

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For year ended December 31, 2023

Commission file number 001-16407

ZIMMER BIOMET HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

13-4151777

(State of incorporation)

(IRS Employer
Identification No.)

345 East Main Street

46580

Warsaw

,

Indiana

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (574) 373-3333

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

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

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

Large accelerated filer



Accelerated filer



Non-accelerated filer



Smaller reporting company



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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of shares held by non-affiliates was \$

30,366,867,100

(based on the closing price of these shares on the New York Stock Exchange on June 30, 2023 and assuming solely for the purpose of this calculation that all directors and executive officers of the registrant are "affiliates"). As of February 14, 2024,

205,084,022

shares of the registrant's \$.01 par value common stock were outstanding.

Documents Incorporated by Reference

Document

Portions of the Proxy Statement with respect to the 2024 Annual Meeting of Stockholders

Form 10-K
Part III

ZIMMER BIOMET HOLDINGS, INC.
ANNUAL REPORT
Cautionary Note Regarding Forward-Looking Statements

This Annual Report contains forward-looking statements within the meaning of federal securities laws, including, among others, statements regarding sales and earnings guidance and any statements about our expectations, plans, intentions, strategies or prospects. We generally use the words "may," "will," "expects," "believes," "anticipates," "plans," "estimates," "projects," "assumes," "guides," "targets," "forecasts," "sees," "seeks," "should," "could," "would," "predicts," "potential," "strategy," "future," "opportunity," "work toward," "intends," "guidance," "confidence," "positioned," "design," "strive," "continue," "look forward to" and similar expressions to identify forward-looking statements. All statements other than statements of historical or current fact are, or may be deemed to be, forward-looking statements. Such statements are based upon the current beliefs, expectations and assumptions of management and are subject to significant risks, uncertainties and changes in circumstances that could cause actual outcomes and results to differ materially from the forward-looking statements. These risks, uncertainties and changes in circumstances include, but are not limited to: competition; pricing pressures; dependence on new product development, technological advances and innovation; changes in customer demand for our products and services caused by demographic changes, obsolescence, development of different therapies or other factors; shifts in the product category or regional sales mix of our products and services; the effects of business disruptions, either alone or in combination with other risks on our business and operations; the risks and uncertainties related to our ability to successfully execute our restructuring plans; control of costs and expenses; our ability to attract, retain and develop the highly skilled employees, senior management, independent agents and distributors we need to support our business; the possibility that the anticipated synergies and other benefits from mergers and acquisitions will not be realized, or will not be realized within the expected time periods; the risks and uncertainties related to our ability to successfully integrate the operations, products, employees and distributors of acquired companies; the effect of the potential disruption of management's attention from ongoing business operations due to integration matters related to mergers and acquisitions; the effect of mergers and acquisitions on our relationships with customers, suppliers and lenders and on our operating results and businesses generally; the ability to form and implement alliances; dependence on a limited number of suppliers for key raw materials and other inputs and for outsourced activities; the risk of disruptions in the supply of materials and components used in manufacturing or sterilizing our products; breaches or failures of our information technology systems or products, including by cyberattack, unauthorized access or theft; challenges relating to changes in and compliance with governmental laws and regulations affecting our U.S. and international businesses, including regulations of the U.S. Food and Drug Administration ("FDA") and other government regulators, such as more stringent requirements for regulatory clearance of products; the outcome of government investigations; the impact of healthcare reform and cost containment measures, including efforts sponsored by government agencies, legislative bodies, the private sector and healthcare purchasing organizations, through reductions in reimbursement levels, repayment demands and otherwise; the impact of substantial indebtedness on our ability to service our debt obligations and/or refinance amounts outstanding under our debt obligations at maturity on terms favorable to us, or at all; changes in tax obligations arising from examinations by tax authorities and from changes in tax laws in jurisdictions where we do business, including as a result of the "base erosion and profit shifting" project undertaken by the Organisation for Economic Co-operation and Development and otherwise; challenges to the tax-free nature of the ZimVie Inc. ("ZimVie") spinoff transaction and the subsequent liquidation of our retained interest in ZimVie; the risk of additional tax liability due to the recategorization of our independent agents and distributors to employees; the risk that material impairment of the carrying value of our intangible assets, including goodwill, could negatively affect our operating results; changes in general domestic and international economic conditions, including interest rate and currency exchange rate fluctuations; changes in general industry and market conditions, including domestic and international growth, inflation and currency exchange rates; the domestic and international business impact of political, social and economic instability, tariffs, trade restrictions and embargoes, sanctions, wars, disputes and other conflicts, including on our ability to operate in, export to or from or collect accounts receivable in affected countries; challenges relating to changes in and compliance with governmental laws and regulations affecting our U.S. and international businesses, including regulations of the FDA and other government regulators relating to medical products, healthcare fraud and abuse laws and data privacy and security laws; the success of our quality and operational excellence initiatives; the ability to remediate matters identified in inspectional observations or warning letters issued by the FDA and other regulators, while continuing to satisfy the demand for our products; product liability, intellectual property and commercial litigation losses; and the ability to obtain and maintain adequate intellectual property protection.

See also the section titled "Risk Factors" (refer to Part I, Item 1A of this report) for further discussion of certain risks and uncertainties that could cause actual results and events to differ materially from the forward-looking

statements. Readers of this report are cautioned not to rely on these forward-looking statements, since there can be no assurance that these forward-looking statements will prove to be accurate. Forward-looking statements speak only as of the date they are made, and we expressly disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. This cautionary note is applicable to all forward-looking statements contained in this report.

TABLE OF CONTENTS

		Page
<u>PART I</u>		4
Item 1.	<u>Business</u>	4
Item 1A.	<u>Risk Factors</u>	13
Item 1B.	<u>Unresolved Staff Comments</u>	25
Item 1C.	<u>Cybersecurity</u>	25
Item 2.	<u>Properties</u>	26
Item 3.	<u>Legal Proceedings</u>	26
Item 4.	<u>Mine Safety Disclosures</u>	26
<u>PART II</u>		27
Item 5.	<u>Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	27
Item 6.	<u>[Reserved]</u>	28
Item 7.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	29
Item 7A.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	37
Item 8.	<u>Financial Statements and Supplementary Data</u>	40
Item 9.	<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	91
Item 9A.	<u>Controls and Procedures</u>	91
Item 9B.	<u>Other Information</u>	92
Item 9C.	<u>Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</u>	93
<u>PART III</u>		94
Item 10.	<u>Directors, Executive Officers and Corporate Governance</u>	94
Item 11.	<u>Executive Compensation</u>	94
Item 12.	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	94
Item 13.	<u>Certain Relationships and Related Transactions and Director Independence</u>	94
Item 14.	<u>Principal Accountant Fees and Services</u>	94
<u>PART IV</u>		95
Item 15.	<u>Exhibits and Financial Statement Schedules</u>	95
Item 16.	<u>Form 10-K Summary</u>	100

PART I

Item 1. Business

Overview

Zimmer Biomet is a global medical technology leader with a comprehensive portfolio designed to maximize mobility and improve health. We design, manufacture and market orthopedic reconstructive products; sports medicine, biologics, extremities and trauma products; craniomaxillofacial and thoracic ("CMFT") products; surgical products; and a suite of integrated digital and robotic technologies that leverage data, data analytics and artificial intelligence. We collaborate with healthcare professionals around the globe to advance the pace of innovation. Our products and solutions help treat patients suffering from disorders of, or injuries to, bones, joints or supporting soft tissues. Together with healthcare professionals, we help millions of people live better lives. In this report, "Zimmer Biomet," "we," "us," "our," "the Company" and similar words refer collectively to Zimmer Biomet Holdings, Inc. and its subsidiaries. "Zimmer Biomet Holdings" refers to the parent company only.

Zimmer Biomet Holdings was incorporated in Delaware in 2001. Our history dates to 1927, when Zimmer Manufacturing Company, a predecessor, was founded in Warsaw, Indiana. On August 6, 2001, we were spun off from our former parent and became an independent public company. In 2015, we acquired LVB Acquisition, Inc. ("LVB"), the parent company of Biomet, Inc. ("Biomet"), and LVB and Biomet became our wholly-owned subsidiaries. In connection with the merger, we changed our name from Zimmer Holdings, Inc. to Zimmer Biomet Holdings, Inc.

On March 1, 2022, we completed the spinoff of our spine and dental businesses into a new public company, ZimVie Inc. ("ZimVie"). The transaction was intended to benefit our stockholders by enhancing the focus of both Zimmer Biomet and ZimVie to meet the needs of patients and customers and, therefore, achieve faster growth and deliver greater value for all stakeholders.

Customers, Sales and Marketing

Our primary customers include orthopedic surgeons, neurosurgeons, and other specialists, healthcare institutions, stocking distributors, healthcare dealers and, in their capacity as agents, healthcare purchasing organizations or buying groups. These customers range from large multinational enterprises to independent clinicians.

We market and sell products through two principal channels: 1) direct to healthcare institutions, such as hospitals and ambulatory surgery centers, referred to as direct channel accounts; and 2) through stocking distributors and healthcare dealers. With direct channel accounts and some healthcare dealers, inventory is generally consigned to sales agents or customers. With sales to stocking distributors, some healthcare dealers and some hospitals, title to product passes upon shipment. Consignment sales represented approximately 85 percent of our net sales in 2023. No individual customer accounted for more than 2 percent of our net sales for 2023.

We stock inventory in our warehouse facilities and retain title to consigned inventory in an effort to have sufficient quantities available when products are needed for surgical procedures. Safety stock levels are determined based on a number of factors, including demand, manufacturing lead times and quantities required to maintain service levels.

We also carry trade accounts receivable balances based on credit terms that are generally consistent with local market practices.

We utilize a network of sales associates, sales managers and support personnel, some of whom are employed or contracted by independent distributors and sales agencies. We invest a significant amount of time and expense in training sales associates in how to use specific products and how to best inform surgeons of product uses and features. Sales force representatives must have strong technical selling and medical education skills to provide technical support for surgeons.

In response to the different healthcare systems throughout the world, our sales and marketing strategies and organizational structures differ by region. We utilize a global approach to sales force training, marketing and medical education to provide consistent, high quality service. Additionally, we keep current with key surgical developments and other issues related to orthopedic surgeons, neurosurgeons, other specialists, and the medical procedures they perform.

We allocate resources to achieve our operating profit goals through three regional operating segments. Our operating segments are comprised of the Americas; Europe, Middle East and Africa ("EMEA"); and Asia Pacific. The following is a summary of our operating segments. See Note 19 to our consolidated financial statements for more information regarding our segments.

Americas. The Americas operating segment is our largest operating segment. This segment is comprised principally of the U.S. and includes other North, Central and South American markets. This segment also includes research, development engineering, medical education and brand management for our product category headquarter locations. The U.S. accounted for approximately 95 percent of net sales in this region in 2023. The U.S. sales force consists of a combination of employees and independent sales agents, most of whom sell products exclusively for Zimmer Biomet. The sales force in the U.S. receives a commission on product sales and is responsible for many operating decisions and costs.

In this region, we contract with group purchasing organizations and managed care accounts and have promoted unit growth by offering volume discounts to customer healthcare institutions within a specified group. Generally, we are designated as one of several preferred purchasing sources for specified products, although members are not obligated to purchase our products. Contracts with group purchasing organizations generally have a term of three years, with extensions as warranted.

EMEA. The EMEA operating segment is our second largest operating segment. France, Germany, Italy, Spain and the United Kingdom (the "UK") collectively accounted for approximately 55 percent of net sales in the region in 2023. This segment also includes other key markets, including Switzerland, Benelux, Nordic, Central and Eastern Europe, the Middle East and Africa. Our sales force in this segment is comprised of direct sales associates, commissioned agents, independent distributors and sales support personnel. In most European countries, healthcare is sponsored by the government and therefore government budgets impact healthcare spending, which can affect our sales in this segment.

Asia Pacific. The Asia Pacific operating segment includes key markets such as Japan, China, Australia, New Zealand, Korea, Taiwan, India, Thailand, Singapore, Hong Kong and Malaysia. Japan is the largest market within this segment, accounting for approximately 50 percent of the region's sales in 2023. In Japan and most countries in the Asia Pacific region, we maintain a network of dealers, who act as order agents on behalf of hospitals in the region, and sales associates, who build and maintain relationships with orthopedic surgeons and neurosurgeons in their markets. The knowledge and skills of these sales associates play a critical role in providing service, product information and support to surgeons. In certain countries of this region, healthcare is sponsored by governments.

Seasonality

Our business is seasonal in nature to some extent, as many of our products are used in elective procedures, which typically decline during the summer months and can increase at the end of the year once annual deductibles have been met on health insurance plans. Additionally, with sales to customers where title to product passes upon shipment, these customers may purchase items in large quantities if incentives are offered or if there are new product offerings in a market, which could cause period-to-period differences in sales.

Distribution

We distribute our products both through large, centralized warehouses and through smaller, market specific facilities, depending on the needs of the market. We maintain large, centralized warehouses in the U.S. and Europe to be able to efficiently distribute our products to customers in those regions. In addition to these centralized warehouses, we maintain smaller distribution facilities in the U.S. and in each of the countries where we have a direct sales presence. In many locations, our inventory is consigned to the healthcare institution.

We generally ship our orders via expedited courier. Since most of our sales occur at the time of an elective procedure, we generally do not have firm orders.

Products

Our products include orthopedic reconstructive products; sports medicine, biologics, extremities and trauma products; CMFT products; surgical products; and a suite of integrated digital and robotic technologies.

KNEES

Total knee replacement surgeries typically include a femoral component, a patella (knee cap), a tibial tray and an articular surface (placed on the tibial tray). Knee replacement surgeries include first-time, or primary, joint replacement procedures and revision procedures for the replacement, repair or enhancement of an implant or component from a previous procedure. There are also procedures for partial reconstruction of the knee, which treat limited knee degeneration and involve the replacement of only one side, or compartment, of the knee with a unicompartmental knee prosthesis. Our significant knee brands include the Persona® Knee, NexGen® Knee Implants, Vanguard® Knee, and Oxford® Partial Knee. Additionally, our ROSA® Robot utilizes robotic technologies to assist a surgeon with implant positioning in total knee arthroplasty or partial knee arthroplasty.

HIPS

Total hip replacement surgeries replace both the head of the femur and the socket portion of the pelvis (acetabulum) of the natural hip. Hip procedures include first-time, or primary, joint replacement as well as revision procedures. Hip implant procedures involve the use of bone cement to attach or affix the prosthetic components to the surrounding bone, or are press-fit into bone, which means that they have a surface that bone affixes to through either ongrowth or ingrowth technologies. Our significant hip brands include the Taperloc® Hip System, Avenir Complete® Hip System, Arcos® Modular Hip System, and G7® Acetabular System. Our ROSA® Robot is also utilized in hip procedures.

S.E.T.

Our S.E.T. product category includes sports medicine, biologics, foot and ankle, upper extremities, trauma and CMFT products. Our sports medicine products are primarily for the repair of soft tissue injuries, most commonly used in the knee and shoulder. Sports medicine products represented 11 percent of our S.E.T. product category net sales in 2023. Our biologics products are used as early intervention for joint preservation or to support surgical procedures. Biologics products represented 8 percent of our S.E.T. product category net sales in 2023. Our foot and ankle and upper extremities products are designed to treat arthritic conditions and fractures in the foot, ankle, shoulder, elbow and wrist. Our foot and ankle products represented 4 percent of our S.E.T. product category net sales in 2023. Our upper extremities products represented 33 percent of our S.E.T. product category net sales in 2023. Our trauma products are used to stabilize damaged or broken bones and their surrounding tissues to support the body's natural healing process. Trauma products represented 24 percent of our S.E.T. product category net sales in 2023. Our CMFT product division includes face and skull reconstruction products as well as products that fixate and stabilize the bones of the chest in order to facilitate healing or reconstruction after open heart surgery, trauma or for deformities of the chest. CMFT products represented 20 percent of our S.E.T. product category net sales in 2023. Our significant S.E.T. brands include the JuggerKnot® Soft Anchor System, Gel-One® Cross-linked Hyaluronate, Comprehensive® Shoulder, Natural Nail® System, and SternaLock® System. Gel-One® is a registered trademark of Seikagaku Corporation.

