax	842	(258)	—	584
Net current-period other comprehensive income	1,381	806	2,724	4,911
Balance, June 30, 2023	\$ 3,878	\$ (22,943)	\$ (33,882)	\$ (52,947)

	Cash Flow Hedging Gain (Loss)	Pension Liability	Cumulative Translation Adjustments	Accumulated Other Comprehensive Income (Loss)
Balance, December 31, 2021	\$ 3,656	\$ (29,671)	\$ (28,188)	\$ (54,203)
Other comprehensive income (loss) before reclassifications, net of tax	9,851	—	(9,661)	190
Amounts reclassified from accumulated other comprehensive income (loss) before tax <sup>a</sup>	(5,421)	1,296	—	(4,125)
Income tax	1,314	(284)	—	1,030
Net current-period other comprehensive income (loss)	5,744	1,012	(9,661)	(2,905)
Balance, June 30, 2022	\$ 9,400	\$ (28,659)	\$ (37,849)	\$ (57,108)

<sup>(a)</sup> The cash flow hedging gain (loss) and pension liability accumulated other comprehensive loss components are included in sales or cost of sales and as a component of net periodic pension cost, respectively. Refer to Note 7 and Note 13, respectively, for further details.

**Note 7 - Fair Value of Financial Instruments**

We enter into derivative instruments for risk management purposes only. We operate internationally and, in the normal course of business, are exposed to fluctuations in interest rates, foreign exchange rates and commodity prices. These fluctuations can increase the costs of financing, investing and operating the business. We use forward contracts, a type of derivative instrument, to manage certain foreign currency exposures.

By nature, all financial instruments involve market and credit risks. We enter into forward contracts with major investment grade financial institutions and have policies to monitor the credit risk of those counterparties. While there can be no assurance, we do not anticipate any material non-performance by any of these counterparties.

**Foreign Currency Forward Contracts.** We hedge forecasted intercompany sales denominated in foreign currencies through the use of forward contracts. We account for these forward contracts as cash flow hedges. To the extent these forward contracts meet hedge accounting criteria, changes in their fair value are not included in current earnings (loss) but are included in accumulated other comprehensive loss. These changes in fair value will be recognized into earnings (loss) as a component of sales or cost of sales when the forecasted transaction occurs.

We also enter into forward contracts to exchange foreign currencies for United States dollars in order to hedge our currency transaction exposures on intercompany receivables designated in foreign currencies. These forward contracts settle each month at month-end, at which time we enter into new forward contracts. We have not designated these forward contracts as hedges and have not applied hedge accounting to them.

The following table presents the notional contract amounts for forward contracts outstanding:

		As of	
		June 30, 2023	December 31, 2022
	FASB ASC Topic 815 Designation		
Forward exchange contracts	Cash flow hedge	\$ 214,933	\$ 198,473
Forward exchange contracts	Non-designated	80,528	81,929

The remaining time to maturity as of June 30, 2023 is within two years for hedge designated foreign exchange contracts and approximately one month for non-hedge designated forward exchange contracts.

Statement of comprehensive income (loss) presentation

Derivatives designated as cash flow hedges

Foreign exchange contracts designated as cash flow hedges had the following effects on accumulated other comprehensive income (loss) ("AOCI") and net earnings on our consolidated condensed statements of comprehensive income (loss) and our consolidated condensed balance sheets:

Derivative Instrument	Amount of Gain Recognized in AOCI		Consolidated Condensed Statements of Comprehensive Income (Loss)			Amount of Gain Reclassified from AOCI	
	Three Months Ended June 30,						
			Total Amount of Line Item Presented				
	2023	2022	Location of amount reclassified	2023	2022	2023	2022
Foreign exchange contracts	\$ 2,753	\$ 9,756	Net Sales	\$ 317,652	\$ 277,190	\$ 915	\$ 3,403
			Cost of Sales	146,962	125,413	1,175	199
Pre-tax gain	\$ 2,753	\$ 9,756				\$ 2,090	\$ 3,602
Tax expense	667	2,365				507	873
Net gain	\$ 2,086	\$ 7,391				\$ 1,583	\$ 2,729

Derivative Instrument	Amount of Gain Recognized in AOCI		Consolidated Condensed Statements of Comprehensive Income (Loss)				Amount of Gain Reclassified from AOCI	
	Six Months Ended June 30,							
	Total Amount of Line Item Presented							
	2023	2022	Location of amount reclassified	2023	2022	2023	2022	
Foreign exchange contracts	\$ 5,291	\$ 13,003	Net Sales	\$ 613,121	\$ 519,516	\$ 1,490	\$ 5,147	
			Cost of Sales	287,110	231,748	1,981	274	
Pre-tax gain	\$ 5,291	\$ 13,003				\$ 3,471	\$ 5,421	
Tax expense	1,281	3,152				842	1,314	
Net gain	\$ 4,010	\$ 9,851				\$ 2,629	\$ 4,107	

At June 30, 2023, \$3.5 million of net unrealized gains on forward contracts accounted for as cash flow hedges, and included in accumulated other comprehensive loss, are expected to be recognized in earnings in the next twelve months.

### Derivatives not designated as cash flow hedges

Net gains from derivative instruments not accounted for as hedges and losses on our intercompany receivables on our consolidated condensed statements of comprehensive income (loss) were:

Derivative Instrument	Location on Consolidated Condensed Statements of Comprehensive Income (Loss)	Three Months Ended June 30,		Six Months Ended June 30,	
		2023	2022	2023	2022
Net gain on currency forward contracts	Selling and administrative expense	\$ 768	\$ 1,155	\$ 403	\$ 196
Net loss on currency transaction exposures	Selling and administrative expense	\$ (1,355)	\$ (2,178)	\$ (1,279)	\$ (1,764)

### Balance sheet presentation

We record these forward foreign exchange contracts at fair value. The following tables summarize the fair value for forward foreign exchange contracts outstanding at June 30, 2023 and December 31, 2022:

June 30, 2023	Location on Consolidated Condensed Balance Sheet	Asset Fair Value	Liabilities Fair Value	Net Fair Value
Derivatives designated as hedged instruments:				
Foreign exchange contracts	Prepaid expenses and other current assets	\$ 6,845	\$ (2,283)	\$ 4,562
Foreign exchange contracts	Other assets	1,240	(684)	556
		<u>\$ 8,085</u>	<u>\$ (2,967)</u>	<u>\$ 5,118</u>
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	Other current liabilities	15	(224)	(209)
<b>Total derivatives</b>		<u>\$ 8,100</u>	<u>\$ (3,191)</u>	<u>\$ 4,909</u>

December 31, 2022	Location on Consolidated Condensed Balance Sheet	Asset Fair Value	Liabilities Fair Value	Net Fair Value
Derivatives designated as hedged instruments:				
Foreign exchange contracts	Prepaid expenses and other current assets	\$ 6,757	\$ (3,121)	\$ 3,636
Foreign exchange contracts	Other long-term liabilities	60	(400)	(340)
		<u>\$ 6,817</u>	<u>\$ (3,521)</u>	<u>\$ 3,296</u>
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	Other current liabilities	48	(395)	(347)
<b>Total derivatives</b>		<u>\$ 6,865</u>	<u>\$ (3,916)</u>	<u>\$ 2,949</u>

Our forward foreign exchange contracts are subject to a master netting agreement and qualify for netting in the consolidated condensed balance sheets.

**Fair Value Disclosure.** FASB guidance defines fair value and establishes a framework for measuring fair value and related disclosure requirements. This guidance applies when fair value measurements are required or permitted. The guidance indicates, among other things, that a fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. Fair value is defined based upon an exit price model.

**Valuation Hierarchy.** A valuation hierarchy was established for disclosure of the inputs to the valuations used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, including interest rates, yield curves and credit risks, or inputs that are derived principally from or corroborated by observable market data through correlation. Level 3 inputs are unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. There have been no significant changes in the assumptions.

**Valuation Techniques.** Assets and liabilities carried at fair value and measured on a recurring basis as of June 30, 2023 consist of forward foreign exchange contracts and contingent consideration. The Company values its forward foreign exchange contracts using quoted prices for similar assets. The most significant assumption is quoted currency rates. The value of the forward foreign exchange contract assets and liabilities were valued using Level 2 inputs and are listed in the table above.

The Company values contingent consideration from the In2Bones and Biorez acquisitions using Level 3 inputs. The contingent consideration was recorded at fair value at the date of acquisition based on the consideration expected to be transferred, estimated as the probability-weighted future cash flows, discounted back to present value. The fair value of contingent consideration is measured using projected payment dates, discount rates, revenue volatilities and projected revenues. The recurring Level 3 fair value measurements of contingent consideration for which the liabilities are recorded include the following significant unobservable inputs as of June 30, 2023:

Unobservable Input	Assumptions	
	In2Bones	Biorez
Discount rate	7.41%	12.02%
Revenue volatility	13.56%	20.62%
Projected year of payment	2023-2026	2023-2026

Adjustments to the fair value of contingent consideration relate to the passage of time and changes in market assumptions. Changes in the fair value of contingent consideration liabilities for the six months ended June 30, 2023 are as follows:

	In2Bones	Biorez	Location in Financial Statements
Balance as of January 1, 2023	\$ 70,198	\$ 116,234	
Changes in fair value of contingent consideration	136	3,663	Selling and administrative expense
Balance as of June 30, 2023	<u>\$ 70,334</u>	<u>\$ 119,897</u>	

Contingent consideration of \$73.1 million and \$117.1 million is included in other current liabilities and other long-term liabilities, respectively, in the consolidated condensed balance sheet at June 30, 2023. Contingent consideration of \$18.6 million and \$167.8 million is included in other current liabilities and other long-term liabilities, respectively, in the consolidated condensed balance sheet at December 31, 2022.