OTHER

Our other product category primarily includes our robotic technology, surgical and bone cement products. We market a collective suite of our products and technologies as the ZBEdge™ Platform. The ZBEdge Platform connects robotic and digital technologies together to collect data before, during and after surgery, that can deliver insights to surgeons to assist in making informed decisions on patient care.

Research and Development

We have extensive research and development activities to develop new surgical techniques, including robotic techniques, materials, biologics and product designs. The research and development teams work closely with our strategic brand marketing function. The rapid commercialization of new data solutions, surgical techniques, innovative new materials, biologics products, and implant and instrument designs remains one of our core strategies and continues to be an important driver of sales growth.

We are broadening our offerings in certain of our product categories and exploring new technologies, including artificial intelligence and machine learning, with possible applications in multiple areas. Our primary research and development facility is located in Warsaw, Indiana. We have other research and development personnel based in, among other places, Canada, China, France, Switzerland and other U.S. locations. As of December 31, 2023, we employed approximately 2,200 research and development employees worldwide.

We expect to continue to identify innovative technologies, which may include acquiring complementary products or businesses, establishing technology licensing arrangements or strategic alliances.

Government Regulation and Compliance

Our operations, products and customers are subject to extensive government regulation by numerous government agencies, both within and outside the U.S. We are subject to supranational, national, regional and local regulations affecting, among other things, the development, design, manufacturing, product standards, packaging, advertising, promotion, labeling, marketing and post-market surveillance of medical products and medical devices in many of the countries in which our products are sold. Our global regulatory environment is increasingly stringent, unpredictable and complex. There is a global trend toward increased regulatory activity related to medical products and medical devices.

Medical Product and Medical Device Regulation

In the U.S., numerous laws and regulations govern the processes by which our products are brought to market. These include the Federal Food, Drug and Cosmetic Act, as amended ("FDCA"), and associated regulations. U.S. Food and Drug Administration ("FDA") regulations control all aspects of the development, manufacturing, advertising, promotion, marketing, distribution and post-market surveillance of medical products and medical devices. All of our devices marketed in the U.S. have been cleared or approved by the FDA, except for those exempt from FDA premarket clearance and approval and those in commercial distribution prior to May 28, 1976. The process of obtaining FDA clearance or approval to market a product is resource intensive, lengthy, and costly. The FDA review may involve substantial delays that adversely affect the marketing and sale of our products. Most of our new products fall into a classification that requires the submission of a Premarket Notification (510(k)) to the FDA before we can market the new device. This process requires us to demonstrate that the device to be marketed is at least as safe and effective as, that is, substantially equivalent to, a legally marketed device. Other devices we develop and market require stringent FDA clinical investigation and Premarket Approval ("PMA") requirements, including submission of clinical and laboratory data that establishes that the new medical device is safe and effective. Additionally, certain of our new products incorporate innovations related to artificial intelligence, machine learning and software as a medical device, which are subject to emerging FDA oversight and regulation.

We are subject to FDA Quality System regulations governing design and manufacturing practices, testing, manufacturing quality assurance, labeling and record keeping and reporting requirements for our products, which apply both to our own and to our third-party manufacturers' operations. We are required to establish a quality system by which we monitor our (and our third-party manufacturers') manufacturing processes and maintain records that show compliance with FDA regulations and manufacturers' written specifications and procedures.

There are also requirements of state and local governments with which we must comply in the manufacture and marketing of our products.

The FDA conducts announced and unannounced periodic and on-going inspections of medical device manufacturers to determine compliance with its Quality System, and other applicable, regulations. If in connection with these inspections the FDA believes the manufacturer has failed to comply with applicable regulations and/or procedures, it may issue inspectional observations on Form FDA-483 ("Form 483") that would necessitate prompt corrective action. If FDA inspectional observations are not addressed and/or corrective action is not taken in a timely manner and to the FDA's satisfaction, the FDA may issue a warning letter (which would similarly necessitate prompt corrective action) and/or proceed directly to other forms of enforcement action, including the imposition of operating restrictions, including ceasing operations on one or more facilities, enjoining and restraining legal violations pertaining to products, seizing products, negotiating the entry of a consent decree and permanent injunction against us, recommending prosecution to the U.S. Department of Justice (the "DOJ"), and assessing civil or criminal penalties against our officers, employees or us. Any adverse regulatory action, depending on its magnitude, may restrict us from effectively manufacturing, marketing and selling our products and could have a material adverse effect on our business, financial condition and results of operations.

The FDA, in cooperation with U.S. Customs and Border Protection ("CBP"), administers controls over the import of medical devices into the U.S. and can prevent the importation of products the FDA deems to violate the FDCA or its implementing regulations. The CBP imposes its own regulatory requirements on the import of our products, including inspection and possible sanctions for noncompliance. We are also subject to foreign trade controls administered by certain U.S. government agencies, including the Bureau of Industry and Security within the Commerce Department and the Office of Foreign Assets Control within the Treasury Department ("OFAC"). In addition, exported medical products are subject to the regulatory requirements of each country to which the medical product is exported.

The European Union (the "EU") has adopted the European Medical Device Regulation (the "EU MDR"), which created a single set of medical device regulations for products marketed in all member countries. The EU MDR took effect in May 2021, replacing the European Medical Device Directive (the "MDD"). The EU MDR imposes significant additional premarket and post-market requirements. Products currently certified per the MDD regulations must be certified to the new EU MDR regulation prior to December 2027 or December 2028, depending upon the device's risk class. The UK additionally is in the process of creating a new medical device framework (the "UK MDR") following its exit from the European Union. The new regulation, initially scheduled to be implemented in 2023, is anticipated to be delayed until 2025. The UK, in the meantime, continues to allow products meeting the current EU regulations to be marketed.

Our quality management system is based upon the requirements of ISO 13485, the FDA Quality System regulations, the MDD, the EU MDR and other applicable regulations for the markets in which we sell. Our principal manufacturing sites are certified to ISO 13485 and audited at regular intervals. Additionally, our principal sites are certified under the Medical Device Single Audit Program ("MDSAP"), a voluntary audit program developed by regulatory authorities in Australia, Brazil, Canada, Japan, and the United States to assess compliance with the quality management system regulatory requirements of those countries. MDSAP audits are conducted by an MDSAP-recognized auditing organization and can fulfill the needs of the participating regulatory jurisdictions, replacing standard surveillance audits by the regulatory authorities in those countries.

We are subject to supranational, national, regional, state and local laws and regulations concerning healthcare cost containment, including price regulation, competitive pricing, coverage and payment policies, comparative effectiveness reviews and other methods, including through efforts to reduce healthcare fraud and abuse, false claims and anti-kickback laws as well as the U.S. Physician Payments Sunshine Act and similar state and foreign healthcare professional payment transparency laws. Many authorities have increased their enforcement activities with respect to medical products manufacturers in recent years. Violations of these laws are punishable by criminal and/or civil sanctions, including, in some instances, fines, imprisonment and exclusion from participation in certain government healthcare programs.

Foreign Corrupt Practices Act and Related Laws

Our operations outside the U.S. are subject to the extraterritorial application of the U.S. Foreign Corrupt Practices Act (the "FCPA"). Our global operations are also subject to non-U.S. anti-corruption laws, such as the United Kingdom Bribery Act. As part of our global compliance program, we seek to address anti-corruption risks proactively.

Environmental Laws

All of our facilities and operations are subject to complex national, state and local environmental and occupational safety laws and regulations, including those relating to discharges of substances in the air, water and land, the handling, storage and disposal of wastes and the clean-up of properties contaminated by pollutants. We do not expect that the ongoing costs of compliance with these environmental requirements will have a material impact on our consolidated earnings, capital expenditures or competitive position.

Data Privacy Laws

We are subject to evolving supranational, national, state and international data privacy and security laws and regulations that govern the collection, use, disclosure, transfer, location, storage, disposal and protection of health-related and other personal information, including laws and regulations that regulate and restrict cross-border data transfers. Certain of these laws and regulations impose time-sensitive notification requirements to governmental authorities or consumers. We are also subject to emerging guidance governing data security and cyber risk management for medical devices as well as emerging guidance relating to artificial intelligence. Failure to comply with any such data protection laws, regulations and guidance could result in government enforcement actions (which could include civil and/or criminal penalties), private litigation and/or adverse publicity and could negatively affect our operating results and business. Information regarding the risks associated with data privacy and protection laws may be found in *Item 1A. Risk Factors – If we fail to comply with data privacy and security laws and regulations, we could face substantial penalties and our business, operations and financial condition could be adversely affected.*

Competition

The orthopedics and broader musculoskeletal care industry is highly competitive. In the global markets for our knees, hips, and S.E.T. products, our major competitors include the DePuy Synthes Companies of Johnson & Johnson, Stryker Corporation and Smith & Nephew plc. There are smaller competitors in these product categories as well that have success by focusing on smaller subsegments of the industry.

Competition within the industry is primarily based on technology, innovation, quality, reputation, customer service and pricing. A key factor in our continuing success in the future will be our ability to develop new products and technologies and improve existing products and technologies.

Manufacturing and Raw Materials

We manufacture our products at various sites. We also strategically outsource some manufacturing to qualified suppliers who are highly capable of producing components.

The manufacturing operations at our facilities are designed to incorporate the cellular concept for production and to implement tenets of a manufacturing philosophy focused on continuous improvement efforts in product quality, lead time reduction and capacity optimization. Our continuous improvement efforts are driven by Lean and Six Sigma methodologies. In addition, at certain of our manufacturing facilities, many of the employees are cross-trained to perform a broad array of operations.

We generally target operating our manufacturing facilities at optimal levels of total capacity. We continually evaluate the potential to in-source and outsource production as part of our manufacturing strategy to provide value to our stakeholders.

In most of our manufacturing network, we have improved our manufacturing processes to harmonize and optimize our quality systems and to protect our profitability and offset the impact of inflationary costs. We have, for example, employed computer-assisted robots and multi-axis grinders to precision polish medical devices; automated certain manufacturing and inspection processes, including on-machine inspection and process controls; purchased state-of-the-art equipment; in-sourced core products and processes; and negotiated cost reductions from third-party suppliers.

We use a diverse and broad range of raw materials in the manufacturing of our products. We purchase all of our raw materials and select components used in manufacturing our products from external suppliers. In addition, we purchase some supplies from single sources for reasons of quality assurance, sole source availability, cost effectiveness or constraints resulting from regulatory requirements. We work closely with our suppliers to assure continuity of supply while maintaining high quality and reliability.

Intellectual Property

Patents and other proprietary rights are important to the continued success of our business. We also rely upon trade secrets, know-how, continuing technological innovation and licensing opportunities to develop and maintain our competitive position. We protect our proprietary rights through a variety of methods, including confidentiality agreements and proprietary information agreements with suppliers, employees, consultants and others who may have access to proprietary information. We own or control through licensing arrangements over 6,000 issued patents and patent applications throughout the world that relate to aspects of the technology incorporated in many of our products.

Human Capital

As of December 31, 2023, we employed approximately 18,000 employees worldwide, including approximately 2,200 employees dedicated to research and development. Approximately 8,000 employees are located within the U.S. and approximately 10,000 employees are located outside of the U.S., primarily throughout Europe and in Japan and China. We have approximately 7,900 employees dedicated to manufacturing our products worldwide.

Our mission is to alleviate pain and improve the quality of life for people around the world. Our commitment to patients shapes all day-to-day decisions at Zimmer Biomet. To be able to accomplish our mission, we have established guiding principles. These guiding principles are central to our human capital management policies and practices. The guiding principles are:

- Respect and show gratitude for the contributions and diverse perspectives of all team members
- Commit to the highest standards of patient safety, quality and integrity
- Focus our resources in areas where we will make a difference
- Ensure the company's return is equivalent to the value we provide our customers and patients
- Give back to our communities and people in need.

Diversity, Equity and Inclusion

We believe that each of us as individuals can drive change every day. We remain wholly committed to creating, supporting and celebrating diverse and equal workplaces and communities. Together, we will continue to foster and embrace diversity and inclusion within our team and our communities, and commit our voices and our resources to community groups, business platforms and other organizations united to driving meaningful change and sustained improvement.

We believe that representation matters. As of December 31, 2023, women made up approximately 35 percent of our total employee population, and approximately 26 percent of positions at Director level and above. People of Color ("POC") made up approximately 25 percent of our total employee population in the U.S., and comprised approximately 16 percent of positions at Director level and above. We have established 2026 representation goals for women and POC at all levels of the organization, guided by internal data and external benchmarking.

Core to our values is our commitment to stand together against hatred, discrimination and injustice, and we advance these values through our actions and investments. With this in mind, we have committed to the following initiatives to drive and accelerate change both within our own organization and around the globe. We have shared these commitments publicly and are tracking our progress against them:

- Engage our 18,000 global employees in cultural awareness and inclusion programming;
- Invest \$1 million and provide executive sponsorship to support ongoing programs and elevate the impact of our employee resource groups;
- Commit at least \$5 million over five years through the Zimmer Biomet Foundation to non-profit organizations dedicated to combating racism and supporting diversity, equality and justice. The Zimmer Biomet Foundation is an independent, non-profit organization established in 2018 to address the needs of our global community;
- Match, through the Zimmer Biomet Foundation, employee financial contributions to non-profit organizations, including those dedicated to combating racism and supporting diversity, equality and justice;
- Expand our student and early career internship programs to attract and develop more Black leaders; and
- Continue our financial support of Movement is Life, Inc., a nonprofit multidisciplinary coalition seeking to eliminate racial, ethnic and gender disparities in muscle and joint health.

Employee Engagement

We value our employees' input and to that end, from time to time, we conduct comprehensive employee engagement surveys that ultimately inform our actions towards improving employee engagement. Surveys attempt to assess five drivers of engagement including purpose, culture, leadership, personal growth and belonging. The key results of surveys, and commensurate action plans, are shared with our Board of Directors and with our employee base. Employee engagement is the degree to which employees invest their cognitive, emotional, and behavioral energies toward positive organizational outcomes. While we strive for engagement scores to sequentially improve, the outcomes of the surveys can be influenced by many factors that are internal and external to the company.

We believe it is critical to keep our employees engaged through frequent and transparent communication. This is accomplished through town halls, video and written messages, news and recognition on our intranet site, and various other methods.

Health, Safety and Wellness

The physical and mental health, financial wellbeing, and work/life balance of our employees is vital to accomplishing our mission. We sponsor wellness programs designed to enhance physical, financial and mental wellbeing for our employees. We encourage participation in these programs through regular communications, educational sessions and other incentives.

We are also intensely focused on the health and safety of our team members in the workplace. Our environmental, health and safety team constantly monitors various metrics to ensure we are providing a safe environment in which to work. In 2023, our Total Recordable Incident Rate was 0.23 and our Lost Time Incident Rate was 0.13. These results are shared with relevant regulatory agencies as required and presented to our Board of Directors.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following table sets forth certain information with respect to our executive officers as of February 15, 2024.

Name	Age	Position
Ivan Tornos	48	President and Chief Executive Officer
Mark Bezjak	49	President, Americas
Rachel Ellingson	54	Senior Vice President and Chief Strategy Officer
Chad Phipps	52	Senior Vice President, General Counsel and Secretary
Paul Stellato	49	Vice President, Controller and Chief Accounting Officer
Suketu Upadhyay	54	Chief Financial Officer and Executive Vice President - Finance, Operations and Supply Chain
Wilfred van Zuijen	54	Group President, Europe, Middle East and Africa
Lori Winkler	62	Senior Vice President, Chief Human Resources Officer
Sang Yi	61	Group President, Asia Pacific

Mr. Tornos was appointed President and Chief Executive Officer and a member of the Board of Directors in August 2023. Previously, he served as the Company's Chief Operating Officer since March 2021, as Group President, Global Businesses and the Americas from December 2019 until March 2021, and as Group President, Orthopedics from joining the Company in November 2018 until December 2019. Prior to joining Zimmer Biomet, Mr. Tornos served as Worldwide President of the Global Urology, Medical and Critical Care Divisions of Becton, Dickinson and Company ("BD") (and previously, C. R. Bard, Inc. ("Bard")) from June 2017 until October 2018. From June 2017 until BD's acquisition of Bard in December 2017, Mr. Tornos also continued to serve as President, EMEA of Bard, a position to which he was appointed in September 2013. Mr. Tornos joined Bard in August 2011 and, prior to his appointment as President, EMEA, served as Vice President and General Manager with leadership responsibility for Bard's business in Southern Europe, Central Europe and the Emerging Markets Region of the Middle East and Africa. Before joining Bard, Mr. Tornos served as Vice President and General Manager of the Americas Pharmaceutical and Medical/Imaging Segments of Covidien International from April 2009 to August 2011. Before that, he served as International Vice President, Business Development and Strategy with Baxter International Inc. from July 2008 to April 2009 and, prior to that, Mr. Tornos spent 11 years with Johnson & Johnson in positions of increasing responsibility. He has also served as a member of the board of directors at PHC Holdings Corporation since September 2021.

Mr. Bezjak was appointed President, Americas in September 2023. As President, Americas, he oversees all commercial, downstream marketing and distribution activities in North America and Latin America. Mr. Bezjak joined Zimmer Biomet in April of 2008 as Director of Corporate Sales and has held roles of increasing importance within the Company, most recently serving as President, North America, since 2021. Prior to his work at Zimmer Biomet, Mr. Bezjak held multiple roles with Teleflex Incorporated ranging from a regional sales representative to Director of Strategic Accounts from 2000 to 2008. He also held various sales representative roles with Michelin Tire Company from 1997 to 2000.

Ms. Ellingson was appointed Senior Vice President and Chief Strategy Officer in April 2018 and was designated as an executive officer in January 2021. Prior to joining Zimmer Biomet, Ms. Ellingson served as a member of the

executive leadership team of St. Jude Medical in positions of increasing responsibility from 2012 until 2017, most recently as Vice President, Corporate Strategy from 2015 until 2017. Before joining St. Jude Medical, Ms. Ellingson served as Vice President, Business Development and Investor Relations at AGA Medical Corporation. Prior to joining AGA Medical, Ms. Ellingson had more than 15 years of experience in investment banking, rising to the position of Managing Director, Medical Technology Investment Banking with Bank of America. She has served as a member of the board of directors of Biolife Solutions, Inc. since April 2021 and serves on their audit and compensation committees.

Mr. Phipps was appointed Senior Vice President, General Counsel and Secretary in May 2007. He has global responsibility for the Company's Legal Affairs and he serves as Secretary to the Board of Directors. Mr. Phipps also oversees the Company's Government Affairs activities. Previously, Mr. Phipps served as Associate General Counsel and Corporate Secretary from December 2005 to May 2007. He joined the Company in September 2003 as Associate Counsel and Assistant Secretary. Prior to joining the Company, he served as Vice President and General Counsel of L&N Sales and Marketing, Inc. in Pennsylvania and he practiced law with the firm of Morgan, Lewis & Bockius in Philadelphia, focusing on corporate and securities law, mergers and acquisitions and financial transactions.

Mr. Stellato was appointed Vice President, Controller and Chief Accounting Officer in May 2022. Previously, he served as Vice President Finance, Global Business Services from March 2019 through April 2022, with Xylem Inc. ("Xylem"), a global provider of water technology products and services. He joined Xylem upon its spinoff from ITT Corporation ("ITT") in October 2011 and served as Xylem's Vice President Finance, Financial Planning and Analysis through August 2017. He was promoted to Vice President, Controller and Chief Accounting Officer in August 2017 after serving as Interim Corporate Controller starting in August 2016, and became Vice President Finance, Global Business Services in March 2019. Prior to Xylem's spinoff from ITT in October 2011, Mr. Stellato served with ITT beginning in May 2003, having served most recently as ITT's General Auditor and prior to that, as Manager - Investor Relations. He began his career in public accounting with Ernst & Young LLP and Arthur Andersen LLP and is a certified public accountant.

Mr. Upadhyay was appointed Chief Financial Officer and Executive Vice President - Finance, Operations and Supply Chain in August 2023. Previously, he served as our Executive Vice President and Chief Financial Officer since joining the Company in July 2019. Prior to joining Zimmer Biomet, Mr. Upadhyay served as Senior Vice President, Global Financial Operations at Bristol-Myers Squibb Company from November 2016 until June 2019. Before joining Bristol-Myers Squibb, he served as Executive Vice President and Chief Financial Officer of Endo International plc from September 2013 to November 2016. Prior to his tenure at Endo International, Mr. Upadhyay served as Interim Chief Financial Officer as well as Senior Vice President of Finance, Corporate Controller and Principal Accounting Officer of BD. Prior to his role as BD's Interim Chief Financial Officer and Corporate Controller, Mr. Upadhyay was the Senior Vice President of Global Financial Planning and Analysis and also held the role of Vice President and Chief Financial Officer of BD's international business. Before joining BD in 2010, Mr. Upadhyay held a number of leadership roles across AstraZeneca PLC and Johnson & Johnson. Mr. Upadhyay spent the early part of his career in public accounting with KPMG. He has also served as a member of the board of directors of Vertex Pharmaceuticals Incorporated since May 2022.

Mr. van Zuijen was appointed Group President, Europe, Middle East and Africa in September 2023, after having served as President, Europe, Middle East and Africa since joining the Company in June 2021. He is responsible for the sales, marketing and distribution of products, services and solutions in the Europe, Middle East and Africa region. Prior to joining Zimmer Biomet, Mr. van Zuijen served in various roles for Medtronic plc, including as Vice President, North Western Europe from October 2020 to May 2021, as Vice President, Restorative Therapies Group EMEA from February 2017 through September 2020, and as Vice President, Advanced Surgical Technologies Europe, Surgical Solution Group, from October 2011 through January 2017. He served in other roles of increasing responsibility with Medtronic plc through January 1998. Before joining Medtronic, he spent more than five years in medical sales, most recently with Baxter BV (Edwards Lifesciences).

Ms. Winkler joined Zimmer Biomet as Group Vice President of Human Resources in February 2020 and was appointed Senior Vice President, Chief Human Resources Officer in March 2021. Prior to joining Zimmer Biomet, she served Cardinal Health, Inc. as a Worldwide Vice President of Human Resources in the Medical Segment from November 2016 through January 2020. Before joining Cardinal Health, Ms. Winkler served more than 20 years with Johnson and Johnson, including its subsidiary companies DePuy and Cordis, most recently as Global Head, Human Resources Global Finance from April 2011 through November 2016. She has served as an independent voting

member of the board of directors of Family Promise, Inc., a 501(c)(3) charity focused on housing and homelessness, since August 2022.

Mr. Yi was appointed Group President, Asia Pacific, in March 2021. He is responsible for the sales, marketing and distribution of products, services and solutions in the Asia Pacific region. Mr. Yi joined the Company in March 2013 as Senior Vice President, Asia Pacific and was promoted to President, Asia Pacific, in June 2015. Prior to joining the Company, he served as Vice President and General Manager of St. Jude Medical for Asia Pacific and Australia from 2005 to 2013. Prior to that, Mr. Yi held several leadership positions over a ten-year period with Boston Scientific Corporation, ultimately serving as Vice President for North Asia.

AVAILABLE INFORMATION

Our Internet address is www.zimmerbiomet.com. We routinely post important information for investors on our website in the "Investor Relations" section, which may be accessed from our homepage at www.zimmerbiomet.com or directly at <https://investor.zimmerbiomet.com>. We use this website as a means of disclosing material, non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor the Investor Relations section of our website, in addition to following our press releases, SEC filings, public conference calls, presentations and webcasts. Our goal is to maintain the Investor Relations website as a portal through which investors can easily find or navigate to pertinent information about us, free of charge, including:

- our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), as soon as reasonably practicable after we electronically file that material with or furnish it to the SEC;
- announcements of investor conferences and events at which our executives talk about our products and competitive strategies, as well as archives of these events;
- press releases on quarterly earnings, product announcements, legal developments and other material news that we may post from time to time;
- corporate governance information including our Corporate Governance Guidelines, Code of Business Conduct and Ethics, Code of Ethics for Chief Executive Officer and Senior Financial Officers, information concerning our Board of Directors and its committees, including the charters of the Audit Committee, Compensation and Management Development Committee, Corporate Governance Committee and Quality, Regulatory and Technology Committee, and other governance-related policies;
- stockholder services information, including ways to contact our transfer agent and information on how to sign up for direct deposit of dividends or enroll in our dividend reinvestment plan; and
- opportunities to sign up for email alerts and RSS feeds to have information provided in real time.

The information available on our website is not incorporated by reference in, or a part of, this or any other report we file with or furnish to the SEC.

Item 1A. Risk Factors

We operate in a rapidly changing economic and technological environment that presents numerous risks, many of which are driven by factors that we cannot control or predict. Our business, financial condition and results of operations may be impacted by a number of factors. In addition to the factors discussed elsewhere in this report, the following risks and uncertainties could materially harm our business, financial condition or results of operations, including causing our actual results to differ materially from those projected in any forward-looking statements. The following list of material risk factors is not all-inclusive or necessarily in order of importance. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, also may materially adversely affect us in future periods. You should carefully consider these risks and uncertainties before investing in our securities.

Risks Related to our Business, Operations and Strategy

Our success depends on our ability to effectively develop and market our products against those of our competitors.

We operate in a highly competitive environment. Our present or future products could be rendered obsolete or uneconomical by technological advances by one or more of our present or future competitors. To remain competitive, we must continue to identify, prioritize, develop and acquire new products and technologies, as well as identify, prioritize and improve existing products and technologies. We must also obtain and maintain regulatory approvals for such products, accurately forecast demand, manufacture the correct mix of products, distribute products to multiple global markets and market those products profitably. For example, we have experienced elevated charges for excess and obsolete inventory while also facing increased backorders due to unpredictable demand fluctuations across our various markets, and there can be no assurance that production mix planning or inventory allocation will match end market demand.

Competition within our markets is primarily on the basis of technology, innovation, quality, reputation, customer service and pricing. In markets outside of the U.S., other factors influence competition as well, including local distribution systems, complex regulatory environments, and differing medical philosophies and product preferences. Our competition may have greater financial, marketing, technical and other resources than us; respond more quickly to new or emerging technologies; undertake more extensive marketing campaigns; operate more effective planning, manufacturing, sales and distribution channels; adopt more aggressive pricing policies; or be more successful in attracting potential customers, employees and strategic partners. We also face competition from pharmaceutical and other therapies that may be more attractive than, or have other benefits over, our products, or that could affect the frequency, progressions or symptoms of diseases and conditions that our products treat. Any of these factors, alone or in combination, could cause us to have difficulty maintaining or increasing sales of our products or otherwise have an adverse effect on our business and financial results.

Our products may become obsolete, customers may not buy our products, and our revenue and profitability may decline without the timely introduction of new products and enhancements, due to changes in markets, or due to changes in applicable standards of care.

Demand for our products may change, in certain cases, in ways we may not anticipate because of evolving customer needs, changing demographics, changing industry growth rates, declines in the musculoskeletal implant market, the introduction of competing products and technologies, the emergence of alternative treatment methods, and evolving surgical philosophies and industry standards. Our products may become obsolete without the timely introduction of new products and enhancements, or due to changes in applicable standards of care. If that happens, our revenue and operating results would suffer. The success of our new and enhanced product offerings will depend on several factors, including our ability to properly identify and anticipate customer needs; commercialize new products in a timely manner; manufacture and deliver instruments and products in sufficient volumes on time; differentiate our offerings from competitors' offerings; achieve positive clinical outcomes for new products; satisfy the increased demands by healthcare payors, providers and patients for shorter hospital stays, faster post-operative recovery and lower-cost procedures; innovate and develop new materials, product designs and surgical techniques; and provide adequate medical education relating to new products.

In addition, new materials, product designs, product enhancements and surgical techniques that we develop may not be accepted quickly, in some or all markets, because of, among other factors, the need for regulatory clearance, entrenched patterns of clinical practice and uncertainty with respect to third-party reimbursement.

Moreover, innovations generally require a substantial investment in research and development before we can determine their commercial viability, and we may not have the financial resources necessary to fund the research, development and production. In addition, even if we are able to successfully develop enhancements or new generations of our products, these enhancements or new generations of products may not produce revenue in excess of the costs of development and they may be quickly rendered obsolete by changing customer preferences or the introduction by our competitors of products embodying new technologies or features.

Our success largely depends on our ability to attract, retain, develop and motivate our human capital, including our senior management, and on our ability to have meaningful succession plans in place to prepare for foreseen and unforeseen changes.

Our future performance depends, in large part, on the continued skills, experiences, competencies and services of our senior management and other key talent, including our ability to attract, retain, develop and motivate our highly skilled employees, senior management, independent agents and distributors. Competition for talent in our business is

significant. Our ability to attract and retain key talent, in particular senior management, is dependent on a number of factors, including prevailing market conditions, our ability to offer competitive compensation packages and our ability to be perceived as a preferred place to work. Effective succession planning is also important to our long-term success; failure to ensure effective transfer of knowledge and orderly transitions involving key employees could hinder our business.

Our restructuring programs may not be successful or we may not fully realize the expected cost savings and/or operating efficiencies from our restructuring initiatives.

We have initiated a series of restructuring programs to reduce costs, improve efficiency, spin off certain businesses, and prioritize investments in higher-priority growth operations. Restructuring initiatives involve complex plans and actions that may include, or result in, workforce reductions, plant closures and/or consolidations, product portfolio rationalizations and asset impairments. Additionally, as a result of restructuring initiatives, we may experience a loss of continuity, loss of accumulated knowledge and/or inefficiencies during transitional periods. Restructuring initiatives present risks that may impair our ability to achieve anticipated operating enhancements and/or cost reductions, or otherwise harm our business, including higher than anticipated costs in implementing our restructuring programs, as well as management distraction. For more information on our restructuring programs, see Note 5 to our consolidated financial statements. If we fail to achieve some or all of the expected benefits of our restructuring programs, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

We may not be able to effectively integrate acquired businesses into our operations or achieve expected cost savings or profitability from our acquisitions.

Our acquisitions involve numerous risks, including:

- unforeseen difficulties in integrating personnel and sales forces, operations, manufacturing, logistics, research and development, information technology, compliance, vendor management, communications, purchasing, accounting, marketing, administration and other systems and processes;
- difficulties harmonizing and optimizing quality systems and operations;
- diversion of financial and management resources from existing operations;
- unforeseen difficulties related to entering markets for which or geographic regions where we do not have prior experience;
- potential loss of key employees;
- unforeseen risks and liabilities associated with businesses acquired, including any unknown vulnerabilities in acquired technology or compromises of acquired data; and/or
- inability to generate sufficient revenue or realize sufficient cost savings to offset acquisition or investment costs.

As a result, if we fail to evaluate and execute acquisitions properly, we might not achieve the anticipated benefits of such acquisitions, and we may incur costs in excess of what we anticipate. These risks would likely be greater in the case of larger acquisitions.

Interruption of manufacturing operations could adversely affect our business, financial condition and results of operations.