The carrying amounts reported in our consolidated condensed balance sheets for cash and cash equivalents, accounts receivable, accounts payable and variable long-term debt approximate fair value.



**Note 8 - Inventories**

Inventories consist of the following:

	June 30, 2023	December 31, 2022
Raw materials	\$ 123,951	\$ 110,677
Work-in-process	27,797	26,166
Finished goods	175,561	195,477
Total	<u>\$ 327,309</u>	<u>\$ 332,320</u>

**Note 9 - Earnings (Loss) Per Share**

Basic earnings (loss) per share ("basic EPS") is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the reporting period. Diluted earnings per share for the three and six months ended June 30, 2023 ("diluted EPS") gives effect to all dilutive potential shares. As the Company was in a net loss position for the three and six months ended June 30, 2022, there were no dilutive potential shares included in the computation of diluted shares outstanding.

The following tables set forth the computation of basic and diluted earnings (loss) per share, as applicable, for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30, 2023			Three Months Ended June 30, 2022		
	Basic EPS	Adjustments	Diluted EPS	Basic EPS	Adjustments	Diluted EPS
Net income (loss)	<u>\$ 13,732</u>	<u>\$ —</u>	<u>\$ 13,732</u>	<u>\$ (168,291)</u>	<u>\$ —</u>	<u>\$ (168,291)</u>
Weighted average shares outstanding	30,662	—	30,662	29,775	—	29,775
Stock compensation	—	874	874	—	—	—
Warrants	—	45	45	—	—	—
Convertible notes	—	214	214	—	—	—
	<u>30,662</u>	<u>1,133</u>	<u>31,795</u>	<u>29,775</u>	<u>—</u>	<u>29,775</u>
EPS	<u>\$ 0.45</u>		<u>\$ 0.43</u>	<u>\$ (5.65)</u>		<u>\$ (5.65)</u>

	Six Months Ended June 30, 2023			Six Months Ended June 30, 2022		
	Basic EPS	Adjustments	Diluted EPS	Basic EPS	Adjustments	Diluted EPS
Net income (loss)	\$ 15,551	—	\$ 15,551	\$ (153,316)	—	\$ (153,316)
Weighted average shares outstanding	30,587	—	30,587	29,601	—	29,601
Stock compensation	—	751	751	—	—	—
Warrants	—	22	22	—	—	—
Convertible notes	—	139	139	—	—	—
	30,587	912	31,499	29,601	—	29,601
EPS	\$ 0.51		\$ 0.49	\$ (5.18)		\$ (5.18)

The shares used in the calculation of diluted EPS exclude stock options and stock appreciation rights to purchase shares where the exercise price was greater than the average market price of common shares for the period and the effect of the inclusion would be anti-dilutive. Such shares aggregated approximately 1.8 million and 1.7 million for the three and six months ended June 30, 2023, respectively. As the Company was in a net loss position for the three and six months ended June 30, 2022, there were no anti-dilutive shares.

#### **Note 10 - Goodwill and Other Intangible Assets**

The changes in the net carrying amount of goodwill for the six months ended June 30, 2023 are as follows:

Balance as of December 31, 2022	\$ 815,429
Foreign currency translation	205
Balance as of June 30, 2023	\$ 815,634

Assets and liabilities of acquired businesses are recorded at their estimated fair values as of the date of acquisition. Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses.

Other intangible assets consist of the following:

	June 30, 2023			December 31, 2022	
	Weighted Average Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
<b>Intangible assets with definite lives:</b>	22				
Customer and distributor relationships	24	\$ 369,888	\$ (179,698)	\$ 369,854	\$ (170,870)
Sales representation, marketing and promotional rights	25	149,376	(69,000)	149,376	(66,000)
Developed technology	18	320,204	(39,616)	320,204	(34,675)
Patents and other intangible assets	16	81,139	(53,253)	79,838	(52,472)
<b>Intangible assets with indefinite lives:</b>					
Trademarks and tradenames		86,544	—	86,544	—
		<u>\$ 1,007,151</u>	<u>\$ (341,567)</u>	<u>\$ 1,005,816</u>	<u>\$ (324,017)</u>

Customer and distributor relationships, trademarks and tradenames, developed technology and patents and other intangible assets primarily represent allocations of purchase price to identifiable intangible assets of acquired businesses. Sales representation, marketing and promotional rights represent intangible assets created under our agreement with Musculoskeletal Transplant Foundation ("MTF").

Amortization expense related to intangible assets which are subject to amortization totaled \$ 8.8 million and \$8.2 million for the three months ended June 30, 2023 and 2022, respectively, and \$17.6 million and \$16.2 million for the six months ended June 30, 2023 and 2022, respectively, and is included as a reduction of revenue (for amortization related to our sales representation, marketing and promotional rights) and in selling and administrative expense (for all other intangible assets) in the consolidated condensed statements of comprehensive income (loss).

The estimated intangible asset amortization expense remaining for the year ending December 31, 2023 and for each of the five succeeding years is as follows:

	Amortization included in expense	Amortization recorded as a reduction of revenue	Total
Remaining, 2023	\$ 14,671	\$ 3,000	\$ 17,671
2024	28,810	6,000	34,810
2025	29,632	6,000	35,632
2026	29,396	6,000	35,396
2027	30,436	6,000	36,436
2028	33,568	6,000	39,568

## Note 11 - Long-Term Debt

Long-term debt consists of the following:

	June 30, 2023	December 31, 2022
Revolving line of credit	\$ 54,000	\$ 70,000
Term loan, net of deferred debt issuance costs of \$627 and \$729 in 2023 and 2022, respectively	133,961	133,858
2.625% convertible notes, net of deferred debt issuance costs of \$232 and \$432 in 2023 and 2022, respectively	69,768	69,568
2.250% convertible notes, net of deferred debt issuance costs of \$16,708 and \$18,834 in 2023 and 2022, respectively	783,292	781,166
Financing leases	86	230
Total debt	1,041,107	1,054,822
Less: Current portion	69,632	69,746
Total long-term debt	<u>\$ 971,475</u>	<u>\$ 985,076</u>

### Seventh Amended and Restated Senior Credit Agreement

On July 16, 2021, we entered into a seventh amended and restated senior credit agreement consisting of: (a) a \$233.5 million term loan facility and (b) a \$585.0 million revolving credit facility. The revolving credit facility will terminate and the loans outstanding under the term loan facility will expire on July 16, 2026. The term loan was payable in quarterly installments increasing over the term of the facility. During 2022, we made a \$90.0 million prepayment on the term loan facility resulting in the elimination of such quarterly payments with the remaining balance due upon the expiration of the term loan facility. The \$90.0 million prepayment was accounted for as an extinguishment and resulted in a write-off to other expense of unamortized debt issuance costs of \$0.5 million for the three and six months ended June 30, 2022. Proceeds from the term loan facility and borrowings under the revolving credit facility were used to repay the then existing senior credit agreement. Interest rates are at the term Secured Overnight Financing Rate plus 0.114% ("Adjusted Term SOFR") (5.239% at June 30, 2023) plus an interest rate margin of 1.125% (6.364% at June 30, 2023). For borrowings where we elect to use the alternate base rate, the initial base rate is the greatest of (i) the Prime Rate, (ii) the Federal Funds Rate plus 0.50% or (iii) the one-month Adjusted Term SOFR plus 1.00%, plus, in each case, an interest rate margin.

There were \$134.6 million in borrowings outstanding on the term loan facility as of June 30, 2023. There were \$54.0 million in borrowings outstanding under the revolving credit facility as of June 30, 2023. Our available borrowings on the revolving credit facility at June 30, 2023 were \$529.4 million with approximately \$1.6 million of the facility set aside for outstanding letters of credit. The carrying amounts of the term loan and revolving credit facility approximate fair value.

The seventh amended and restated senior credit agreement is collateralized by substantially all of our personal property and assets. The seventh amended and restated senior credit agreement contains covenants and restrictions which, among other things, require the maintenance of certain financial ratios and restrict dividend payments and the incurrence of certain indebtedness and other activities, including acquisitions and dispositions. We were in full compliance with these covenants and restrictions as of June 30, 2023. We are also required, under certain circumstances, to make mandatory prepayments from net cash proceeds from any issuance of equity and asset sales.

### 2.625% Convertible Notes

On January 29, 2019, we issued \$345.0 million aggregate principal amount of 2.625% convertible notes due in 2024 (the "2.625% Notes"). Interest is payable semi-annually in arrears on February 1 and August 1 of each year, commencing August 1, 2019. The 2.625% Notes will mature on February 1, 2024, unless earlier repurchased or converted. The 2.625% Notes represent subordinated unsecured obligations and are convertible under certain circumstances, as defined in the indenture, into a combination of cash and CONMED common stock. The 2.625% Notes may be converted at an initial conversion rate of 11.2608 shares of our common stock per \$1,000 principal amount of 2.625% Notes (equivalent to an initial conversion price of approximately \$88.80 per share of common stock). Holders of the 2.625% Notes may convert the 2.625% Notes at their option at any time on or after November 1, 2023 through the second scheduled trading day preceding the maturity date. Holders of the 2.625% Notes will also have the right to convert the 2.625% Notes prior to November 1, 2023, but only upon the occurrence of specified events. The conversion rate is subject to anti-dilution adjustments if certain events occur. A portion of the net

proceeds from the offering of the 2.625% Notes were used as part of the financing for the Buffalo Filter acquisition and \$ 21.0 million were used to pay the cost of certain convertible notes hedge transactions as further described below.

On June 6, 2022, the Company repurchased and extinguished \$ 275.0 million principal amount of the 2.625% Notes for aggregate consideration consisting of \$275.0 million in cash and approximately 0.9 million shares of the Company's common stock. During the three and six months ended June 30, 2022, the Company recorded a loss on extinguishment of \$103.1 million to other expense based on the fair value of the shares of the Company's common stock issued in connection with the extinguishment. This loss was not deductible for tax purposes. We also recorded a write-off to other expense of unamortized debt issuance costs related to the 2.625% Notes of \$2.9 million. Concurrently, the Company entered into a Supplemental Indenture related to the remaining \$70.0 million in 2.625% Notes, in which the Company irrevocably elected to settle the principal value of those 2.625% Notes in cash. The \$70.0 million in 2.625% Notes are reflected in the current portion of long-term debt at June 30, 2023.

For the three months ended June 30, 2023 and 2022, we have recorded interest expense on the 2.625% Notes of \$0.5 million and \$1.7 million, respectively, and for the six months ended June 30, 2023 and 2022, we have recorded interest expense on the 2.625% Notes of \$0.9 million and \$3.9 million, respectively, at the contractual coupon rate of 2.625%.

The estimated fair value of the 2.625% Notes was approximately \$105.9 million as of June 30, 2023 based on a market approach which represents a Level 2 valuation in the fair value hierarchy. The estimated fair value was determined based on the estimated or actual bids and offers of the 2.625% Notes in an over-the-counter market transaction on the last business day of the period.

#### 2.250% Convertible Notes

On June 6, 2022, we issued \$800.0 million aggregate principal amount of 2.250% Notes. Interest is payable semi-annually in arrears on June 15 and December 15 of each year, commencing December 15, 2022. The 2.250% Notes will mature on June 15, 2027, unless earlier repurchased or converted. The 2.250% Notes represent subordinated unsecured obligations and are convertible under certain circumstances, as defined in the indenture, into a combination of cash and CONMED common stock, with the principal required to be paid in cash. The 2.250% Notes may be converted at an initial conversion rate of 6.8810 shares of our common stock per \$1,000 principal amount of the 2.250% Notes (equivalent to an initial conversion price of approximately \$145.33 per share of common stock). Holders of the 2.250% Notes may convert the 2.250% Notes at their option at any time on or after March 15, 2027 through the second scheduled trading day preceding the maturity date. Holders of the 2.250% Notes will also have the right to convert the 2.250% Notes prior to March 15, 2027, but only upon the occurrence of specified events. The conversion rate is subject to anti-dilution adjustments if certain events occur. A portion of these proceeds were used to repurchase and extinguish a portion of the 2.625% Notes, pay off our then outstanding balance on our revolving line of credit, pay down of \$90.0 million of our term loan and partially pay for the In2Bones Acquisition. In addition, approximately \$115.6 million of the proceeds were used to pay the cost of certain convertible notes hedge transactions related to the 2.250% Notes.

For the three months ended June 30, 2023 and 2022, we have recorded interest expense on the 2.250% Notes of \$4.5 million and \$1.3 million, respectively, and for the six months ended June 30, 2023 and 2022, we have recorded interest expense on the 2.250% Notes of \$9.0 million and \$1.3 million, respectively, at the contractual coupon rate of 2.250%.

The estimated fair value of the 2.250% Notes was approximately \$900.9 million as of June 30, 2023 based on a market approach which represents a Level 2 valuation in the fair value hierarchy. The estimated fair value was determined based on the estimated or actual bids and offers of the 2.250% Notes in an over-the-counter market transaction on the last business day of the period.

#### Convertible Notes Hedge Transactions

In connection with the offerings of the 2.625% and 2.250% Notes, we entered into convertible notes hedge transactions with a number of financial institutions (each, an "option counterparty"). The convertible notes hedge transactions cover, subject to anti-dilution adjustments substantially similar to those applicable to the respective Notes, the number of shares of our common stock underlying the 2.625% and 2.250% Notes. Concurrent with entering into the convertible notes hedge transactions, we also entered into separate warrant transactions with each option counterparty whereby we sold to such option counterparty warrants to purchase, subject to customary anti-dilution adjustments, the same number of shares of our common stock.

In connection with the repurchase and extinguishment of \$ 275.0 million principal amount of the 2.625% Notes, the Company entered into agreements with the option counterparties to terminate a corresponding portion of the hedges on the 2.625% Notes. The Company recorded a \$5.5 million charge to other expense as a result of a subsequent decline in fair value between execution date and settlement date during the three and six months ended June 30, 2022.

The convertible notes hedge transactions are expected generally to reduce the potential dilution upon conversion of the Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted Notes, as the case may be, in the event that the market price per share of our common stock, as measured under the terms of the convertible notes hedge transactions, is greater than the strike price of the convertible notes hedge transactions, which initially corresponds to the conversion price of the Notes and is subject to anti-dilution adjustments substantially similar to those applicable to the conversion rate of the Notes. If, however, the market price per share of our common stock, as measured under the terms of the warrant transactions, exceeds the strike price (\$114.92 for the 2.625% Notes and \$251.53 for the 2.250% Notes) of the warrants, there would nevertheless be dilution to the extent that such market price exceeds the strike price of the warrants, unless we elect to settle the warrants in cash.

The scheduled maturities of long-term debt outstanding at June 30, 2023 are as follows:

Remaining, 2023	\$	70,000
2024		—
2025		—
2026		188,588
2027		800,000
2028		—

The above amounts exclude deferred debt issuance costs and financing leases.

#### **Note 12 - Guarantees**

We provide warranties on certain of our products at the time of sale and sell extended warranties. The standard warranty period for our capital equipment is generally one year and our extended warranties typically vary from one to three years. Liability under service and warranty policies is based upon a review of historical warranty and service claim experience. Adjustments are made to accruals as claim data and historical experience warrant.

Changes in the liability for standard warranties for the six months ended June 30, are as follows:

	<b>2023</b>	<b>2022</b>
Balance as of January 1,	\$ 1,944	\$ 2,344
Provision for warranties	304	113
Claims made	(377)	(369)
Balance as of June 30,	<u>\$ 1,871</u>	<u>\$ 2,088</u>

Costs associated with extended warranty repairs are recorded as incurred and amounted to \$ 2.6 million and \$3.2 million for the six months ended June 30, 2023 and 2022, respectively.

**Note 13 - Pension Plan**

Net periodic pension cost consists of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Service cost	\$ 194	\$ 269	\$ 388	\$ 538
Interest cost on projected benefit obligation	911	537	1,822	1,074
Expected return on plan assets	(1,032)	(1,324)	(2,064)	(2,648)
Net amortization and deferral	532	648	1,064	1,296
Net periodic pension cost	\$ 605	\$ 130	\$ 1,210	\$ 260

We do not expect to make any pension contributions during 2023. Non-service pension cost/(benefit) was immaterial for the three and six months ended June 30, 2023 and 2022.

**Note 14 - Business Segment**

We are accounting and reporting for our business as a single operating segment entity engaged in the development, manufacturing and sale on a global basis of surgical devices and related equipment. Our chief operating decision maker (the CEO) evaluates the various global product portfolios on a net sales basis and evaluates profitability, investment, cash flow metrics and allocates resources on a consolidated worldwide basis due to shared infrastructure and resources. Our product lines consist of orthopedic surgery and general surgery. Orthopedic surgery consists of sports medicine and lower extremities instrumentation and implants, small bone, large bone and specialty powered surgical instruments as well as imaging systems for use in minimally invasive surgery procedures and fees related to the sales representation, promotion and marketing of sports medicine allograft tissue. General surgery consists of a complete line of endo-mechanical instrumentation for minimally invasive laparoscopic and gastrointestinal procedures, smoke evacuation devices, a line of cardiac monitoring products as well as electrosurgical generators and related instruments. These product lines' net sales are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Orthopedic surgery	\$ 140,790	\$ 120,182	\$ 271,966	\$ 227,698
General surgery	176,862	157,008	341,155	291,818
Consolidated net sales	\$ 317,652	\$ 277,190	\$ 613,121	\$ 519,516

**Note 15 - Legal Proceedings**

From time to time, the Company may receive an information request, subpoena or warrant from a government agency such as the Securities and Exchange Commission, Department of Justice, Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, the United States Food and Drug Administration, the Department of Labor, the Treasury Department or other federal and state agencies or foreign governments or government agencies. These information requests, subpoenas or warrants may or may not be routine inquiries, or may begin as routine inquiries and over time develop into enforcement actions of various types. Likewise, if we receive reports of alleged misconduct from employees and third parties, we investigate as appropriate.

Manufacturers of medical devices have been the subject of various enforcement actions relating to interactions with health care providers domestically or internationally whereby companies are claimed to have provided health care providers with inappropriate incentives to purchase their products. Similarly, the Foreign Corrupt Practices Act ("FCPA") imposes

obligations on manufacturers with respect to interactions with health care providers who may be considered government officials based on their affiliation with public hospitals. The FCPA also requires publicly listed manufacturers to maintain accurate books and records, and maintain internal accounting controls sufficient to provide assurance that transactions are accurately recorded, lawful and in accordance with management's authorization. The FCPA poses unique challenges both because manufacturers operate in foreign cultures in which conduct illegal under the FCPA may not be illegal in local jurisdictions, and because, in some cases, a United States manufacturer may face risks under the FCPA based on the conduct of third parties over whom the manufacturer may not have complete control. While CONMED has not experienced any material enforcement action to date, there can be no assurance that the Company will not be subject to a material enforcement action in the future, or that the Company will not incur costs including, in the form of fees for lawyers and other consultants, that are material to the Company's results of operations in the course of responding to a future inquiry or investigation.