We and our third-party manufacturers have manufacturing sites all over the world. In some instances, however, the manufacturing of certain of our product lines is concentrated in one or a few plants which are concentrated in a single country or region. Damage to one or more facilities from weather or natural disaster-related events, vulnerabilities in technology, cyber-attacks against our information systems or the information systems of our business partners (such as ransomware attacks), issues in manufacturing arising from failure to follow specific internal protocols and procedures, compliance concerns relating to the Quality System Regulation ("QSR") and Good Manufacturing Practice requirements, equipment breakdown or malfunction, reductions in operations and/or worker absences, trade impediments, international sanctions, wars or other factors could adversely affect the ability to manufacture and distribute our products. In the event of an interruption in manufacturing or involving a critical supplier, we may be unable to move quickly to alternate means of producing or acquiring affected products or to meet customer demand, and alternative sources of supply may not be adequate to accommodate sudden increases in demand. We have experienced such interruptions previously, and we may experience such interruptions in the future. In the event of a significant interruption, for example, as a result of our or a supplier's failure to follow

regulatory protocols and procedures, we (or our suppliers) may experience lengthy delays in resuming production of affected products due primarily to the need for additional regulatory approvals. The global supply chain has been and continues to be negatively impacted by a variety of macro factors which have, in part, resulted in challenges to meet end market demand in some instances. As a result, we may experience lost sales, which we may be unable to recover, loss of market share, which we may be unable to recapture, and/or harm to our reputation, which could adversely affect our business, financial condition and results of operations.

Disruptions in the supply of the materials and components used in manufacturing our products or the sterilization of our products by us or third-party suppliers could adversely affect our business, financial condition and results of operations.

We purchase many of the materials and components used in manufacturing our products from third-party suppliers, and we outsource some key manufacturing activities. Certain of these materials and components and outsourced activities can only be obtained from a single source or a limited number of sources due to quality considerations, expertise, costs or constraints resulting from regulatory requirements. In certain cases, we may not be able to establish additional or replacement suppliers for such materials or components or outsourced activities in a timely or cost effective manner, due to market constraints or as a result of FDA or other worldwide regulations that require validation of materials and components prior to their use in our products and the complex nature of our and many of our suppliers' manufacturing processes and the need for clearance or approval of significant changes by FDA and other worldwide regulatory bodies prior to implementation. A reduction or interruption in the supply of materials or components used in manufacturing our products, such as due to loss of access to one or more suppliers; an inability to timely develop and validate alternative sources if required; or a significant increase in the price of such materials or components could adversely affect our business, financial condition and results of operations.

In addition, many of our products require sterilization prior to sale, and we utilize a mix of internal resources and contract sterilizers to perform this service. We also provide sterilization services to certain of our customers. To the extent we or our contract sterilizers are unable to sterilize our products or provide sterilization services to our customers, whether caused by capacity, availability of materials for sterilization, and regulatory or other restrictions on the use of ethylene oxide or otherwise, we may be unable to transition to other contract sterilizers, sterilizer locations or sterilization methods in a timely or cost effective manner or at all, which could have a material impact on our results of operations and financial condition.

Moreover, we are subject to the SEC's rule regarding disclosure of the use of certain minerals, known as "conflict minerals" (tantalum, tin and tungsten (or their ores) and gold), which are mined from the Democratic Republic of the Congo and adjoining countries. This rule could adversely affect the sourcing, availability and pricing of materials used in the manufacture of our products, which could adversely affect our manufacturing operations and our profitability. In addition, we are incurring additional costs to comply with this rule, including costs related to determining the source of any relevant minerals, metals and other materials used in our products. We have a complex supply chain, and we may not be able to sufficiently verify the origins of the minerals and metals used in our products through our due diligence procedures. As a result, we may face reputational challenges with our customers and other stakeholders.

We are dependent on sophisticated information technology and if we fail to effectively maintain or protect our information systems and data, including from cybersecurity events, our business could be adversely affected.

We are dependent on sophisticated information technology for our products and infrastructure. As a result of technology initiatives, expanding and evolving privacy and cybersecurity laws, changes in our system platforms and the ongoing integration of business acquisitions, we have been consolidating and integrating the number of systems we operate and have upgraded and expanded our information systems and cybersecurity capabilities. In addition, some of our products and services incorporate software or information technology that collects data regarding patients and patient therapy, and some software and other products we provide to customers connect to our and third-party systems for maintenance and other purposes. We also have outsourced elements of our operations to third parties (including suppliers, customers and other business partners), and, as a result, we manage a number of third parties who may now or could in the future have access to our confidential information, including, but not limited to, intellectual property, proprietary business information and personal information of patients, team members and customers (collectively "Confidential Information").

Our information systems, and those of third parties with whom we contract, require an ongoing commitment of significant resources to maintain, protect and enhance existing systems and develop new systems to keep pace with continuing changes in information technology, evolving systems and regulatory standards, changing threats and vulnerabilities, and the increasing need to protect data including patient, customer and Confidential Information. In

addition, given their size and complexity, these systems are vulnerable to service interruptions and to security breaches from inadvertent or intentional actions by our employees, third-party suppliers and/or business partners, and from cyber-attacks by malicious third parties attempting to gain unauthorized access to our products, systems or Confidential Information. Our use of artificial intelligence and machine learning in our infrastructure and products exposes us to new threats, risks and uncertainties, including with respect to changing laws and regulations regarding the use of such technologies.

Like other large multi-national corporations, we regularly experience cyber attacks, and we expect to continue to be subject to such attacks. These attacks may include phishing, state-sponsored cyber attacks, industrial espionage, insider threats, computer denial-of-service attacks, computer viruses, ransomware and other malware, payment fraud or other cyber incidents. Evolving artificial intelligence and machine learning continue to improve the capabilities of cyber attackers. In addition, as a result of our adoption of remote work arrangements in many positions, a significant number of our employees who are able to work remotely are doing so, and malicious cyber actors may increase efforts targeting remote workers, which exposes us to additional cybersecurity risks. Our cybersecurity program, incident response efforts, business continuity procedures and disaster recovery planning may not be sufficient for all eventualities. If we fail to maintain or protect our information systems and data integrity effectively, we could:

- suffer a loss of access to or alteration of all or a portion of our Confidential Information;
- have difficulty meeting our compliance requirements, including with respect to data retention and reporting, QMS, quality reporting or other requirements;
- have difficulty developing new or enhanced products;
- lose existing customers, suppliers and business partners;
- have difficulty attracting new customers;
- have problems in determining product cost estimates and establishing appropriate pricing;
- suffer outages or disruptions in our operations, supply chain, products and/or services, including our ZBEdge™ ecosystem;
- have difficulty preventing, detecting, and controlling fraud;
- have disputes with customers, physicians, other healthcare professionals and payors for our products;
- have regulatory sanctions or penalties imposed;
- incur increased operating expenses;
- be subject to issues with product functionality that may result in a loss of data, risk to patient safety, field actions and/or product recalls;
- incur expenses or lose revenues as a result of a data privacy breach; or
- suffer other adverse consequences.

We will continue to dedicate significant resources to protect against unauthorized access to our systems and work with government authorities to detect and reduce the risk of future cyber incidents; however, cyber-attacks are becoming more sophisticated, frequent and adaptive. Therefore, despite our efforts, we cannot assure that cybersecurity incidents or data breaches will not occur or that technology or information system issues will not arise in the future. Any significant breakdown, intrusion, breach, interruption, corruption or destruction of these systems could have a material adverse effect on our business and reputation and could materially adversely affect our results of operations and financial condition.

Business and economic conditions have adversely impacted, and may, either alone or in combination with other risks, in the future adversely impact, our business, results of operations and financial condition, the nature and extent of which impacts are uncertain and unpredictable.

Our operations expose us to risks from business interruptions that may arise from a variety of sources, including public health crises; supply chain disruptions; loss of or limitations on access to certain markets due to trade and tariff disputes and disruptions or national, regional and global conflicts; adverse economic developments; healthcare staffing challenges; government shutdowns; natural disasters; and other events that can, singly or in combination with other factors, adversely affect our business and financial results. There can be no assurance that we will successfully manage risks, such as experienced during the COVID-19 pandemic, without adverse impacts to our business or financial results. Moreover, the occurrence of any one or more risks described in these Risk Factors or

otherwise may have unpredictable effects on other risks, our business, financial or operational results which may be comparable to, or more adverse than, those we experienced in connection with the COVID-19 pandemic.

If we fail to retain the employees, independent agents and distributors upon whom we rely heavily to market our products, customers may not buy our products and our revenue and profitability may decline.

Our marketing success in the U.S. and abroad depends significantly upon our employees', agents' and distributors' sales and service expertise in the marketplace. Many of these employees, agents and distributors have developed professional relationships with existing and potential customers because of the agents' detailed knowledge of products and instruments. A loss of a significant number of our marketing employees, agents or distributors could have a material adverse effect on our business and results of operations.

If third-party payors decline to reimburse our customers for our products or reduce reimbursement levels, the demand for our products may decline and our ability to sell our products profitably may be harmed. In addition, we are subject to cost containment measures in the United States and other countries, resulting in pricing pressures, which could have a material adverse effect on our business, results of operations, and cash flows.

We sell our products and services to hospitals, doctors and other healthcare providers, which receive reimbursement for the healthcare services provided to their patients from third-party payors, such as domestic and international government programs, private insurance plans and managed care programs. These third-party payors may deny reimbursement if they determine that a product or service used in a procedure was not in accordance with cost-effective treatment methods, as determined by the third-party payor, or was used for an unapproved indication. Third-party payors may also decline to reimburse for experimental procedures and products. In addition, third-party payors are increasingly attempting to contain healthcare costs by limiting both coverage and the level of reimbursement for medical products and services. If third-party payors deny or decline reimbursement, reduce reimbursement levels or change reimbursement models for our products, demand for our products may decline, or we may experience increased pressure to reduce the prices of our products, which could have a material adverse effect on our sales and results of operations.

Many customers of our products have formed group purchasing organizations in an effort to contain costs. Group purchasing organizations negotiate pricing arrangements with medical supply manufacturers and distributors, and these negotiated prices are made available to a group purchasing organization's affiliated hospitals and other members. If we are not one of the providers selected by a group purchasing organization, affiliated hospitals and other members may be less likely to purchase our products, and, if the group purchasing organization has negotiated a strict compliance contract for another manufacturer's products, we may be precluded from making sales to members of the group purchasing organization for the duration of the contractual arrangement. Our failure to respond to the cost-containment efforts of group purchasing organizations may cause us to lose market share to our competitors and could have a material adverse effect on our sales and results of operations.

Initiatives to limit the growth of general healthcare expenses and hospital costs are ongoing in the markets in which we do business, and we have experienced downward pressure on product pricing and other effects of healthcare reform in our international markets. These initiatives are sponsored by government agencies, legislative bodies and the private sector and include price regulation and competitive pricing. For example, China has implemented a volume-based procurement ("VBP") process designed to reduce medical spending, which has in the past resulted in, and could in the future result in, reduced margins on covered devices and products, required renegotiation of distributor arrangements, and incurrence of inventory-related charges. In cases where our product is not selected in VBP, sales of that product are substantially impacted. Similarly, the Italian Public Administration has implemented a Pay Back Law to obtain reimbursement from the medical device industry to contribute to government overspending on medical devices beginning in 2015, which assessments we are challenging. Additional cost reduction and recovery strategies are likely to be proposed in various jurisdictions, the effects of which are difficult to predict, but may have a material adverse effect on our sales and results of operations.

Pricing pressure continues due to consolidation among healthcare providers, trends toward managed care, the shift toward governments becoming the primary payors of healthcare expenses, reductions in reimbursement levels and government laws and regulations relating to reimbursement and pricing generally. If key participants in government healthcare systems reduce the reimbursement levels for our products, including through regulatory changes, elections and other political changes, our business, financial condition, results of operations and cash flows may be adversely affected.

Financial, Credit and Liquidity Risks

We incurred substantial additional indebtedness in connection with previous mergers and acquisitions and may not be able to meet all of our debt obligations, and interest rate risk could adversely affect our indebtedness.

We incurred substantial additional indebtedness in connection with previous mergers and acquisitions. At December 31, 2023, our total indebtedness was \$5.8 billion. As of December 31, 2023, our debt service principal obligations (excluding interest, leases and equipment notes), during the next 12 months are expected to be \$0.9 billion. As a result of the increase in our debt, demands on our cash resources have increased; such demand would further amplify if we fund future mergers and acquisitions using debt financing. Our current and future increased level of debt could, among other things:

- require us to dedicate a large portion of our cash flow from operations to the servicing and repayment of our debt, thereby reducing funds available for working capital, capital expenditures, research and development expenditures and other general corporate requirements;
- limit our ability to obtain additional financing to fund future working capital, capital expenditures, research and development expenditures and other general corporate requirements;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- restrict our ability to make strategic investments, collaborations, acquisitions or dispositions or to exploit business opportunities;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- adversely affect our credit rating, with the result that the cost of servicing our indebtedness might increase and our ability to obtain surety bonds could be impaired;
- adversely affect the market price of our common stock; and
- limit our ability to apply proceeds from a future offering or asset sale to purposes other than the servicing and repayment of debt.

In addition, the interest rates applicable to certain of our debt obligations are based on a fluctuating rate of interest determined by reference to the Secure Overnight Financing Rate ("SOFR") or other externally-determined rates. SOFR and such other rates have increased from recent lows, which has increased our cost of borrowing. Any further increase in interest rates applicable to our debt obligations would increase our cost of borrowing and could adversely affect our financial position, results of operations or cash flows.

Changes in tax laws in countries in which we do business are expected to negatively impact our effective tax rate; further changes in tax laws may have a further negative impact.

Changes in the tax laws and regulations of the jurisdictions where we do business, including an increase in tax rates or an adverse change in the treatment of an item of income or expense, could result in a material increase in our tax expense and/or tax payments, could increase tax uncertainty and could have a material adverse impact on our business, financial condition or results of operations.

Tax law changes in certain foreign jurisdictions in which we operate conforming to Pillar Two of the base erosion and profit shifting plan ("Pillar Two") undertaken by the Organisation for Economic Co-operation and Development will take effect in 2024. We expect the implementation and interpretation of Pillar Two across all jurisdictions where we do business will have an adverse effect on our effective tax rate, results of operations and cash flows. These tax law changes require profits earned in such jurisdictions to be subject to a minimum 15 percent income tax rate. Currently, uncertainty exists regarding how the Pillar Two rules interact with existing national tax laws and whether such rules pertaining to the Undertaxed Profits Rule that will take effect in 2025 are consistent with existing tax treaty obligations.

We may have additional tax liabilities as a result of examinations and audits.

We are subject to income taxes in the U.S. and many foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are regularly under audit by tax authorities. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from our historical income tax provisions and accruals. The results of

an audit or litigation could have a material effect on our financial statements in the period or periods for which that determination is made.

If our independent agents and distributors are characterized as employees, we would be subject to additional tax and other liabilities.

We structure our relationships with independent agents and distributors in a manner that we believe results in an independent contractor relationship, not an employee relationship. Although we believe that our independent agents and distributors are properly characterized as independent contractors, tax, labor or other regulatory authorities may in the future challenge our characterization of these relationships. Further, we have been subject to lawsuits challenging the characterization of these relationships. Changes in classification from independent contractor to employee can result in a change to various requirements associated with the payment of wages, tax withholding, and the provision of unemployment, health, and other traditional employer-employee related benefits. If regulatory authorities or state, federal or foreign courts were to determine our independent agents or distributors are employees and not independent contractors, we would be required to withhold income taxes, to withhold and pay social security, Medicare and similar taxes and to pay unemployment and other related payroll taxes, as well as provide other employer-employee related benefits. We would also be liable for unpaid past taxes and subject to penalties. As a result, any determination that our independent agents and distributors are our employees could have a material adverse effect on our business, financial condition or results of operations.

Future material impairments in the carrying value of our intangible assets, including goodwill, would negatively affect our operating results.

Goodwill and intangible assets represent a significant portion of our assets. At December 31, 2023, we had \$8.8 billion in goodwill and \$4.9 billion of intangible assets. The goodwill results from our acquisition activity and represents the excess of the consideration transferred over the fair value of the net assets acquired. We assess at least annually whether events or changes in circumstances indicate that the carrying value of our intangible assets may not be recoverable. As discussed further in Note 11 to our consolidated financial statements, in the fourth quarter of 2022, we recorded goodwill impairment charges of \$289.8 million as a result of, among other factors, changes in foreign currency exchange rates in our European-based currencies, inflation and a higher interest rate environment; and in the second quarter of 2022 and 2021, we recorded \$3.0 million and \$16.3 million, respectively, of in-process research and development ("IPR&D") intangible asset impairments on certain IPR&D projects. There were no impairment charges during the year ended December 31, 2023, but if the operating performance at one or more of our reporting units significantly declines, including if competing or alternative technologies or pharmacological treatments, emerge, if market conditions or future cash flow estimates for one or more of our businesses decline, or as a result of restructuring initiatives pursuant to which we reorganize our reporting units, we could be required to record additional impairment charges. Any write-off of a material portion of our goodwill or unamortized intangible assets would negatively affect our results of operations.

The spinoff of ZimVie Inc. and the divestiture of our retained interest in ZimVie Inc. could result in substantial tax liability.

We obtained Internal Revenue Service ("IRS") rulings and an opinion as to the tax-free nature of the spinoff under the U.S. Internal Revenue Code of 1986, as amended. We subsequently obtained supplemental IRS rulings as to the tax-free nature of our divestiture of retained shares of ZimVie common stock following the spinoff, which divestiture completed in February 2023. The IRS rulings and opinion are based, among other things, on various factual assumptions and representations we made. If any of these assumptions or representations are, or become, inaccurate or incomplete, reliance on the opinion and rulings may be jeopardized. If the spinoff, or the subsequent divestiture of our retained interest in ZimVie, does not qualify for tax-free treatment for U.S. federal income tax purposes, the resulting tax liability to us, to our stockholders and to ZimVie stockholders could be substantial.

Global Operational Risks

We conduct a significant amount of our sales and manufacturing activities outside of the U.S., which subjects us to additional business risks and may cause our profitability to decline due to increased costs.

We sell our products in more than 100 countries and derived approximately 42 percent of our net sales in 2023 from outside the U.S. We intend to continue to pursue growth opportunities in sales internationally, including in emerging markets, which could expose us to additional risks associated with international sales and operations. Our international operations are, and will continue to be, subject to a number of risks and potential costs, including:

- changes to trade restrictions and protection measures, new import or export requirements, new or increased tariffs, trade embargoes and sanctions and other trade barriers, which may prevent us from shipping products to or from a particular market, restrict our access to certain sources of raw materials and other inputs, increase our operating costs and disrupt our ability to collect payment for our products and services in particular markets;
- changes in foreign medical reimbursement policies and programs;
- differences in and changes to foreign regulatory requirements, such as more stringent requirements for regulatory clearance of products;
- differing local product preferences and product requirements;
- fluctuations in foreign currency exchange rates;
- the effects of inflation, including the effects of different rates of inflation in different countries, on our costs and expenses, and the costs of our products;
- diminished protection of intellectual property in some countries outside of the U.S.;
- foreign exchange controls that might prevent us from repatriating cash earned in countries outside the U.S.;
- complex data privacy and cybersecurity requirements and labor relations laws;
- extraterritorial effects of U.S. laws such as the FCPA;
- effects of foreign anti-corruption laws, such as the UK Bribery Act;
- difficulty in staffing and managing foreign operations;
- labor force instability;
- increased tax liabilities under foreign tax laws or changes thereto; and
- political, social and economic instability and uncertainty, including wars, other conflict and sovereign debt issues.

Violations of foreign laws or regulations could result in fines; criminal sanctions against us, our directors, officers, employees, agents or distributors; prohibitions or restrictions relating to the conduct of our business; and damage to our reputation.

Wars and other conflicts may increase certain of these risks and may adversely affect our business and financial performance, including by limiting our ability to operate in, or export from, certain markets. Losing access to such markets or to exports from such markets may have a material adverse effect on our business, and may limit our ability to operate, both in the affected market and globally.

The effects of emerging, expanding and new conflicts, such as a possible expansion of the Russian-Ukrainian conflict, a possible expansion of conflicts in the Middle East, or a possible conflict involving China and Taiwan, may not be limited to the specific markets involved. Sanctions and other civil, political and economic effects of such conflicts are likely to have adverse impacts upon us. For example, we produced implants and instruments in China that supported a significant portion of our global total profit in 2023; if trade restrictions or other barriers arose that limited our ability to export from China and we are unable to fully mitigate the risk or find alternative sources of supply, such trade restrictions could have a material and adverse effect on our sales and results of operations. Additionally, other trade disruptions include supply chain continuity disruption; inflationary pressures and increased costs of raw materials and inputs; manufacturing or shipping delays; increased shipping costs and transit delays (such as experienced due to attacks on shipping transiting the Red Sea); and increased disruptions and delays affecting our ability to operate in and to collect payment for our products and services in particular markets.

We are subject to risks arising from currency exchange rate fluctuations, which can increase our costs, cause our profitability to decline and expose us to counterparty risks.

A substantial portion of our foreign revenues is generated in Europe and Japan. The U.S. Dollar value of our foreign-generated revenues varies with currency exchange rate fluctuations. Significant increases in the value of the U.S. Dollar relative to the Euro, the Japanese Yen, the Swiss Franc or other currencies could have a material adverse effect on our results of operations. Although we address currency risk management through regular operating and financing activities, and, on a limited basis, through the use of derivative financial instruments, those actions may not prove to be fully effective or may create additional financial obligations for us. Further, if the counterparties to the derivative financial instrument transactions fail to honor their obligations due to financial distress or otherwise, we would be exposed to potential losses or the inability to recover anticipated gains from those transactions.

Legal, Regulatory and Compliance Risks

We are subject to complex and expensive laws and governmental regulations relating to the development, design, product standards, packaging, advertising, promotion, post-market surveillance, manufacturing, labeling and marketing of our products, non-compliance with which could adversely affect our business, financial condition and results of operations.

Our global regulatory environment is increasingly stringent, unpredictable and complex. The products and services we design, develop, manufacture and market are subject to rigorous regulation by the FDA and numerous other supranational, national, federal, regional, state and local governmental authorities. The process of obtaining regulatory approvals and clearances to market these products can be costly and time consuming and approvals might not be granted for future products on a timely basis, if at all. Delays in receipt of, or failure to obtain, approvals for future products or product enhancements, or loss of approval for current products, could result in delayed realization of product revenues or in substantial additional costs. Emerging opportunities, including those presented by the use of machine learning and artificial intelligence in our current and future products, devices and services are expected to present new, complex and potentially inconsistent legal and regulatory requirements across the various jurisdictions in which we operate.

Both before and after a product is commercially released, we have ongoing responsibilities under FDA regulations, the EU MDR and other supranational, national, federal, regional, state and local requirements. These requirements relate to quality systems, recordkeeping, labeling, promotional and marketing requirements, adverse event reporting regulations and other matters, which are subject to continual review and are monitored rigorously through periodic inspections by regulators, which may result in observations (such as on FDA Form 483), and in some cases warning letters, that require corrective action or other forms of enforcement. Additionally, the availability of designated European notified body services to certify compliance with the new EU MDR requirements is limited, which may delay the marketing approval for some of our products under the EU MDR (and, potentially, the UK MDR). Furthermore, regulators strictly regulate the promotional claims that we may make about approved or cleared products.

If a regulator were to conclude that we are not in compliance with applicable laws or regulations, that any of our products are ineffective or pose an unreasonable health risk, or that we have marketed or promoted a product for use other than as indicated in the product labelling approved by the regulator, the regulator may ban such products; detain or seize adulterated or misbranded products; order a recall, repair, replacement, or refund of payment of such products; refuse to grant pending premarket approval applications; refuse to provide certificates for exports; require us to notify healthcare professionals and others that the products present unreasonable risks of substantial harm to the public health; and subject us to fines, injunctions or other penalties. The regulator may also impose operating restrictions, including a ceasing of operations at one or more facilities, enjoining and restraining certain violations of applicable law pertaining to our products, seizing our products, and/or assessing civil or criminal penalties against our officers, employees or us. Regulators could also issue a corporate warning letter or a recidivist warning letter or negotiate the entry of a consent decree of permanent injunction with us, and/or recommend prosecution. Any adverse regulatory action, depending on its magnitude, may restrict us from effectively manufacturing, marketing and selling our products and could have a material adverse effect on our business, financial condition and results of operations.

Our products and operations are also often subject to the rules of industrial standards bodies, such as the International Standards Organization. If we fail to adequately address any of these regulations, our business could be harmed.

If we fail to comply with healthcare fraud and abuse laws and regulations, we could face substantial penalties and our business, operations and financial condition could be adversely affected.

The sales, marketing and pricing of products and relationships that medical products companies have with healthcare providers are under increased scrutiny around the world. Our industry is subject to various laws and regulations pertaining to healthcare fraud and abuse, including the False Claims Act, the Anti-Kickback Statute, the Stark law, the Physician Payments Sunshine Act, the Food, Drug, and Cosmetic Act and similar laws and regulations in the U.S. and around the world. In addition, we are subject to various laws concerning anti-corruption and anti-bribery matters (including the FCPA), sales to countries or persons subject to economic sanctions and other matters affecting our international operations. Violations of these laws are punishable by criminal and/or civil sanctions, including, in some instances, fines, imprisonment and, within the U.S., exclusion from participation in government healthcare programs, including Medicare, Medicaid and Veterans Administration health programs. These laws are administered by, among others, the DOJ, the Office of Inspector General of the Department of

Health and Human Services, the SEC, the OFAC, the Bureau of Industry and Security of the U.S. Department of Commerce and state attorneys general.

If we fail to comply with data privacy and security laws and regulations, we could face substantial penalties and our business, operations and financial condition could be adversely affected.

We process personal and personal health data in our business, particularly through our ZBEdge™ ecosystem. In addition, some of our products and services incorporate software or information technology that processes patient health data for treatment, maintenance and other purposes. Further, we obtain and process personal data related to our employees, individual business partners (such as physicians and consultants), and website visitors located around the world. These data and information-focused activities carry additional risk.

We are subject to laws and regulations that govern the collection, use, disclosure, transfer, storage, location, disposal, processing and protection of health-related, personal and other information. The FDA has issued guidance to which we are subject concerning data security for medical devices. In addition to U.S. federal laws and regulations, a number of U.S. states have also enacted data privacy and security laws and regulations that govern the collection, use, disclosure, transfer, storage, disposal, and protection of personal information, such as social security numbers, medical and financial information, biometric data and other personal information. These laws and regulations may be more restrictive than, and not be preempted by, U.S. federal laws. The legislative and regulatory framework for privacy and data protection issues worldwide is rapidly evolving as countries continue to adopt privacy and data security laws that may apply to us, both because our operations are located in those countries and/or because we provide products and services to customers in those countries. In addition, certain of our suppliers, partners, affiliates and associates are subject to privacy, security and breach notification regulations established under these and other international, national, state and local laws. We, and certain of our suppliers, partners, affiliates and associates, are also subject to reporting requirements relating to certain data breaches and cybersecurity events.

The interpretation and enforcement of the laws and regulations described above are uncertain and subject to change, and we expect to incur substantial costs to monitor for and comply with changing and additional requirements. In addition, new and more stringent multinational, national and state privacy legislation and regulations are likely to be adopted. We cannot predict all the jurisdictions in which new legislation, regulation or enforcement might arise, the scope of such legislation, regulation and enforcement, or the potential impact to our business and operations of any such changes. Failure to comply with U.S. and international data protection laws and regulations, and the disclosure of any data or related breach, could result in government enforcement actions (which could include substantial civil and/or criminal penalties and injunctive relief), private litigation and/or adverse publicity and could have a material adverse impact on our business, financial condition or results of operations.

Pending and future product liability claims and litigation could adversely impact our financial condition and results of operations and impair our reputation.

Our business exposes us to potential product liability risks that are inherent in the design, manufacture and marketing of medical devices. In the ordinary course of business, we are the subject of product liability lawsuits alleging that component failures, manufacturing flaws, design defects or inadequate disclosure of product-related risks or product-related information resulted in an unsafe condition or injury to patients. As discussed further in Note 21 to our consolidated financial statements, we are defending product liability lawsuits relating to the Durom® Acetabular Component ("Durom Cup"), certain products within the M/L Taper and M/L Taper with Kinectiv® Technology hip stems and Versys® Femoral Head implants, and the M2a-Magnum™ hip system. We are also currently defending a number of other product liability lawsuits and claims related to various other products. Any product liability claim brought against us, with or without merit, can be costly to defend. Product liability lawsuits and claims, safety alerts or product recalls, regardless of their ultimate outcome, could have a material adverse effect on our business and reputation and on our ability to attract and retain customers.

We are substantially dependent on patent and other proprietary rights, and failing to protect such rights or to be successful in litigation related to our rights or the rights of others may result in the payment of significant monetary damages and/or royalty payments, negatively impact our ability to sell current or future products, or prohibit us from enforcing our patent and other proprietary rights against others.

Claims of intellectual property infringement and litigation regarding patent and other intellectual property rights are commonplace in our industry and are frequently time consuming and costly. At any given time, we may be involved as either plaintiff or defendant in a number of patent infringement actions, the outcomes of which may not be known for prolonged periods of time. While it is not possible to predict the outcome of patent and other intellectual

property litigation, such litigation has in the past resulted in, and could in the future result in, our payment of significant monetary damages and/or royalty payments, negatively impact our ability to sell current or future products, or prohibit us from enforcing our patent and proprietary rights against others, which could have a material adverse effect on our business, finances and results of operations.

Our success depends in part on our proprietary technology, processes, methodologies and information. We rely on a combination of patent, copyright, trademark, trade secret and other intellectual property laws and nondisclosure, license, assignment and confidentiality arrangements to establish, maintain and protect our proprietary rights, as well as the intellectual property rights of third parties whose assets we license. However, the steps we have taken to protect our intellectual property rights, and the rights of those from whom we license intellectual property, may not be adequate to prevent unauthorized use, misappropriation or theft of our intellectual property. Further, our currently pending or future patent applications may not result in patents being issued to us, patents issued to or licensed by us in the past or in the future may be challenged or circumvented by competitors, and such patents may be found invalid, unenforceable or insufficiently broad to protect our technology or to provide us with any competitive advantage. Third parties could obtain patents that may require us to negotiate licenses to conduct our business, and the required licenses may not be available on reasonable terms or at all. We also cannot be certain that others will not independently develop substantially equivalent proprietary information.

In addition, intellectual property laws differ in various jurisdictions in which we operate and are subject to change at any time, which could further restrict our ability to protect our intellectual property and proprietary rights. In particular, a portion of our revenues is derived from jurisdictions where adequately protecting intellectual property rights may prove more challenging or impossible. We may also not be able to detect unauthorized uses or take timely and effective steps to remedy unauthorized conduct. To prevent or respond to unauthorized uses of our intellectual property, we might be required to engage in costly and time-consuming litigation or other proceedings and we may not ultimately prevail. Any failure to establish, maintain or protect our intellectual property or proprietary rights could have a material adverse effect on our business, financial condition, or results of operations.

We are involved in legal proceedings that may result in adverse outcomes.

In addition to intellectual property and product liability claims and lawsuits, we are involved in various other litigation, claims and other proceedings that arise from time to time. Although we believe there are substantial defenses in these matters, litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. Given the uncertain nature of legal proceedings generally, we are not able in all cases to estimate the amount or range of loss that could result from an unfavorable outcome. We could in the future incur judgments or enter into settlements of claims that could have a material adverse effect on our financial results in any particular period.

Risks Related to Our Organizational Documents and Jurisdiction of Incorporation

Anti-takeover provisions in our organizational documents could delay or prevent a change of control.

Certain provisions of our Restated Certificate of Incorporation, our Restated By-Laws and the Delaware General Corporation Law may have an anti-takeover effect and may delay, complicate, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction, including those that a stockholder might consider in its best interest, that might result in a premium over the market price for the shares held by our stockholders, or that may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares.

Our Restated By-Laws designate certain Delaware courts as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.

Our Restated By-Laws provide that, unless we consent in writing to the selection of an alternative forum, a state court located within the State of Delaware (or, if no state court located in the State of Delaware has jurisdiction, the federal district court for the District of Delaware) will be the sole and exclusive forum for any stockholder (including any beneficial owner) to bring certain actions against us or on behalf of the Company. Any person or entity purchasing or otherwise acquiring any interest in shares of our common stock is deemed to have received notice of and consented to this provision. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find this choice of forum provision inapplicable to, or unenforceable in respect of, one or more of the

specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

Item 1B. Unresolved Staff Comments

Not Applicable.