Manufacturers of medical products may face exposure to significant product liability claims, as well as patent infringement and other claims incurred in the ordinary course of business. To date, we have not experienced any claims that have been material to our financial statements or financial condition, but any such claims arising in the future could have a material adverse effect on our business, results of operations or cash flows. We currently maintain commercial product liability insurance of \$35 million per incident and \$ 35 million in the aggregate annually, which we believe is adequate. This coverage is on a claims-made basis. There can be no assurance that claims will not exceed insurance coverage, that the carriers will be solvent or that such insurance will be available to us in the future at a reasonable cost.

Our operations are subject, and in the past have been subject, to a number of environmental laws and regulations governing, among other things, air emissions; wastewater discharges; the use, handling and disposal of hazardous substances and wastes; soil and groundwater remediation and employee health and safety. Likewise, the operations of our suppliers and sterilizers are subject to similar environmental laws and regulations. In some jurisdictions, environmental requirements may be expected to become more stringent in the future. In the United States, certain environmental laws can impose liability for the entire cost of site restoration upon each of the parties that may have contributed to conditions at the site regardless of fault or the lawfulness of the party's activities. While we do not believe that the present costs of environmental compliance and remediation are material, there can be no assurance that future compliance or remedial obligations would not have a material adverse effect on our financial condition, results of operations or cash flows.

CONMED is defending two Georgia State Court actions. The first action was filed in Cobb County by various employees, former employees, contract workers and others against CONMED and against a contract sterilizer (the "Cobb County Action"). The second action was filed in Douglas County against CONMED's landlord and other allegedly related entities (the "Douglas County Action"). Plaintiffs in the lawsuits allege personal injury and related claims purportedly arising from or relating to exposure to Ethylene Oxide, a chemical used to sterilize certain products. CONMED is defending the claims asserted directly against it and is providing indemnification for certain other defendants based on contractual provisions.

Both actions are in their early stages. The Company's motion to dismiss in the Cobb County action was heard on January 10, 2022, and the Court issued a ruling on June 15, 2022 dismissing 44 of the 51 plaintiffs' claims as precluded by the exclusive workers' compensation remedy, as well as one claim from a non-employee plaintiff. As to the remaining claims that were not the subject of the motion to dismiss, CONMED believes it has strong defenses and will vigorously defend itself and all parties it is indemnifying. As with any litigation, there are risks, including the risk that CONMED may not prevail with respect to the defense of the underlying claims, or with respect to securing adequate insurance coverage for the indemnification claims. The Company is unable to estimate a range of possible loss at this time, and has not recorded any expense related to potential damages in connection with this matter because the Company does not believe any potential loss is probable.

CONMED submitted the foregoing claims for insurance coverage. One insurer is providing coverage for certain of the claims asserted directly against the Company. CONMED litigated two lawsuits in the United States District Court for the Northern District of New York ("the Northern District") with Federal Insurance Company ("Chubb"): one involving CONMED's claim for coverage for the indemnification claims arising from the Cobb County Action, and the other concerning CONMED's claim for coverage for the indemnification claims arising from the Douglas County Action. On March 10, 2022, the Court ruled in favor of CONMED with respect to coverage for the indemnification claims arising from the Cobb County Action. Chubb's motion for reconsideration was denied, and Chubb filed a notice of appeal. On August 9, 2022, CONMED won a similar ruling finding in its favor and against Chubb as to the coverage case concerning the Douglas County Action. Chubb appealed that decision as well. Chubb subsequently withdrew its appeal in connection with a settlement between the parties. Chubb disputes the amount it owes in fees incurred by the Company's attorneys defending the Douglas County action going forward. Accordingly, CONMED has commenced a third action against Chubb in the Northern District to enforce the terms of the settlement agreement, although there can be no assurance that CONMED will prevail.



In addition, one of CONMED's contract sterilizers, which is defending toxic tort claims asserted by various residents in the areas around its processing facility, has placed CONMED on notice of a claim for indemnification relating to some of those claims. CONMED is reviewing the notice, and has not at this time taken any position on the notice.

The government of Italy passed a law in late 2015 to tax medical device companies on revenue derived from sales to public hospitals. The tax is calculated and based on provincial spending over and above certain thresholds. Since the law was enacted, the Italian government essentially made no effort to administer or collect the tax. A lack of interpretative guidance and complexity of the law resulted in uncertainty as to the actual amount of liability. In September 2022, the Italian government passed a further decree which, amongst other provisions, delegated administration and collection to the provincial level for the years 2015 – 2018. The Italy medical device tax represents variable consideration in the form of a retroactive discount potentially owed to the customer, which is ultimately the Italian government. The Company is challenging the imposition of the medical device tax in Italy, as have many other medical device companies, on the ground that the law was never implemented properly with regulations. While the Company is informed that its position is well-grounded in the law, there can be no assurance that the Company will prevail. No amounts have been remitted to date.

From time to time, we are also subject to negligence and other claims arising out of the ordinary conduct of our business, including, for example, automobile or other accidents our employees may experience within the course of their employment or otherwise and which may, on occasion, involve potentially significant personal injuries or other exposures.

We record reserves sufficient to cover probable and estimable losses associated with any such pending claims. We do not expect that the resolution of any pending claims, investigations or reports of alleged misconduct will have a material adverse effect on our financial condition, results of operations or cash flows. There can be no assurance, however, that future claims or investigations, or the costs associated with responding to such claims, investigations or reports of misconduct, especially claims and investigations not covered by insurance, will not have a material adverse effect on our financial condition, results of operations or cash flows.

**Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS**

**Forward-Looking Statements**

In this Report on Form 10-Q, we make forward-looking statements about our financial condition, results of operations and business. Forward-looking statements are statements made by us concerning events that may or may not occur in the future. These statements may be made directly in this document or may be "incorporated by reference" from other documents. Such statements may be identified by the use of words such as "anticipates", "expects", "estimates", "intends" and "believes" and variations thereof and other terms of similar meaning.

**Forward-Looking Statements are not Guarantees of Future Performance**

Forward-looking statements involve known and unknown risks, uncertainties and other factors, including those that may cause our actual results, performance or achievements or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include those identified under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 and the following, among others:

- general economic and business conditions, including, without limitation, a potential economic downturn, supply chain challenges and constraints, including the availability and cost of materials, the effects of inflation, and increased interest rates;
- compliance with and changes in regulatory requirements;
- the failure of any enterprise-wide software programs or information technology systems, or potential disruption associated with updating or implementing new software programs or information technology systems;
- the risk of an information security breach, including a cybersecurity breach;
- the COVID-19 global pandemic, which poses risks to our business, financial condition and results of operations as the pandemic and government and hospital responses to it, continue;
- the possibility that United States or foreign regulatory and/or administrative agencies may initiate enforcement actions against us or our distributors;
- the introduction and acceptance of new products;
- the ability to advance our product lines, including challenges and uncertainties inherent in product research and development, and the uncertain impact, outcome and cost of ongoing and future clinical trials and market studies;
- competition;
- changes in customer preferences;
- changes in technology;
- cyclical customer purchasing patterns due to budgetary, staffing and other constraints;
- environmental compliance risks, including lack of availability of sterilization with Ethylene Oxide ("EtO") or other compliance costs associated with the use of EtO;
- the quality of our management and business abilities and the judgment of our personnel, as well as our ability to attract, motivate and retain employees at all levels of the Company;
- the availability, terms and deployment of capital;
- current and future levels of indebtedness and capital spending;
- changes in foreign exchange and interest rates;
- the ability to evaluate, finance and integrate acquired businesses, products and companies;
- changes in business strategy;
- the risk of a lack of allograft tissues due to reduced donations of such tissues or due to tissues not meeting the appropriate high standards for screening and/or processing of such tissues;
- the ability to defend and enforce intellectual property, including the risks related to theft or compromise of intellectual property in connection with our international operations;
- the risk of patent, product and other litigation, as well as the cost associated with such litigation;
- trade protection measures, tariffs and other border taxes, and import or export licensing requirements; and
- weather related events which may disrupt our operations.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations" below and "Risk Factors" and "Business" in our Annual Report on Form 10-K for the year ended December 31, 2022 for a further discussion of these factors. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We do not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect

events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect the occurrence of unanticipated events.

## Overview

CONMED Corporation (“CONMED”, the “Company”, “we” or “us”) is a medical technology company that provides devices and equipment for surgical procedures. The Company's products are used by surgeons and other healthcare professionals in a variety of specialties including orthopedics, general surgery, gynecology, thoracic surgery and gastroenterology.

Our product lines consist of orthopedic surgery and general surgery. Orthopedic surgery consists of sports medicine and lower extremities instrumentation and implants, small bone, large bone and specialty powered surgical instruments as well as imaging systems for use in minimally invasive surgery procedures and service fees related to the promotion and marketing of sports medicine allograft tissue. General surgery consists of a complete line of endo-mechanical instrumentation for minimally invasive laparoscopic and gastrointestinal procedures, smoke evacuation devices, a line of cardiac monitoring products as well as electrosurgical generators and related instruments. These product lines as a percentage of consolidated net sales are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Orthopedic surgery	44 %	43 %	44 %	44 %
General surgery	56 %	57 %	56 %	56 %
Consolidated net sales	100 %	100 %	100 %	100 %

A significant amount of our products are used in surgical procedures with approximate ly 84% of our revenues derived from the sale of single-use products. Our capital equipment offerings also facilitate the ongoing sale of related single-use products and accessories, thus providing us with a recurring revenue stream. We manufacture substantially all of our products in facilities located in the United States and Mexico. We market our products both domestically and internationally directly to customers and through distributors. International sales approximated 45% and 46% of our consolidated net sales during the six months ended June 30, 2023 and 2022, respectively.

## Business Environment

The Company has been and continues to be impacted by the macro-economic environment and we are experiencing higher manufacturing and operating costs caused by inflationary pressures and ongoing supply chain challenges. We continuously work with suppliers to mitigate these impacts; however, we expect these challenges to continue through 2023. This will likely impact our results of operations.

The Company has no direct operations in either Russia or Ukraine and our business is limited to selling to third party distributors. Total revenues associated with sales to third party distributors in these countries are not material to the consolidated financial results, and we have fully reserved the outstanding accounts receivable from distributors in these territories which are not material. We will continue to monitor and adjust our business strategy in this region as necessary.

During the fourth quarter of 2022, we implemented a warehouse management system to increase capacity and efficiency, however this also caused significant delays in shipping and increased costs. During the first half of 2023, we made significant progress and improvement with the performance of our warehouse management system and the shipping delays that existed at year-end 2022 were substantially reduced. However, there remains a risk of loss of sales and customers as a result of the shipping disruptions which occurred.

## Critical Accounting Policies

Preparation of our financial statements requires us to make estimates and assumptions which affect the reported amounts of assets, liabilities, revenues and expenses. Note 1 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2022 describes the significant accounting policies used in preparation of the Consolidated Financial Statements. On an ongoing basis, we evaluate the critical accounting policies used to prepare our consolidated financial statements, including, but not limited to, those related to goodwill and intangible assets, contingent consideration and our pension benefit obligation.

## Consolidated Results of Operations

The following table presents, as a percentage of net sales, certain categories included in our consolidated condensed statements of comprehensive income (loss) for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	46.3	45.2	46.8	44.6
Gross profit	53.7	54.8	53.2	55.4
Selling and administrative expense	40.8	41.8	42.4	42.1
Research and development expense	4.3	4.1	4.3	4.3
Income from operations	8.6	8.8	6.5	9.0
Interest expense	3.1	2.1	3.3	2.1
Other expense	—	40.4	—	21.6
Income (loss) before income taxes	5.5	(33.7)	3.2	(14.6)
Provision for income taxes	1.2	27.0	0.7	14.9
Net income (loss)	4.3 %	(60.7)%	2.5 %	(29.5)%

## Net Sales

The following table presents net sales by product line for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended				
	2023	2022	% Change		
			As Reported	Impact of Foreign Currency	Constant Currency
Orthopedic surgery	\$ 140.8	\$ 120.2	17.1 %	2.7 %	19.8 %
General surgery	176.9	157.0	12.6 %	1.5 %	14.1 %
Net sales	\$ 317.7	\$ 277.2	14.6 %	2.0 %	16.6 %
Single-use products	\$ 264.8	\$ 230.3	14.9 %	2.0 %	16.9 %
Capital products	52.9	46.9	12.9 %	2.2 %	15.1 %
Net sales	\$ 317.7	\$ 277.2	14.6 %	2.0 %	16.6 %

  

	Six Months Ended				
	2023	2022	% Change		
			As Reported	Impact of Foreign Currency	Constant Currency
Orthopedic surgery	\$ 272.0	\$ 227.7	19.4 %	3.3 %	22.7 %
General surgery	341.1	291.8	16.9 %	2.0 %	18.9 %
Net sales	\$ 613.1	\$ 519.5	18.0 %	2.6 %	20.6 %
Single-use products	\$ 514.0	\$ 431.8	19.0 %	2.6 %	21.6 %
Capital products	99.1	87.7	13.0 %	2.6 %	15.6 %
Net sales	\$ 613.1	\$ 519.5	18.0 %	2.6 %	20.6 %

Net sales increased 14.6% and 18.0% in the three and six months ended June 30, 2023, respectively, compared to the same periods a year ago due to increases across the majority of our product lines, including sales from the recently acquired In2Bones and Biorez products. Further contributing to sales growth during the six months ended June 30, 2023 was the significant progress and improvement we made with the performance of our warehouse management system and significant reduction in the shipping delays that existed at year-end 2022.

- Orthopedic surgery sales increased 17.1% and 19.4% in the three and six months ended June 30, 2023, respectively, as a result of the recently acquired In2Bones and Biorez products and increases in our orthopedic product offerings.
- General surgery sales increased 12.6% and 16.9% in the three and six months ended June 30, 2023, respectively, on growth in our AirSeal, Buffalo Filter and other surgical product offerings.

## Cost of Sales

Cost of sales increased to \$147.0 million in the three months ended June 30, 2023 as compared to \$125.4 million in the three months ended June 30, 2022 and increased to \$287.1 million in the six months ended June 30, 2023 as compared to \$231.7 million in the six months ended June 30, 2022. Gross profit margins decreased 110 basis points to 53.7% in the three months ended June 30, 2023 as compared to 54.8% in the three months ended June 30, 2022. Gross profit margins decreased 220 basis points to 53.2% in the six months ended June 30, 2023 as compared to 55.4% in the six months ended June 30, 2022.

Decreases in gross profit margins are driven by cost increases and inflation in raw materials, freight and other costs of production. In addition, during the three and six months ended June 30, 2023, we incurred costs for the amortization of inventory step-up to fair value of \$2.2 million and \$4.3 million, respectively, related to the In2Bones acquisition compared to \$0.3 million of such costs during the three and six months ended June 30, 2022. During the six months ended June 30, 2023,

we also incurred \$1.1 million in consulting fees related to a cost improvement initiative and \$1.0 million in severance related to the elimination of certain positions.

### **Selling and Administrative Expense**

Selling and administrative expense increased to \$129.7 million in the three months ended June 30, 2023 as compared to \$115.8 million in the three months ended June 30, 2022, and increased to \$259.8 million in the six months ended June 30, 2023 as compared to \$218.7 million in the six months ended June 30, 2022. Selling and administrative expense as a percentage of net sales decreased a 100 basis points to 40.8% in the three months ended June 30, 2023 as compared to 41.8% in the three months ended June 30, 2022 and increased 30 basis points to 42.4% in the six months ended June 30, 2023 as compared to 42.1% in the six months ended June 30, 2022. The increases in selling and administrative expense for the three and six months ended June 30, 2023 were primarily driven by:

- \$1.8 million and \$6.1 million in costs related to the implementation of a new warehouse management system during the three and six months ended June 30, 2023, respectively. These costs mainly consisted of incremental freight, labor and travel costs as well as professional fees;
- \$2.1 million in costs related to the termination of distribution agreements during the three and six months ended June 30, 2023;
- \$(0.6) million and \$3.8 million in fair value adjustments to contingent consideration during the three and six months ended June 30, 2023, respectively; and
- \$1.6 million in costs consisting of severance related to the elimination of certain positions during the six months ended June 30, 2023.

These increases are offset by the \$2.6 million in consulting fees and legal costs associated with the acquisition of In2Bones and the \$0.8 million in costs related to a legal settlement during the three and six months ended June 30, 2022. In addition, we continue to experience lower ongoing selling and administrative expenses as a percentage of revenue as we leverage our existing selling and administrative structure.

### **Research and Development Expense**

Research and development expense increased to \$13.6 million in the three months ended June 30, 2023 as compared to \$11.5 million in the three months ended June 30, 2022, and increased to \$26.1 million from \$22.2 million in the six months ended June 30, 2022. As a percentage of net sales, research and development expense increased 20 basis points to 4.3% in the three months ended June 30, 2023 as compared to 4.1% in the three months ended June 30, 2022 and remained flat at 4.3% during the six months ended June 30, 2023 as compared to the six months ended June 30, 2022. The changes in spend as a percentage of sales were mainly driven by the timing of research projects.

### **Interest Expense**

Interest expense increased to \$10.0 million in the three months ended June 30, 2023 from \$5.9 million in the three months ended June 30, 2022, and increased to \$20.3 million in the six months ended June 30, 2023 from \$10.9 million in the six months ended June 30, 2022. The weighted average interest rates on our borrowings increased to 3.09% in the three months ended June 30, 2023 as compared to 2.37% in the three months ended June 30, 2022. The weighted average interest rates on our borrowings increased to 3.11% in the six months ended June 30, 2023 as compared to 2.30% in the six months ended June 30, 2022. The increases in interest expense in the three and six months ended June 30, 2023 were primarily driven by the issuance of the 2.250% Notes in June 2022 as well as higher interest rates on our senior credit agreement.

### **Other Expense**

During the three and six months ended June 30, 2022, we recorded expense of \$103.1 million related to the conversion premium on the repurchase and extinguishment of 2.625% Notes; \$5.5 million related to the settlement of the associated convertible notes hedge transactions and \$3.4 million related to the write-off of deferred financing fees associated with the repurchase of \$275.0 million of the 2.625% Notes and the pay down of \$90.0 million on our term loan as further described in Note 11.

## Provision for Income Taxes

The Company's tax provision for interim periods is determined using an estimate of its annual effective tax rate applied to its year-to-date earnings, and also adjusting for discrete items arising in that quarter. In each quarter, the Company updates its estimate of the annual effective tax rate and if the estimated annual effective tax rate changes, the Company would make a cumulative adjustment in that quarter.