Item 1C. Cybersecurity

Risk Management and Strategy

We have established a cybersecurity program intended to protect the confidentiality, integrity and availability of our systems, data and products in a manner consistent with industry best practices and the National Institute of Standards and Technology ("NIST") Cybersecurity Framework. We are currently ISO 27001 certified for our surgery planning ecosystem and plan to continue to maintain this industry certification. We evaluate and monitor cybersecurity risk as part of our overall enterprise risk management framework. Our cybersecurity program includes a variety of processes to assess, identify and manage risks from cybersecurity threats arising from our own and third-party provided systems, including customized annual training requirements, simulation exercises, threat monitoring and detection tools (including those using artificial intelligence and machine learning), threat containment methods, risk assessments, third-party penetration testing and security requirements for our suppliers and other third parties. We assess third party cybersecurity controls through a cybersecurity questionnaire and include security and privacy addenda to our contracts where applicable. We maintain separation of duties between our cybersecurity organization and other IT functional areas as well as established roles that define the responsibility of the cybersecurity team within our organization.

Under our program, cybersecurity issues are analyzed by subject matter experts, including those in information security, information technology, risk, and other areas to evaluate potential security, financial, operational, reputational and other risks, as well as to identify any potential data breaches or other cybersecurity incidents. Matters involving potential data breaches and other cybersecurity incidents are considered against applicable escalation and notification requirements. We monitor and periodically enhance our cybersecurity program, processes, techniques and procedures to combat evolving and adaptive cybersecurity threats.

We engage third parties to enhance and strengthen our cybersecurity program, to provide additional capabilities and support and to provide annual independent assessments and evaluations of our cybersecurity program. Third parties also provide managed services for security operations, incident response, vulnerability remediation consulting, security remediation services, patching, and external audit services.

Like other large multi-national corporations, we regularly experience cybersecurity incidents, and we expect to continue to be subject to such incidents. To date, there have not been any previous cybersecurity incidents that materially affected us. However, we are subject to ongoing risks from cybersecurity threats that could materially affect us, including our business strategy, results of operations, or financial condition, as further described in *Item 1A. Risk Factors - We are dependent on sophisticated information technology and if we fail to effectively maintain or protect our information systems or data, including from data breaches and cybersecurity events, our business could be adversely affected.*

Governance

The Audit Committee of the Board of Directors oversees our cybersecurity program. It considers cybersecurity risk individually and within our overall risk management framework. We obtain periodic assessments of our cybersecurity program from independent third party experts, the results of which assessments are reported to the Audit Committee. Additionally, cybersecurity threats and incidents determined through our cybersecurity program to present potential material impacts to our financial results, operations, and/or reputation are required to be immediately reported to the Audit Committee in accordance with our escalation framework.

Our Chief Information Security Officer ("CISO") leads our cybersecurity program through our global information security operations team. Our CISO has over 20 years of experience in information technology security obtained in civilian and military roles, and regularly reports on cybersecurity matters to our Audit Committee. As of December 31, 2023, our Cybersecurity, Risk and Compliance team consisted of team members and contractors, many of whom

have advanced degrees and cybersecurity-related industry certifications. Under the direction of our CISO, we monitor developments that could affect our long-term organizational cybersecurity strategy based on threats globally and to continually enhance our cybersecurity program in response to such developments.

We have established processes providing for timely review of cybersecurity incidents by a cross-functional subcommittee of our Disclosure Committee to evaluate such incidents for potential disclosure, and to ensure that the members of management responsible for overseeing the operation of our disclosure controls and procedures are informed of such cybersecurity risks and incidents. This subcommittee consists of leading representatives from our information security, accounting, legal and internal audit functions and may be supplemented by other subject matter experts depending on the nature of cybersecurity incidents under review. The subcommittee meets on a periodic and ad hoc basis to receive reports about cybersecurity incidents and our cybersecurity program. The subcommittee escalates certain cybersecurity incidents to the Disclosure Committee within our escalation framework. Additionally, our escalation framework requires that any cybersecurity incidents determined to be material be immediately reported to the Audit Committee.

Item 2. Properties

We own or lease approximately 300 different facilities around the world, of which approximately half are in the U.S. Our corporate headquarters is in Warsaw, Indiana. Warsaw, Indiana is also home to our most significant manufacturing, research and development ("R&D") and other business activities for our Knees, Hips and S.E.T. product divisions. Internationally, our EMEA regional headquarters is in Switzerland and our Asia Pacific regional headquarters is in Singapore.

We have approximately 25 manufacturing locations in the U.S. and internationally. Our most significant locations outside of the U.S. are in Switzerland, Ireland, China, and Puerto Rico. We primarily own our manufacturing facilities in the U.S.; internationally, we occupy both owned and leased manufacturing facilities.

We maintain sales and administrative offices and warehouse and distribution facilities in more than 45 countries around the world. These local market facilities are primarily leased due to common business practices and to allow us to be more adaptable to changing needs in the market.

We distribute our products both through large, centralized warehouses and through smaller, market specific facilities, depending on the needs of the market. We maintain large, centralized warehouses in the U.S. and the Netherlands to be able to efficiently distribute our products to customers in the U.S. and EMEA.

We believe that all of the facilities and equipment are in good condition, well maintained and able to operate at present levels. We believe the current facilities, including manufacturing, warehousing, R&D and office space, provide sufficient capacity to meet ongoing demands.

Item 3. Legal Proceedings

Information pertaining to certain legal proceedings in which we are involved can be found in Note 21 to our consolidated financial statements included in Part II, Item 8 of this report and is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not Applicable.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

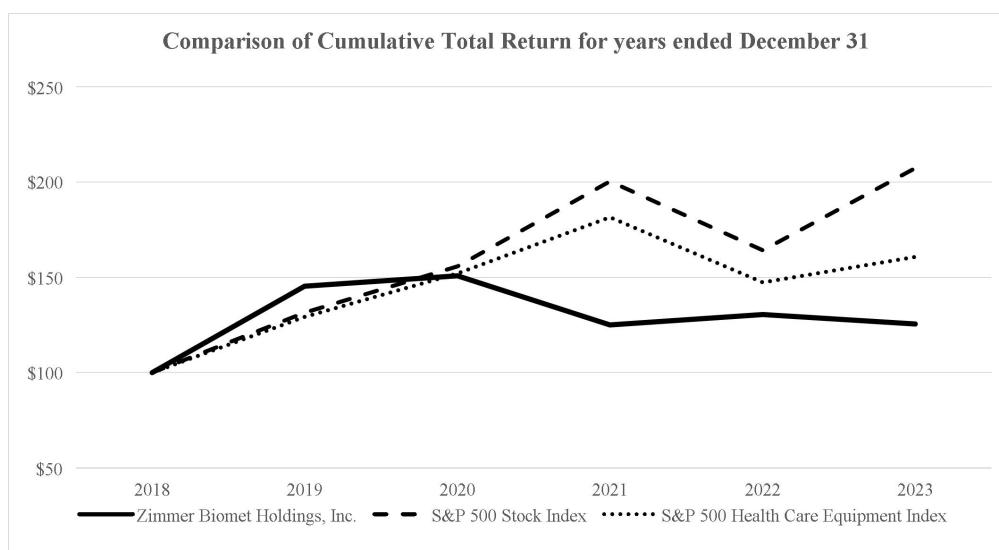
Market for the Registrant's Common Equity and Related Stockholder Matters

Our common stock is traded on the New York Stock Exchange and the SIX Swiss Exchange under the symbol "ZBH." As of February 6, 2024, there were approximately 13,587 holders of record of our common stock. A substantially greater number of holders of our common stock are "street name" or beneficial holders, whose shares of record are held by banks, brokers and other financial institutions.

We expect to continue paying cash dividends on a quarterly basis; however, future dividends are subject to approval of the Board of Directors and may be adjusted as business needs or market conditions change.

The information required by this Item concerning equity compensation plans is incorporated herein by reference to Item 12 of this report.

The graph below shows the cumulative total stockholder return on our common stock compared to the S&P 500 Stock Index and the S&P 500 Health Care Equipment Index. The chart assumes \$100 was invested on December 31, 2018 in Zimmer Biomet common stock and each index and that dividends were reinvested. Returns over the indicated period should not be considered indicative of future returns.



Company/Index	2018	2019	2020	2021	2022	2023
Zimmer Biomet Holdings, Inc.	\$ 100.00	\$ 145.38	\$ 150.84	\$ 125.16	\$ 130.55	\$ 125.57
S&P 500 Stock Index	100.00	131.49	155.68	200.37	164.08	207.21
S&P 500 Health Care Equipment Index	100.00	129.32	152.12	181.56	147.32	160.64

Issuer Purchases of Equity Securities

The following table summarizes repurchases of common stock settled during the three months ended December 31, 2023:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as a Part of Publicly Announced Program ⁽¹⁾	Maximum Approximate Dollar Value of Shares that may yet be Purchased Under the Program ⁽¹⁾
October 2023	-	\$ -	-	\$ 591,700,271
November 2023	1,610,580	111.44	1,610,580	412,214,066
December 2023	2,160,287	118.69	2,160,287	155,805,204
Total	<u>3,770,867</u>	\$ 115.60	<u>3,770,867</u>	\$ 155,805,204

⁽¹⁾ In February 2016, our Board of Directors authorized a \$1.0 billion share repurchase program effective March 1, 2016, with no expiration date.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

On March 1, 2022, we completed the spinoff of our spine and dental businesses into ZimVie. The historical results of our spine and dental businesses have been reflected as discontinued operations in our consolidated financial statements in our 2022 results through the date of the spinoff and in the prior year periods. See Note 3 to our consolidated financial statements for additional information. The following discussion and analysis is presented on a continuing operations basis unless otherwise noted.

The following discussion and analysis should be read in conjunction with the consolidated financial statements and the corresponding notes included elsewhere in this Annual Report on Form 10-K. Amounts reported in millions within this Annual Report on Form 10-K are computed based on the actual amounts. As a result, the sum of the components may not equal the total amount reported in millions due to rounding. In addition, certain columns and rows within tables may not sum to the totals due to the use of rounded numbers. Percentages presented are calculated from the underlying unrounded amounts.

The following discussion, analysis and comparisons generally focus on the operating results for the years ended December 31, 2023 and 2022. Discussion, analysis and comparisons of the years ended December 31, 2022 and 2021 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2022.

EXECUTIVE LEVEL OVERVIEW

2023 Financial Highlights

In 2023, we experienced fewer disruptions to elective surgical procedures from the COVID-19 global pandemic as compared to 2022 when the Omicron variant and staffing shortages caused widespread deferrals of procedures. In addition, improvements in our supply chain, procedure volume recovery from patients who deferred surgical procedures related to the pandemic, new product introductions and commercial execution have contributed to our net sales growth. As a result, in 2023 our net sales increased by 6.5 percent compared to 2022. Our net sales in 2023 were tempered by a negative 1.0 percent effect from changes in foreign currency exchange rates.

Our net earnings from continuing operations were \$1,024.0 million in 2023 compared to \$290.2 million in 2022. Our net earnings increased in 2023 driven by the higher net sales, favorable tax settlements and lower operating expenses. Operating expenses declined primarily due to lower litigation-related, restructuring-related and quality remediation-related charges. In addition, 2022 included \$292.8 million of goodwill and intangible asset impairments, and a \$116.6 million loss on our investment in ZimVie.

2024 Outlook

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

RESULTS OF OPERATIONS

We review sales by two geographies, the United States and International, and by the following product categories: Knees; Hips; S.E.T. (Sports Medicine, Extremities, Trauma, Craniomaxillofacial and Thoracic); and Other. This sales analysis differs from our reportable operating segments, which are based upon our senior management organizational structure and how we allocate resources toward achieving operating profit goals. We review sales by these geographies because the underlying market trends in any particular geography tend to be similar across product categories, because we primarily sell the same products in all geographies and many of our competitors publicly report in this manner. Our business is seasonal in nature to some extent, as many of our products are used

in elective surgical procedures, which typically decline during the summer months and can increase at the end of the year once annual deductibles have been met on health insurance plans.

Net Sales by Geography

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

	Year Ended December 31,			2023 vs. 2022 % Inc	2022 vs. 2021 % Inc/(Dec)
	2023	2022	2021		
United States	\$ 4,288.8	\$ 4,012.4	\$ 3,853.9	6.9 %	4.1 %
International	3,105.4	2,927.5	2,973.4	6.1	(1.5)
Total	<u>\$ 7,394.2</u>	<u>\$ 6,939.9</u>	<u>\$ 6,827.3</u>	6.5	1.6

Net Sales by Product Category

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

	Year Ended December 31,			2023 vs. 2022 % Inc	2022 vs. 2021 % Inc/(Dec)
	2023	2022	2021		
Knees	\$ 3,038.4	\$ 2,778.3	\$ 2,647.9	9.4 %	4.9 %
Hips	1,967.2	1,894.9	1,856.1	3.8	2.1
S.E.T.	1,752.6	1,696.7	1,727.8	3.3	(1.8)
Other	636.0	570.0	595.5	11.6	(4.3)
Total	<u>\$ 7,394.2</u>	<u>\$ 6,939.9</u>	<u>\$ 6,827.3</u>	6.5	1.6

The following table presents net sales by product category by geography for our Knees and Hips product categories (dollars in millions):

	Year Ended December 31,			2023 vs. 2022 % Inc	2022 vs. 2021 % Inc/(Dec)
	2023	2022	2021		
Knees					
United States	\$ 1,770.6	\$ 1,615.0	\$ 1,487.6	9.6 %	8.6 %
International	1,267.8	1,163.3	1,160.3	9.0	0.3
Total	<u>\$ 3,038.4</u>	<u>\$ 2,778.3</u>	<u>\$ 2,647.9</u>	9.4	4.9
Hips					
United States	\$ 1,012.3	\$ 960.9	\$ 921.5	5.4 %	4.3 %
International	954.9	934.0	934.6	2.2	(0.1)
Total	<u>\$ 1,967.2</u>	<u>\$ 1,894.9</u>	<u>\$ 1,856.1</u>	3.8	2.1

Demand (Volume/Mix) Trends

Changes in volume and mix of product sales had positive effects of 8.1 percent and 7.6 percent on year-over-year sales during the years ended December 31, 2023 and 2022, respectively. We saw recovery of elective surgical procedures across most of our major markets driving volume growth. In addition, new product introductions and commercial execution contributed positively to volume and mix trends.

Pricing Trends

Global selling prices had negative effects of 0.6 percent and 1.0 percent on year-over-year sales during 2023 and 2022, respectively. The majority of countries in which we operate continue to experience pricing pressure from local hospitals, health systems, and governmental healthcare cost containment efforts. However, we have had some success in reducing the negative effects of pricing due to internal initiatives and being able to pass some inflationary impacts on to customers.

Foreign Currency Exchange Rates

In 2023 and 2022, changes in foreign currency exchange rates had negative effects of 1.0 percent and 5.0 percent, respectively, on year-over-year sales.

Geography

The 6.9 percent net sales growth in the U.S. in 2023 when compared to 2022 was primarily driven by recovery in surgical procedures as COVID-19 caused fewer disruptions, especially in the Knees and Hips categories. Internationally, net sales increased by 6.1 percent in 2023 when compared to 2022. The 2023 International net sales increase was similarly driven by recovery in surgical procedures as COVID-19 caused fewer disruptions across most of our major markets, but volume increases were partially offset by the negative impacts of changes in foreign currency exchange rates of 2.1 percent.