Income tax expense has been recorded at an effective tax rate of 21.2% for the three months ended June 30, 2023 compared to an income tax expense at an effective tax rate of (80.0)% for the three months ended June 30, 2022. Income tax expense has been recorded at an effective tax rate of 21.7% for the six months ended June 30, 2023 compared to (101.6)% for the six months ended June 30, 2022. The higher effective tax rates for the three and six months ended June 30, 2023 were primarily the result of pretax income in 2023 as compared to pretax losses generated by the premium on extinguishment and change in fair value of convertible notes hedges which were not deductible for tax in the same periods in the prior year. The three months ended June 30, 2023 included discrete income tax benefit from stock option exercises which reduced the effective tax rate by 8.4% and discrete income tax expense from other foreign related taxes which increased the effective tax rate by 2.0% as compared to three months ended June 30, 2022 which included no discrete items. The six months ended June 30, 2023 included discrete income tax benefit from stock option exercises which decreased the effective tax rate by 7.7% and discrete income tax expense from other foreign related taxes which increased the effective tax rate by 1.8% as compared to the tax benefit from stock option exercises which increased the effective tax rate by 2.2% for the six months ended June 30, 2022. A reconciliation of the United States statutory income tax rate to our effective tax rate is included in our Annual Report on Form 10-K for the year ended December 31, 2022 under Note 9 to the consolidated financial statements.

## Non-GAAP Financial Measures

Net sales on a "constant currency" basis is a non-GAAP measure. The Company analyzes net sales on a constant currency basis to better measure the comparability of results between periods. To measure percentage sales growth in constant currency, the Company removes the impact of changes in foreign currency exchange rates that affect the comparability and trend of net sales.

Because non-GAAP financial measures are not standardized, it may not be possible to compare this financial measure with other companies' non-GAAP financial measures having the same or similar names. This adjusted financial measure should not be considered in isolation or as a substitute for reported net sales growth, the most directly comparable GAAP financial measure. This non-GAAP financial measure is an additional way of viewing net sales that, when viewed with our GAAP results, provides a more complete understanding of our business. The Company strongly encourages investors and shareholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

## Liquidity and Capital Resources

Our liquidity needs arise primarily from capital investments, working capital requirements and payments on indebtedness under the seventh amended and restated senior credit agreement. We have historically met these liquidity requirements with funds generated from operations and borrowings under our revolving credit facility. In addition, we have historically used term borrowings, including borrowings under the seventh amended and restated senior credit agreement to finance our acquisitions. We also have the ability to raise funds through the sale of stock or we may issue debt through a private placement or public offering.

## Operating cash flows

Our net working capital position was \$262.4 million at June 30, 2023. Net cash provided by operating activities was \$22.8 million in the six months ended June 30, 2023 and \$19.1 million in the six months ended June 30, 2022, generated on net income (loss) of \$15.6 million and \$(153.3) million for the six months ended June 30, 2023 and 2022, respectively. Significant changes in assets and liabilities affecting operating cash flows in the six months ended June 30, 2023 include the following:

- A decrease in cash flows from accounts receivable based on the timing of sales and cash receipts;
- An increase in cash flows from inventory as we moderate our inventory levels;
- A decrease in cash flows from other assets as we increased our field inventory in support of increased sales;
- An increase in cash flows from accounts payable due to the timing of payments; and
- A decrease in cash flows from other liabilities primarily resulting from income tax payments.

## Investing cash flows

Net cash used in investing activities in the six months ended June 30, 2023 decreased \$142.2 million from the same period a year ago primarily due to the \$142.6 million payment for the In2Bones acquisition in 2022.

## Financing cash flows

Net cash used in financing activities in the six months ended June 30, 2023 was \$14.4 million compared to net cash provided by financing activities of \$166.6 million during 2022. Below is a summary of the significant financing activities impacting the change during the six months ended June 30, 2023 compared to 2022:

- We had net payments on our revolving line of credit of \$16.0 million, compared to \$140.0 million during the six months ended June 30, 2022.
- We received proceeds of \$800.0 million in 2.250% Notes during the six months ended June 30, 2022.
- We paid \$275.0 million in aggregate principal on the repurchase and extinguishment of the 2.625% Notes during the six months ended June 30, 2022.
- We paid \$187.6 million to purchase hedges related to our 2.250% Notes. Partially offsetting this, were proceeds of \$72.0 million from the issuance of warrants during the six months ended June 30, 2022.
- We paid \$69.5 million to settle warrants related to the 2.625% Notes and received \$86.2 million to settle the hedges related to the 2.625% Notes during the six months ended June 30, 2022.
- We paid \$21.2 million in debt issuance costs related to the 2.250% Notes during the six months ended June 30, 2022.
- We had net payments on our term loan of \$93.0 million during the six months ended June 30, 2022.
- We had net cash proceeds of \$15.3 million related to stock issued under employee plans for the six months ended June 30, 2023 compared to \$9.2 million in the same period a year ago.

## Other Liquidity Matters

Our cash balances and cash flows generated from operations may be used to fund strategic investments, business acquisitions, working capital needs, research and development, common stock repurchases and payments of dividends to our shareholders. Management believes that cash flow from operations, including cash and cash equivalents on hand and available borrowing capacity under our seventh amended and restated senior credit agreement, will be adequate to meet our anticipated operating working capital requirements, debt service, funding of capital expenditures, dividend payments and common stock repurchases in the foreseeable future. In addition, management believes we could access capital markets, as necessary, to fund future business acquisitions.

The Company is also being impacted by the macro-economic environment and we are experiencing higher manufacturing and operating costs caused by inflationary pressures and ongoing supply chain challenges. We continue to monitor our spending and expenses in light of these factors. However, we may need to take further steps to reduce our costs, or to refinance our debt. See "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022, for further discussion.

There were \$134.6 million in borrowings outstanding on the term loan facility as of June 30, 2023. There were \$54.0 million in borrowings outstanding under the revolving credit facility as of June 30, 2023. Our available borrowings on the revolving credit facility at June 30, 2023 were \$529.4 million with approximately \$1.6 million of the facility set aside for outstanding letters of credit.

The seventh amended and restated senior credit agreement is collateralized by substantially all of our personal property and assets. The seventh amended and restated senior credit agreement contains covenants and restrictions which, among other things, require the maintenance of certain financial ratios and restrict dividend payments and the incurrence of certain indebtedness and other activities, including acquisitions and dispositions. We were in full compliance with these covenants and restrictions as of June 30, 2023. We are also required, under certain circumstances, to make mandatory prepayments from net cash proceeds from any issuance of equity and asset sales.

See Note 11 for further information on our financing agreements and outside debt obligations.

Our Board of Directors has authorized a \$200.0 million share repurchase program. Through June 30, 2023, we have repurchased a total of 6.1 million shares of common stock aggregating \$162.6 million under this authorization and have \$37.4 million remaining available for share repurchases. The repurchase program calls for shares to be purchased in the open market or in private transactions from time to time. We may suspend or discontinue the share repurchase program at any time. We



have not purchased any shares of common stock under the share repurchase program during 2023. We have financed the repurchases and may finance additional repurchases through operating cash flow and from available borrowings under our revolving credit facility.

#### **New accounting pronouncements**

See Note 3 to the consolidated condensed financial statements for a discussion of new accounting pronouncements.

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

There have been no significant changes in our primary market risk exposures or in how these exposures are managed during the six months ended June 30, 2023. Reference is made to Item 7A. of our Annual Report on Form 10-K for the year ended December 31, 2022 for a description of Qualitative and Quantitative Disclosures About Market Risk.

#### **Item 4. Controls and Procedures**

As of the end of the period covered by this report, an evaluation was carried out by CONMED Corporation's management, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were effective as of the end of the period covered by this report. In addition, no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) occurred during the quarter ended June 30, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

### **PART II OTHER INFORMATION**

#### **Item 1. Legal Proceedings**

Reference is made to Item 3 of the Company's Annual Report on Form 10-K for the year ended December 31, 2022 and to Note 15 of the Notes to Consolidated Condensed Financial Statements included in Part I of this Report for a description of certain legal matters.

#### **Item 5. Other Information**

On May 4, 2023, Heather Cohen, the Executive Vice President and Chief Human Resources and Legal Officer, adopted a trading plan with respect to 6,500 stock appreciation rights ("SARs") granted to Ms. Cohen as equity compensation (the "Cohen Plan"). The Cohen Plan is intended to satisfy the affirmative defense of Rule 10b5-1(c), under the Securities Exchange Act of 1934, and terminates on May 17, 2024.

**Item 6. Exhibits**

**Exhibit Index**

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
3.1	<a href="#">Amended and Restated Certificate of Incorporation of CONMED Corporation.</a>
31.1	<a href="#">Certification of Curt R. Hartman pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certification of Todd W. Garner pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1	<a href="#">Certifications of Curt R. Hartman and Todd W. Garner pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
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.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page - Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document (included in Exhibit 101)

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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 on the date indicated below.

CONMED CORPORATION

By: /s/ Todd W. Garner

Todd W. Garner

Executive Vice President and  
Chief Financial Officer

Date:

July 27, 2023

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

CONMED CORPORATION

June 1, 2023

CONMED Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), does hereby certify as follows:

1. The name of the Corporation is CONMED Corporation.
2. The original certificate of incorporation of the Corporation was filed in the Office of the Secretary of State of Delaware on April 16, 2020 pursuant to the Delaware General Corporation Law (the "DGCL")
3. The directors and stockholders of the Corporation, in accordance with Sections 242 and 245 of the DGCL, have duly adopted and approved this Amended and Restated Certificate of Incorporation.
4. The certificate of incorporation of the Corporation is hereby amended and restated to read in its entirety as follows:

FIRST. The name of the corporation is CONMED Corporation.