Product Categories

In 2023, our Knees and Hips net sales increased by 9.4 percent and 3.8 percent, respectively, when compared to 2022 due to the recovery in elective surgical procedures, improvements in our supply chain and new product introductions. Changes in foreign currency exchange rates had negative effects of 0.8 percent and 1.3 percent on 2023 Knees and Hips net sales, respectively. S.E.T. net sales increased by 3.3 percent in 2023 when compared to 2022. Changes in foreign currency exchange rates had a negative effect of 0.5 percent on 2023 S.E.T. net sales. S.E.T. net sales growth was primarily driven by growth in CMFT, sports medicine and upper extremities products of 12.9 percent, 10.6 percent and 9.4 percent, respectively, partially offset by a 5.5 percent decline in trauma. S.E.T.'s performance was also negatively impacted by unfavorable changes in reimbursement for certain restorative therapy products. Other product category net sales increased by 11.6 percent in 2023 when compared to 2022 primarily due to higher net sales for our ROSA robot.

Expenses as a Percent of Net Sales

	Year Ended December 31,			2023 vs. 2022 Inc/(Dec)	2022 vs. 2021 Inc/(Dec)
	2023	2022	2021		
Cost of products sold, excluding intangible asset amortization	28.2%	29.1%	28.7%	(0.9) %	0.4%
Intangible asset amortization	7.6	7.6	7.8	-	(0.2)
Research and development	6.2	5.9	6.4	0.3	(0.5)
Selling, general and administrative	38.4	39.8	41.6	(1.4)	(1.8)
Goodwill and intangible asset impairment	-	4.2	0.2	(4.2)	4.0
Restructuring and other cost reduction initiatives	2.1	2.8	1.8	(0.7)	1.0
Quality remediation	-	0.5	0.8	(0.5)	(0.3)
Acquisition, integration, divestiture and related	0.3	0.2	-	0.1	0.2
Operating Profit	17.3	10.0	12.6	7.3	(2.6)

Cost of Products Sold and Intangible Asset Amortization

Cost of products sold, excluding intangible asset amortization, increased in 2023 compared to 2022 primarily due to higher sales. However, as a percentage of net sales costs of products sold, excluding intangible asset amortization, declined in 2023 compared to 2022. This decline was primarily due to volume and mix shift to higher margin products and markets, higher hedge gains recognized in the current year period as part of our hedging program and lower royalty expense. The reduction in royalty expense was partially the result of agreements we entered into to acquire intellectual property through the buyout of certain licensing arrangements, which are recognized as intangible assets and result in additional intangible asset amortization expense instead of royalty expense. These favorable items were partially offset by higher excess and obsolete inventory charges, inflationary cost pressures and lower average selling prices.

Intangible asset amortization expense increased in 2023 when compared to 2022 due to acquisitions we made in 2023, including intangible assets acquired from the buyout of certain royalty-related licensing agreements as described above. However, as a percentage of net sales intangible asset amortization in 2023 was similar to 2022 as amortization expense and net sales increased by a similar percentage.

We calculate gross profit as net sales minus cost of products sold and intangible asset amortization. Our gross margin percentage is gross profit divided by net sales. The following table sets forth the factors that contributed to the gross margin changes in each of 2023 and 2022 compared to the prior year:

	Year Ended December 31,	
	2023	2022
Prior year gross margin	63.3 %	63.5 %
Lower average selling prices	(0.2)	(0.3)
Manufacturing costs	(0.1)	(0.9)
Volume, product and market mix and other	1.4	0.6
Inventory charges	(0.5)	(0.1)
Changes in foreign currency exchange rates	0.3	0.3
Intangible asset amortization	-	0.2
Current year gross margin	<u>64.2 %</u>	<u>63.3 %</u>

Operating Expenses

Research & development ("R&D") expenses increased in both amount and as a percentage of net sales in 2023 compared to 2022. The increases were driven by higher personnel-related costs, higher spending on our initial compliance with the European Union Medical Device Regulation, additional R&D expenses from acquisitions we made in 2023, and other R&D investments.

Selling, general & administrative ("SG&A") expenses increased in amount, but decreased as a percentage of net sales in 2023 compared to 2022. The increase in expenses was due to selling and distribution costs that are variable expenses which increase as net sales increase. Additionally, personnel-related costs were higher due to additional headcount investments and annual merit increases, and travel and entertainment costs were higher as we have increased these activities from lower pandemic levels. These higher costs were partially offset by lower litigation-related charges in 2023, lower bad debt charges in 2023 as we recognized higher bad debt charges in 2022 that were partially related to the beginning of the Russia/Ukraine conflict, lower share-based compensation expense in 2023 due to the forfeiture of awards related to employee departures, and a gain recognized in 2023 from the sale of an asset.

In 2023, we did not recognize any goodwill or intangible asset impairment charges. In 2022, we recognized a goodwill impairment charge of \$289.8 million related to our EMEA reporting unit. In 2022 and 2021, we recognized intangible asset impairment charges of \$3.0 million and \$16.3 million, respectively, related to IPR&D projects that we discontinued. For more information regarding these charges, see Note 11 to our consolidated financial statements.

In December of 2023, 2021 and 2019, we initiated global restructuring programs (the "2023 Restructuring Plan", the "2021 Restructuring Plan" and the "2019 Restructuring Plan", respectively). The 2023 Restructuring Plan is intended to further streamline the organization, to better align it with our go-to-market strategies and to reduce costs across the organization. The 2021 Restructuring Plan is intended to further reduce costs and to reorganize our global operations in preparation for the spinoff of ZimVie. The 2019 Restructuring Plan has an objective of reducing costs to allow us to invest in higher priority growth opportunities. We also have other cost reduction and optimization initiatives that have the goal of reducing costs across the organization. We recognized expenses of \$151.9 million and \$191.6 million in 2023 and 2022, respectively, primarily related to employee termination benefits, sales agent contract terminations, and consulting and project management expenses associated with these programs. The expenses were higher in 2022 when compared to 2023 primarily due to additional expenses related to the 2021 Restructuring Plan that had just been initiated at the end of 2021. We expect restructuring and other cost reduction initiatives expense to increase in 2024 as we further implement our 2023 Restructuring Plan. For more information regarding these expenses, see Note 5 to our consolidated financial statements.

In 2023, we did not recognize any significant quality remediation expenses as we completed our remediation milestones in late 2022 that addressed inspectional observations on Form 483 and a warning letter issued by the FDA at our Warsaw North Campus facility, among other matters. This warning letter was resolved in late 2023.

Acquisition, integration, divestiture and related expenses relate to acquisitions made in 2023 and 2022, as well as costs related to our separation with ZimVie. The increase in these expenses in 2023 was primarily due to higher contingent consideration charges from our various acquisitions.

Other (Expense) Income, net, Interest Expense, net, and Income Taxes

In 2023, we incurred a loss of \$9.3 million in our other (expense) income, net compared to a loss of \$128.0 million in 2022. The year-over-year change was primarily due to a loss of \$116.6 million recognized in 2022 related to our investment in ZimVie, while in 2023 we recognized a gain of \$2.5 million prior to disposing of our ZimVie shares in February 2023.

Interest expense, net, increased in 2023 when compared to 2022, primarily from higher interest rates on borrowings in 2023. In addition, in 2023 we incurred losses of \$38.9 million on our fixed-to-variable interest rate swaps compared to losses of \$4.0 million in 2022.

Our effective tax rate ("ETR") on earnings from continuing operations before income taxes was 4.0 percent and 27.9 percent for the years ended December 31, 2023 and 2022, respectively. In 2023, the ETR was primarily driven by unrecognized tax benefits determined to be effectively settled during 2023. In 2022, the ETR was primarily driven by the \$289.8 million goodwill impairment charge and the \$116.6 million loss on our investment in ZimVie, which have no corresponding tax benefits, partially offset by favorable tax settlements and finalization of Switzerland's Federal Act on Tax Reform and AHV Financing ("TRAF") step-up.

Absent discrete tax events, we expect our future ETR will be lower than the U.S. corporate income tax rate of 21.0 percent due to our mix of earnings between U.S. and foreign locations, which have lower corporate income tax rates. Our ETR in future periods could also potentially be impacted by: changes in our mix of pre-tax earnings; changes in tax rates, tax laws or their interpretation, including the European Union adoption of Pillar Two proposals which will begin to take effect in 2024; the outcome of various federal, state and foreign audits, appeals, and litigation; and the expiration of certain statutes of limitations. Currently, we cannot reasonably estimate the impact of all these items on our financial results.

See Note 17 to our consolidated financial statements for additional information on our income taxes.

Segment Operating Profit

(dollars in millions)	Net Sales			Operating Profit			Operating Profit as a Percentage of Net Sales		
	Year Ended December 31,			Year Ended December 31,			Year Ended December 31,		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Americas	\$ 4,624.1	\$ 4,295.5	\$ 4,102.1	\$ 1,948.9	\$ 1,819.7	\$ 1,726.9	42.1 %	42.4 %	42.1 %
EMEA	1,592.4	1,456.6	1,477.2	524.6	404.1	405.9	32.9	27.7	27.5
Asia Pacific	1,177.7	1,187.8	1,248.0	422.6	419.6	418.3	35.9	35.3	33.5

Americas

In the Americas, operating profit increased, but operating profit as a percentage of net sales decreased, in 2023 compared to 2022. The increase in operating profit in 2023 was primarily due to higher net sales driven by continued recovery of elective surgical procedures and new product introductions. However, operating profit as a percentage of net sales decreased in 2023 due to higher carrying expenses from inventory at consigned locations, and continued investments in R&D, including personnel-related costs, which were partially offset by lower royalty expenses as a result of agreements we entered into to acquire intellectual property through the buyout of certain licensing arrangements.

EMEA

In EMEA, operating profit and operating profit as a percentage of net sales increased in 2023 when compared to 2022. The increases were due to higher net sales driven by continued recovery of elective surgical procedures and

improved pricing, lower bad debt charges and operating profit leverage from certain costs that do not increase as net sales increase.

Asia Pacific

In Asia Pacific, operating profit and operating profit as a percentage of net sales increased in 2023 when compared to 2022. In Asia Pacific, changes in foreign currency exchange rates have had a larger impact on our results than in our other operating segments. While net sales declined in 2023 when compared to 2022 due to changes in foreign currency exchange rates, the negative net sales impact was partially offset by higher hedge gains recognized in 2023 from our hedging program. As a result, net sales volume growth and operating leverage from certain costs that do not increase as net sales increase resulted in operating profit and operating profit as a percentage of sales increasing in 2023.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2023, we had \$415.8 million in cash and cash equivalents. In addition, we had \$1.0 billion available to borrow under a 364-day revolving credit agreement that matures on July 5, 2024, and \$1.5 billion available under a five-year revolving facility that matures on July 7, 2028. The terms of the 364-day revolving credit agreement and the five-year revolving facility are described further in Note 13 to our consolidated financial statements.

We believe that cash flows from operations, our cash and cash equivalents on hand, and available borrowings under our revolving credit facilities will be sufficient to meet our ongoing liquidity requirements for at least the next twelve months. However, it is possible our needs may change. Further, there can be no assurance that, if needed, we will be able to secure additional financing on terms favorable to us, if at all.

Sources of Liquidity

Cash flows provided by operating activities from continuing operations were \$1,581.6 million in 2023 compared to \$1,356.2 million in 2022. The increase in 2023 was primarily driven by higher earnings, lower restructuring-related payments and lower tax payments. These favorable items were partially offset by higher investments in inventory in 2023 when compared to 2022, as well as higher bonus payments in 2023.

Cash flows used in investing activities from continuing operations were \$778.9 million in 2023 compared to \$522.0 million in 2022. Instrument and property, plant and equipment additions reflected ongoing investments in our product portfolio, including new product introductions, optimization of our manufacturing and logistics networks, investments in enterprise resource planning software and a new corporate jet. In addition, in 2023 we paid \$134.9 million related to acquisitions and \$86.4 million to acquire intellectual property through the buyout of certain licensing arrangements.

Cash flows used in financing activities from continuing operations were \$763.5 million in 2023 compared to \$775.7 million in 2022. In 2023, we used the proceeds from draws on our existing credit facilities, along with cash on hand, to repurchase \$692.2 million of our common stock. We issued senior notes for \$499.8 million and used those proceeds to repay amounts outstanding under our existing credit facilities and for general corporate purposes, such that we repaid a net \$325.0 million on our various revolving credit facilities and \$120.2 million of other debt obligations that were due in the first quarter of 2023.

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

As of December 31, 2023, \$343.4 million of our cash and cash equivalents were held in jurisdictions outside of the U.S. Of this amount, \$55.0 million is denominated in U.S. Dollars and, therefore, bears no foreign currency translation risk. The remaining amount is denominated in currencies of the various countries where we operate. As discussed in Note 17 to our consolidated financial statements, we generally intend to limit distributions such that they would not result in significant U.S. tax costs.

Material Cash Requirements from Known Contractual and Other Obligations

At December 31, 2023, we had outstanding debt of \$5,767.9 million, of which \$900.0 million was classified as current debt. Of our current debt, \$850.0 million of senior notes mature on November 22, 2024 and the remaining \$50.0 million is outstanding under an uncommitted credit facility which we expect to repay during 2024. We

believe we can satisfy these debt obligations with cash generated from our operations, by issuing new debt and/or by borrowing on our committed revolving credit facilities.

For additional information on our debt, including types of debt, maturity dates, interest rates, debt covenants and available revolving credit facilities, see Note 13 to our consolidated financial statements.

In March, May, August and December 2023, our Board of Directors declared cash dividends of \$0.24 per share. We expect to continue paying cash dividends on a quarterly basis; however, future dividends are subject to approval of the Board of Directors and may be adjusted as business needs or market conditions change.

In February 2016, our Board of Directors authorized a \$1.0 billion share repurchase program effective March 1, 2016, with no expiration date. In 2023, we executed share repurchases to return cash to investors as well as to limit ownership dilution from the issuance of common stock under our share-based compensation programs and in connection with our acquisition of Embody, Inc. As of December 31, 2023, \$155.8 million remained authorized under this program. An additional 0.5 million shares were repurchased in early January 2024 for \$64.1 million.

As discussed in Note 5 to our consolidated financial statements, we are executing on a 2023 Restructuring Plan, a 2021 Restructuring Plan and a 2019 Restructuring Plan. The 2023 Restructuring Plan along with other related initiatives is expected to result in total pre-tax charges of \$120 million to \$135 million by the end of 2025, of which approximately \$13 million was incurred through December 31, 2023. We expect to reduce gross annual pre-tax operating expenses by \$175 million to \$200 million relative to the 2023 baseline expenses by the end of 2025 as program benefits under the 2023 Restructuring Plan are realized. The 2021 Restructuring Plan is expected to result in total pre-tax restructuring charges of approximately \$180 million by the end of 2024, of which approximately \$170 million was incurred through December 31, 2023. We expect to reduce gross annual pre-tax operating expenses by approximately \$190 million relative to the 2021 baseline expenses by the end of 2024 as program benefits under the 2021 Restructuring Plan are realized. The 2019 Restructuring Plan is expected to result in total pre-tax restructuring charges of approximately \$370 million by the end of 2025, of which approximately \$320 million was incurred through December 31, 2023. In our original estimates, we expected to reduce gross annual pre-tax operating expenses by approximately \$180 million to \$280 million relative to the 2019 baseline expenses by the end of 2023 as benefits under the 2019 Restructuring Plan were realized. Our latest estimates indicate that we will be near the low end of that range, and the full benefits will not be realized until we complete the closure of a manufacturing facility, which is expected to occur in 2025.

As discussed in Note 17 to our consolidated financial statements, the IRS has issued proposed adjustments for years 2010 through 2012, for years 2013 through 2015, and for years 2016 through 2019. We have disputed these proposed adjustments and intend to continue to vigorously defend our positions. Although the ultimate timing for resolution of the disputed tax issues is uncertain, future payments may be significant to our operating cash flows.

Under the Tax Cuts and Jobs Act of 2017, we have a \$206.2 million liability remaining from a one-time tax on the mandatory deemed repatriation of post-1986 untaxed foreign earnings and profits ("transition tax") for the deemed repatriation of unremitted foreign earnings. As of December, 31, 2023, \$51.6 and \$154.6 million of this amount is recorded in current income tax liabilities and non-current income tax liabilities, respectively, on our consolidated balance sheet.