SECOND. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

THIRD. The registered office of the Corporation in the State of Delaware is to be located at Corporation Trust Center, 1209 Orange Street in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

FOURTH. The total number of shares of all classes of stock which the Corporation shall have the authority to issue is 100,500,000, of which 100,000,000 shares of the par value of \$.01 per share shall be designated as common stock ("Common Stock") and 500,000 shares of the par value of \$.01 per share shall be designated as preferred stock ("Preferred Stock").

1. Shares of Preferred Stock may be issued in one or more series from time to time by the Board of Directors, and the Board of Directors is expressly authorized to fix by resolution the designations and the powers, preferences and rights, and the qualifications, limitations and restrictions, of the shares of each series of Preferred Stock, including without limitation the following:

- (a) the distinctive serial designation of such series which shall distinguish it from other series;
  - (b) the number of shares included in such series;
  - (c) the dividend rate (or method of determining such rate) payable to the holders of the shares of such series, any conditions upon which such dividends shall be paid and the date or dates upon which such dividends shall be payable;
  - (d) whether dividends on the shares of such series shall be cumulative and, in the case of shares of any series having cumulative dividend rights, the date or dates or method of determining the date or dates from which dividends on the shares of such series shall be cumulative;
  - (e) the amount or amounts which shall be payable out of the assets of the Corporation to the holders of the shares of such series upon voluntary or involuntary liquidation, dissolution or winding up the Corporation, and the relative rights of priority, if any, of payment of the shares of such series;
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(f) the price or prices at which, the period or periods within which and the terms and conditions upon which the shares of such series may be redeemed, in whole or in part, at the option of the Corporation or at the option of the holder or holders thereof or upon the happening of a specified event or events;

(g) the obligation, if any, of the Corporation to purchase or redeem shares of such series pursuant to a sinking fund or otherwise and the price or prices at which, the period or periods within which and the terms and conditions upon which the shares of such series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(h) whether or not the shares of such series shall be convertible or exchangeable, at any time or times at the option of the holder or holders thereof or at the option of the Corporation or upon the happening of a specified event or events, into shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation, and the price or prices or rate or rates of exchange or conversion and any adjustments applicable thereto;

(i) whether or not the holders of the shares of such series shall have voting rights, in addition to the voting rights provided by law, and if so the terms of such voting rights; and

(j) any other powers, preferences and rights and qualifications, limitations and restrictions not inconsistent with the General Corporation Law of the State of Delaware.

2. All Preferred Stock redeemed, purchased or otherwise acquired by the Corporation (including shares surrendered for conversion or exchange or acquired by exchange or otherwise) shall be cancelled and thereupon restored to the status of authorized but unissued shares of Preferred Stock undesignated as to series.

3. No holder of Common Stock or of Preferred Stock shall be entitled as a matter of right to subscribe for, purchase or receive, or have any preferential or preemptive right with respect to, any part of any new or additional issue of stock of any class or series whatsoever, or any options or warrants for such stock, or any rights to subscribe for or purchase such stock, or of securities convertible into or exchangeable for any stock of any class or series whatsoever, whether now or hereafter authorized and whether issued for cash or other consideration or by way of dividend or otherwise.

4. Unless otherwise provided in the resolution or resolutions of the Board of Directors or a duly authorized committee thereof establishing the terms of a series of Preferred Stock, no holder of any share of Preferred Stock shall be entitled as of right to vote on any amendment or alteration of the Certificate of Incorporation to authorize or create, or increase the authorized number of shares of, any other series of Preferred Stock or any alteration, amendment or repeal of any provision of any other series of Preferred Stock that does not adversely affect in any material respect the rights of the series of Preferred Stock held by such holder.

5. Except as otherwise required by the General Corporation Law of Delaware or provided in the resolution or resolutions of the Board of Directors or a duly authorized committee thereof establishing the terms of a series of Preferred Stock, no holder of Common Stock, as such, shall be entitled to vote on any amendment or alteration of the Certificate of Incorporation that alters, amends or changes the powers, preferences, rights or other terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other series of Preferred Stock, to vote thereon pursuant to the Certificate of Incorporation or pursuant to the General Corporation Law of the State of Delaware.

6. Except as may from time to time be required by law and except as otherwise may be provided by the Board of Directors in accordance with paragraph 1 of this Article FOURTH in respect of any particular series of Preferred Stock, all voting rights of the Corporation shall be vested exclusively in the holders of the Common Stock who shall be entitled to one vote per share on all matters.

7. Subject to the rights of the holders of any outstanding series of Preferred Stock, the number of authorized shares of Preferred Stock or any series of Preferred Stock of the Corporation may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of at least a majority of the voting power of all classes of stock entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of the State of Delaware.

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8 . Unless otherwise provided in the resolution or resolutions of the Board of Directors or a duly authorized committee thereof establishing the terms of a series of Preferred Stock, no holder of any share of Preferred Stock shall, in such capacity, be entitled to bring a derivative action, suit or proceeding on behalf of the Corporation.

FIFTH. All actions required or permitted to be taken by the stockholders at an annual or special meeting of stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of record of the outstanding shares of the Corporation having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation in accordance with this Article FIFTH and applicable law, provided that no such action by written consent may be effected except in accordance with this Article FIFTH and applicable law.

1 . Request for Record Date. The record date for determining the stockholders entitled to consent to a corporate action in writing without a meeting shall be as fixed by the Board of Directors or as otherwise established under this Article FIFTH. Any stockholder(s) of record seeking to have the stockholders of the Corporation authorize or take action by written consent without a meeting shall, by written notice addressed to the Secretary, delivered to the Corporation at its principal executive office and signed by holders of record at the time such notice is delivered beneficially owning shares representing in the aggregate at least twenty-five percent of the outstanding shares of capital stock of the Corporation, provided that such shares are determined to be "Net Long Shares" (as defined in Section 1.2(b)(i) of the by-laws of the Corporation, as may be amended from time to time) that have been held continuously for at least one year prior to the date of the written request (the "Requisite Percentage"), request that a record date be fixed for such purpose. For purposes of this Article FIFTH, the word "beneficially owned" has the meaning ascribed thereto in Rules 13d-3 and 13d-5 under the Exchange Act. Such request must contain the information set forth in paragraph (2) of this Article FIFTH. Following receipt of such request, the Board of Directors shall, by the later of (i) twenty days after the Corporation's receipt of such request and (ii) ten days after delivery of any information requested by the Corporation to determine the validity of any such request or whether the request relates to an action that may be taken by written consent pursuant to this Article FIFTH and applicable law, determine the validity of such request and, if appropriate, adopt a resolution fixing the record date for such purpose. The record date for such purpose shall be no more than ten days after the date upon which the resolution fixing the record date is adopted by the Board of Directors and shall not precede the date upon which such resolution is adopted. If the request required by this paragraph (1) has been determined to be valid and to relate to an action that may be effected by written consent pursuant to this Article FIFTH and applicable law or if no such determination shall have been made by the date required by this paragraph (1), and in either event no record date has been fixed by the Board of Directors, the record date shall be the first date on which a signed written consent relating to the action taken or proposed to be taken by written consent is delivered to the Corporation in the manner described in paragraph (5) of this Article FIFTH; provided, that if prior action by the Board of Directors is required by applicable law, the record date shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

2. Request Requirements.

(a) Any request required by paragraph (1) of this Article FIFTH must be delivered by the holders of record of at least the Requisite Percentage, who shall not revoke such request and who shall continue to beneficially own not less than the Requisite Percentage through the date of delivery of consents signed by a sufficient number of stockholders to authorize or take such action, and must:

(i) contain an agreement to solicit consents in accordance with subsection (4) of this Article FIFTH;

(ii) describe the action proposed to be taken by written consent of stockholders (including the text of any resolutions to be adopted by written consent of stockholders and the language of any proposed amendment to the by-laws of the Corporation)

(iii) contain (x) in the case of any matter (other than a director nomination) proposed to be taken by written consent of stockholders, the information required by Sections 1.13(b)(ii)(A) and (B) of the by-laws of the Corporation, and (y) in the case of any director nominations proposed to be elected by written consent of stockholders, the information required by Sections 1.13(b)(ii)(A), (C) and (D), and Section 1.14(d) of the by-laws of the Corporation;

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(iv) set forth the calculation of the requesting stockholder(s)' Net Long Shares, including the number of shares held of record and disclosure of any short positions, hedges, voting or other arrangements that impact the calculation of such Net Long Shares;

(v) include an agreement by the requesting stockholder(s) to notify the Corporation immediately in the case of any disposition prior to the record date set for the action by written consent of any Net Long Shares beneficially owned of record and an acknowledgement that any such disposition shall be deemed a revocation of such request to the extent of such disposition, such that the number of shares disposed of shall not be included in determining whether the Requisite Percentage has been reached and maintained; and

(vi) include documentary evidence that the requesting stockholder(s) beneficially own in the aggregate not less than the Requisite Percentage as of the date of such written request to the Secretary; provided, however, that if the stockholder(s) making the request are not the beneficial owners of the shares representing the Requisite Percentage, then to be valid, the request must also include documentary evidence (or, if not simultaneously provided with the request, such documentary evidence must be delivered to the Secretary within ten business days after the date on which the request is delivered to the Secretary) that the beneficial owners on whose behalf the request is made beneficially own at least the Requisite Percentage as of the date on which such request is delivered to the Secretary.

(b) The Corporation may require the stockholder(s) submitting such request to furnish such other information as may be reasonably requested by the Corporation.

(c) Any requesting stockholder may revoke his, her or its request at any time by written revocation delivered to the Secretary at the principal executive offices of the Corporation; provided, however, that if at any time following such revocation (including any revocation resulting from a disposition of shares), the unrevoked valid requests represent in the aggregate less than the Requisite Percent, the Board of Directors, in its discretion, may cancel the action by written consent and revoke the fixing of the record date established in connection therewith.

3. Actions Which May Be Taken by Written Consent. Stockholders are not entitled to act by written consent in lieu of a meeting of stockholders if (i) the request to act by written consent made pursuant to paragraph (1) of this Article FIFTH (x) does not comply with this Article FIFTH, (y) was made in a manner that involved a violation of Regulation 14A under the Exchange Act or other applicable law, or (z) relates to an item of business that is not a proper subject for stockholder action under applicable law, (ii) any such request is received by the Corporation during the period commencing ninety days before the first anniversary of the date of the immediately preceding annual meeting of stockholders and ending on the date of the next annual meeting of stockholders, (iii) an identical or substantially similar item (as determined by the Board of Directors, a "Similar Item"), other than the election or removal of directors, was presented at a meeting of stockholders held not more than twelve months before the request for a record date for such action is delivered to the Corporation, (iv) a Similar Item consisting of the election or removal of directors was presented at a meeting of stockholders held not more than ninety days before the request for a record date was delivered to the Corporation (and, for purposes of this clause, the election or removal of directors shall be deemed a "Similar Item" with respect to all items of business involving the election or removal of directors, changing the size of the Board of Directors and the filling of vacancies and/or newly created directorships resulting from any increase in the authorized number of directors), or (v) a Similar Item is included in the Corporation's notice of meeting as an item of business to be brought before an annual or special meeting of stockholders that has been called but not yet held or that is called within ninety days after the request is received by the Secretary. The Board of Directors shall determine whether a record date is required to be set under this Article FIFTH.

4. Manner of Consent Solicitation. Stockholders may take action by written consent only if consents are solicited by the stockholder(s) seeking to take action by written consent from all holders of capital stock of the Corporation entitled to vote on the matter in accordance with this Article FIFTH, the by-laws of the Corporation, Regulation 14A of the Exchange Act, without reliance upon the exemption contained in Rule 14a-2(b)(2) of the Exchange Act, and applicable law.

5. Timing of delivery. No written consent purporting to take or authorize the taking of a corporate action (each such written consent is referred to in this paragraph (5) and in paragraph (6) of this Article FIFTH as a "Consent") shall be effective to take the corporate action referred to therein unless Consents signed by a sufficient

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number of stockholders to take such action are delivered to the Corporation in the manner required by paragraph (6) of this Article FIFTH within sixty days of the first date on which a Consent is so delivered to the Corporation.

6. Delivery of Consents. No Consents may be dated or delivered to the Corporation or its registered office in the State of Delaware until the date that is sixty days after the date of delivery of a valid request to set a record date. Consents must be delivered to the Corporation by delivery to its registered office in the State of Delaware or its principal place of business. Delivery must be made by hand or by certified or registered mail, return receipt requested. In the event of the delivery to the Corporation of Consents, the Secretary or such other officer of the Corporation or inspector as the Board of Directors may designate shall provide for the safe-keeping of such Consents and any related revocations and shall promptly conduct such ministerial review of the sufficiency of all Consents and any related revocations and of the validity of the action to be taken by written consent as the Secretary or such other officer of the Corporation, as the case may be, deems necessary or appropriate, including, without limitation, whether the stockholders of a number of shares having the requisite voting power to authorize or take the action specified in the Consents have given their valid and duly executed consent to the taking of such action; provided, however, that if the action to which the Consents relate is the election or removal of one or more members of the Board of Directors, the Secretary or such other officer of the Corporation, as the case may be, shall promptly designate two persons, who shall not be members of the Board of Directors, to serve as inspectors (the "Inspectors") with respect to such Consent, and such Inspectors shall discharge the functions of the Secretary or such other officer of the Corporation or the Inspectors, as the case may be, under this Article FIFTH. If, after such investigation, the Secretary, such other officer of the Corporation or the Inspectors, as the case may be, determines that the action purported to have been taken is duly authorized by the Consents, that fact shall be certified on the records of the Corporation kept for the purpose of recording the proceedings of meetings of stockholders and the Consents shall be filed in such records. In conducting the investigation required by this section, the Secretary, such other officer of the Corporation or the Inspectors, as the case may be, may, at the expense of the Corporation, retain special legal counsel and any other necessary or appropriate professional advisors as such person or persons may deem necessary or appropriate and, to the fullest extent permitted by law, shall be fully protected in relying in good faith upon the opinion of such counsel or advisors.

7. Effectiveness of Consent. Notwithstanding anything in this Certificate of Incorporation to the contrary, no action may be taken by written consent of the stockholders except in accordance with this Article FIFTH and applicable law. If the Board of Directors shall determine that any request to fix a record date or to take stockholder action by written consent was not properly made in accordance with, or relates to an action that may not be effected by written consent pursuant to, this Article FIFTH or applicable law, or the stockholder(s) seeking to take such action do not otherwise comply with this Article FIFTH or applicable law, then the Board of Directors shall not be required to fix a record date in respect of such proposed action, and any such purported action by written consent shall be null and void. No action by written consent without a meeting shall be effective until such date as the Secretary, such other officer of the Corporation as the Board of Directors may designate or the Inspectors, as applicable, certify to the Corporation that the Consents delivered to the Corporation in accordance with paragraph (6) of this Article FIFTH represent at least the minimum number of votes that would be necessary to take the corporate action at a meeting at which all shares entitled to vote thereon were present and voted, in accordance with applicable law and this Certificate of Incorporation.

8. Challenge to Validity of Consent. Nothing contained in this Article FIFTH shall in any way be construed to suggest or imply that the Board of Directors or any stockholder shall not be entitled to contest the validity of any Consent or related revocations, whether before or after such certification by the Secretary, such other officer of the Corporation as the Board of Directors may designate or the Inspectors, as the case may be, or to take any other action with respect thereto (including, without limitation, the commencement, prosecution, or defense of any litigation, and the seeking of injunctive relief in such litigation).

9. Board-Solicited Stockholder Action by Written Consent. Notwithstanding anything to the contrary set forth above, (x) none of the foregoing provisions of this Article FIFTH shall apply to any solicitation of stockholder action by written consent in lieu of a meeting by or at the direction of the Board of Directors and (y) the Board of Directors shall be entitled to solicit stockholder action by written consent in accordance with applicable law.

SIXTH. Elections of directors need not be by written ballot except and to the extent provided in the by-laws of the Corporation.

SEVENTH. The number of directors of the Corporation shall be fixed from time to time in the manner provided in the by-laws of the Corporation.

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EIGHTH.

a. A director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the Delaware General Corporation Law as currently in effect or as the same may hereafter be amended. No amendment, modification or repeal of this Article EIGHTH of this clause (a) shall adversely affect any right or protection of a director that exists at the time of such amendment, modification or repeal.

b. An officer the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as an officer, except to the extent such exemption from liability or limitation thereof is not permitted under the Delaware General Corporation Law as currently in effect or as the same may hereafter be amended. No amendment, modification or repeal of this clause (b) of this Article EIGHTH shall adversely affect any right or protection of an officer that exists at the time of such amendment, modification or repeal.

NINTH. The Corporation shall, to the fullest extent permitted by Section 145 of the Delaware General Corporation Law as currently in effect or as the same may hereafter be amended, indemnify directors and officers from and against any and all of the expenses, liabilities or other matters referred to in or covered by said section. The indemnification provided for herein shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise. No amendment, modification or repeal of this Article NINTH shall adversely affect any right or protection of a director that exists at the time of such amendment, modification or repeal.

TENTH. The name and mailing address of the incorporator is Daniel S. Jonas, Esq., c/o CONMED Corporation, 11311 Concept Boulevard, Largo FL 33773.

ELEVENTH. The power to adopt, amend or repeal the by-laws of the Corporation shall be vested in the Board of Directors and the stockholders of the Corporation entitled to vote in the election of directors.

IN WITNESS WHEREOF, I have signed this Amended and Restated Certificate of Incorporation this 1st day of June, 2023.

By /s/ Daniel S. Jonas

Name: Daniel S. Jonas

Title: Special Counsel & Corporate Secretary  
Legal Department

**CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Curt R. Hartman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CONMED Corporation;
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.

July 27, 2023

/s/ Curt R. Hartman

Curt R. Hartman

Chair of the Board, President & Chief Executive Officer

**CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Todd W. Garner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CONMED Corporation;
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.

July 27, 2023

/s/ Todd W. Garner

Todd W. Garner

Executive Vice President and

Chief Financial Officer

**CERTIFICATIONS**  
**PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**  
**(SUBSECTIONS (a) AND (b) OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of CONMED Corporation, a Delaware corporation (the "Corporation"), does hereby certify that:

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 (the "Form 10-Q") of the Corporation fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: July 27, 2023                      /s/ Curt R. Hartman  
Curt R. Hartman  
Chair of the Board, President &  
Chief Executive Officer

Date: July 27, 2023                      /s/ Todd W. Garner  
Todd W. Garner  
Executive Vice President and  
Chief Financial Officer