As discussed in Note 21 to our consolidated financial statements, we are involved in various litigation matters. We estimate the total liabilities for all litigation matters was \$244.1 million as of December 31, 2023. We expect to pay these liabilities over the next few years.

In the normal course of business, we enter into purchase commitments, primarily related to raw materials. However, we do not believe these purchase commitments are material to the overall standing of our business or our liquidity.

We have entered into development, distribution and other contractual arrangements that may result in future payments dependent upon various events such as the achievement of certain product R&D milestones, sales milestones, or exclusive rights to distribute a product. These estimated payments related to these agreements could range from \$0 to \$440 million.

CRITICAL ACCOUNTING ESTIMATES

The preparation of our financial statements is affected by the selection and application of accounting policies and methods, and also requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Critical accounting estimates are those that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition and results of operations. We believe that the accounting estimates and assumptions described below involve significant subjectivity and judgment, and changes to such estimates or assumptions could have a material impact on our financial condition or operating results.

Excess Inventory and Instruments - We must determine as of each balance sheet date how much, if any, of our inventory may ultimately prove to be unsaleable or unsaleable at our carrying cost. Similarly, we must also determine if instruments on hand will be put to productive use or remain undeployed as a result of excess supply. Accordingly, inventory and instruments are written down to their net realizable value. To determine the appropriate net realizable value, we evaluate current stock levels in relation to historical and expected patterns of demand for all of our products and instrument systems and components. The basis for the determination is generally the same for all inventory and instrument items and categories except for work-in-process inventory, which is recorded at cost. Obsolete or discontinued items are generally destroyed and completely written off. Management evaluates the need for changes to the net realizable values of inventory and instruments based on market conditions, competitive offerings and other factors on a regular basis.

Income Taxes - Our income tax expense, deferred tax assets and liabilities and reserves for unrecognized tax benefits reflect management's best assessment of estimated future taxes to be paid. We are subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant judgments and estimates are required in determining the consolidated income tax expense.

We estimate income tax expense and income tax liabilities and assets by taxable jurisdiction. Realization of deferred tax assets in each taxable jurisdiction is dependent on our ability to generate future taxable income sufficient to realize the benefits. We evaluate deferred tax assets on an ongoing basis and provide valuation allowances unless we determine it is "more likely than not" that the deferred tax benefit will be realized.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in numerous jurisdictions across our global operations. We are subject to regulatory review or audit in virtually all of those jurisdictions and those reviews and audits may require extended periods of time to resolve. We record our income tax provisions based on our knowledge of all relevant facts and circumstances, including existing tax laws, our experience with previous settlement agreements, the status of current examinations and our understanding of how the tax authorities view certain relevant industry and commercial matters.

We recognize tax liabilities in accordance with the Financial Accounting Standards Board ("FASB") guidance on income taxes and we adjust these liabilities when our judgment changes as a result of the evaluation of new information not previously available. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the tax liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which they are determined.

Commitments and Contingencies - We are involved in various ongoing proceedings, legal actions and claims, including product liability, intellectual property, stockholder matters, tax disputes, commercial disputes, employment matters, whistleblower and qui tam claims and investigations, governmental proceedings and investigations, and other legal matters that arise in the normal course of our business. We establish liabilities for loss contingencies when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Accruals for product liability and other claims are established with the assistance of internal and external legal counsel based on current information and historical settlement information for claims, related legal fees and for claims incurred but not reported.

Goodwill and Intangible Assets - We evaluate the carrying value of goodwill and indefinite life intangible assets annually, or whenever events or circumstances indicate that the fair value is below its carrying amount. We evaluate the carrying value of finite life intangible assets whenever events or circumstances indicate the carrying value may

not be recoverable. Significant assumptions are required to estimate the fair value of goodwill and intangible assets, most notably estimated future cash flows generated by these assets and risk-adjusted discount rates. As such, these fair value measurements use significant unobservable inputs. Changes to these assumptions could require us to record impairment charges on these assets.

We have three reporting units with goodwill assigned to them. During our annual goodwill impairment testing in the fourth quarter of 2023, for two of these reporting units their estimated fair values exceeded their carrying values by more than 50 percent. We estimated the fair value of these reporting units using the income and market approaches. Fair value under the income approach was determined by discounting to present value the estimated future cash flows of the reporting unit. Fair value under the market approach utilized the guideline public company methodology, which uses valuation indicators determined from other businesses that are similar to our reporting unit. We performed a qualitative test on the other reporting unit and concluded it was more likely than not the fair value of this reporting unit exceeded its carrying value.

Future impairment in our reporting units could occur if the estimates used in the income and market approaches change. If our estimates of profitability in the reporting unit decline, the fair value estimate under the income approach will decline. Additionally, changes in the broader economic environment could cause changes to our estimated discount rates and comparable company valuation indicators, which may impact our estimated fair values. Further, changes in foreign currency exchange rates could increase the cost of procuring inventory and services from foreign suppliers, which could reduce reporting unit profitability.

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 2 to our consolidated financial statements for information on how recent accounting pronouncements have affected or may affect our financial position, results of operations or cash flows.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

MARKET RISK

We are exposed to certain market risks as part of our ongoing business operations, including risks from changes in foreign currency exchange rates, interest rates and commodity prices that could affect our financial condition, results of operations and cash flows. We manage our exposure to these and other market risks through regular operating and financing activities and through the use of derivative financial instruments. We use derivative financial instruments solely as risk management tools and not for speculative investment purposes.

FOREIGN CURRENCY EXCHANGE RISK

We operate on a global basis and are exposed to the risk that our financial condition, results of operations and cash flows could be adversely affected by changes in foreign currency exchange rates. To reduce the potential effects of foreign currency exchange rate movements on net earnings, we enter into derivative financial instruments in the form of foreign currency exchange forward contracts with major financial institutions. See Note 15 to our consolidated financial statements for further details on our foreign currency exchange risk exposure and management.

We maintain written policies and procedures governing our risk management activities. Our policy requires that critical terms of hedging instruments be the same as hedged forecasted transactions. On this basis, with respect to cash flow hedges, changes in cash flows attributable to hedged transactions are generally expected to be offset by changes in the fair value of hedge instruments. As part of our risk management program, we also perform sensitivity analyses to assess potential changes in revenue, operating results, cash flows and financial position relating to hypothetical movements in currency exchange rates. A sensitivity analysis of changes in the fair value of foreign currency exchange forward contracts outstanding at December 31, 2023 indicated that, if the U.S. Dollar uniformly strengthened or weakened in value by 10 percent relative to all currencies, with no change in the interest differentials, the fair value of those contracts would affect earnings in a range of a decrease of approximately \$114 million to an increase of approximately \$105 million before income taxes in periods through June 2026.

Any change in the fair value of foreign currency exchange forward contracts as a result of a fluctuation in a currency exchange rate is expected to be largely offset by a change in the value of the hedged transaction. Consequently,

foreign currency exchange contracts would not subject us to material risk due to exchange rate movements because gains and losses on these contracts offset gains and losses on the assets, liabilities and transactions being hedged.

We had net assets, excluding goodwill and intangible assets, in legal entities with non-U.S. Dollar functional currencies of \$1,854.5 million at December 31, 2023.

We enter into foreign currency forward exchange contracts with terms of one to three months to manage currency exposures for monetary assets and liabilities denominated in a currency other than an entity's functional currency. As a result, foreign currency remeasurement gains/losses recognized in earnings are generally offset with gains/losses on the foreign currency forward exchange contracts in the same reporting period.

For details about these and other financial instruments, including fair value methodologies, see Note 15 to our consolidated financial statements.

COMMODITY PRICE RISK

We purchase raw material commodities such as cobalt chrome, titanium, tantalum, polymer and sterile packaging. We enter into supply contracts generally with terms of 12 to 24 months, where available, on these commodities to alleviate the effect of market fluctuation in prices. As part of our risk management program, we perform sensitivity analyses related to potential commodity price changes.

INTEREST RATE RISK

In the normal course of business, we are exposed to market risk from changes in interest rates that could affect our results of operations and financial condition. We manage our exposure to interest rate risks through our regular operations and financing activities.

We invest our cash and cash equivalents primarily in highly-rated corporate commercial paper and bank deposits. The primary investment objective is to ensure capital preservation. Currently, we do not use derivative financial instruments in our investment portfolio.

The majority of our debt is fixed-rate debt and therefore is not exposed to changes in interest rates. Based upon our overall interest rate exposure as of December 31, 2023, a change of 10 percent in interest rates, assuming the principal amount outstanding remains constant, would not have a material effect on interest expense, net. This analysis does not consider the effect of the change in the level of overall economic activity that could exist in such an environment.

CREDIT RISK

Financial instruments, which potentially subject us to concentrations of credit risk, are primarily cash and cash equivalents, derivative instruments and accounts receivable.

We place our cash and cash equivalents and enter into derivative transactions with highly-rated financial institutions and limit the amount of credit exposure to any one entity. We believe we do not have any significant credit risk on our cash and cash equivalents or derivative instruments.

Our concentrations of credit risks with respect to trade accounts receivable is limited due to the large number of customers and their dispersion across a number of geographic areas and by frequent monitoring of the creditworthiness of the customers to whom credit is granted in the normal course of business. Substantially all of our trade receivables are concentrated in the public and private hospital and healthcare industry in the U.S. and internationally or with distributors or dealers who operate in international markets and, accordingly, are exposed to their respective business, economic and country specific variables. Our ability to collect accounts receivable in some countries depends in part upon the financial stability of these hospital and healthcare sectors and the respective countries' national economic and healthcare systems. Most notably, in Europe healthcare is typically sponsored by the government. Since we sell products to public hospitals in those countries, we are indirectly exposed to government budget constraints and price reduction initiatives. To the extent the respective governments' ability to fund their public hospital programs deteriorates, we may have to record significant bad debt expenses in the future.

While we are exposed to risks from the broader healthcare industry in Europe and around the world, there is no significant net exposure due to any individual customer. Exposure to credit risk is controlled through credit approvals, credit limits and monitoring procedures, and we believe that reserves for losses are adequate.

Item 8. Financial Statements and Supplementary Data

Zimmer Biomet Holdings, Inc.
Index to Consolidated Financial Statements

Financial Statements:	Page
<u>Report of Independent Registered Public Accounting Firm (PCAOB ID:</u>	
238)	41
<u>Consolidated Statements of Earnings for the Years Ended December 31, 2023, 2022 and 2021</u>	43
<u>Consolidated Statements of Comprehensive Income (Loss) for the Years Ended December 31, 2023, 2022 and 2021</u>	44
<u>Consolidated Balance Sheets as of December 31, 2023 and 2022</u>	45
<u>Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2023, 2022 and 2021</u>	46
<u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2023, 2022 and 2021</u>	47
<u>Notes to Consolidated Financial Statements</u>	48
	40

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Zimmer Biomet Holdings, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Zimmer Biomet Holdings, Inc. and its subsidiaries (the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of earnings, of comprehensive income (loss), of stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes and schedule of valuation and qualifying accounts for each of the three years in the period ended December 31, 2023 appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable

assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Tax Liabilities for Certain Unrecognized Tax Benefits

As described in Notes 2 and 17 to the consolidated financial statements, the Company has recorded tax liabilities for unrecognized tax benefits with a consolidated balance of \$391.9 million as of December 31, 2023. The calculation of certain of the Company's estimated tax liabilities, representing a majority of the consolidated balance, involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across the Company's global operations. The Company's income tax filings are regularly under audit in multiple federal, state and foreign jurisdictions. Income tax audits may require an extended period of time to reach resolution and may result in significant income tax adjustments when interpretation of tax laws or allocation of company profits is disputed.

The principal considerations for our determination that performing procedures relating to tax liabilities for certain unrecognized tax benefits is a critical audit matter are (i) the significant judgment by management when determining the tax liabilities for certain unrecognized tax benefits due to a high degree of estimation uncertainty related to management's application of complex tax laws and regulations, the result of income tax audits, and potential for significant adjustments as a result of such audits; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate the timely identification and accurate measurement of tax liabilities for certain unrecognized tax benefits and evaluating audit evidence available to support the estimates; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the identification and accurate measurement of tax liabilities for unrecognized tax benefits, including controls addressing the completeness of the tax liabilities. These procedures also included, among others (i) evaluating the accuracy of the measurement of tax liabilities for certain unrecognized tax benefits by testing certain information used in the calculation of tax liabilities for certain unrecognized tax benefits by jurisdiction, on a sample basis; (ii) assessing the completeness of the Company's identification of tax liabilities for unrecognized tax benefits and possible outcomes for certain unrecognized tax benefits; and (iii) evaluating the status and results of income tax audits related to certain unrecognized tax benefits with the relevant tax authorities. Professionals with specialized skill and knowledge were used to assist in evaluating management's application of complex tax laws and regulations in various jurisdictions and assessing the reasonableness of certain of the Company's tax positions.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
February 23, 2024

We have served as the Company's auditor since 2000.

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

	For the Years Ended December 31,		
	2023	2022	2021
Net Sales			
	\$ 7,394.2	\$ 6,939.9	\$ 6,827.3
Cost of products sold, excluding intangible asset amortization	2,083.8	2,019.5	1,960.4
Intangible asset amortization	561.5	526.8	529.5
Research and development	458.7	406.0	435.8
Selling, general and administrative	2,838.9	2,761.7	2,843.4
Goodwill and intangible asset impairment	292.8	16.3	
Restructuring and other cost reduction initiatives	151.9	191.6	125.7
Quality remediation	33.8	52.8	
Acquisition, integration, divestiture and related	21.7	11.4	3.1
Operating expenses	6,116.5	6,243.6	5,967.0
Operating Profit	1,277.7	696.3	860.3
Other (expense) income, net	(9.3)	(128.0)	(12.2)
Interest expense, net	(201.2)	(164.8)	(208.4)
Loss on early extinguishment of debt	(165.1)		
Earnings from continuing operations before income taxes	1,067.3	403.5	499.0
Provision for income taxes from continuing operations	42.2	112.3	53.5
Net Earnings from Continuing Operations	1,025.1	291.2	445.5
Less: Net earnings attributable to noncontrolling interest	1.1	1.0	0.5

Net Earnings from Continuing Operations of Zimmer Biomet Holdings, Inc.

	1,024.0	290.2	445.0
Loss from Discontinued Operations, Net of Tax		((
		58.8	43.4
	-))
Net Earnings of Zimmer Biomet Holdings, Inc.			
	<u>1,024.0</u>	<u>231.4</u>	<u>401.6</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>

Basic Earnings Per Common Share

Earnings from Continuing Operations	\$ 4.91	\$ 1.38	\$ 2.14
Loss from Discontinued Operations	\$ (\$ (\$ (
	-	0.28	0.21
)))
Basic Earnings Per Common Share			
	<u>\$ 4.91</u>	<u>\$ 1.10</u>	<u>\$ 1.93</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>

Diluted Earnings Per Common Share

Earnings from Continuing Operations	\$ 4.88	\$ 1.38	\$ 2.12
Loss from Discontinued Operations	\$ (\$ (\$ (
	-	0.28	0.21
)))
Diluted Earnings Per Common Share			
	<u>\$ 4.88</u>	<u>\$ 1.10</u>	<u>\$ 1.91</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>

Weighted Average Common Shares Outstanding

Basic	208.7	209.6	208.6
Diluted	209.7	210.3	210.4

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

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

	For the Years Ended December 31,		
	2023	2022	2021
Net Earnings of Zimmer Biomet Holdings, Inc.	\$ 1,024.0	\$ 231.4	\$ 401.6
Other Comprehensive Income (Loss):			
Foreign currency cumulative translation adjustments, net of tax	(9.9	123.3)	99.9)
Unrealized cash flow hedge gains, net of tax	71.1	83.5	86.4
Reclassification adjustments on hedges, net of tax	(77.4)	(46.0)	1.3
Adjustments to prior service cost and unrecognized actuarial assumptions, net of tax	(15.3)	77.0	78.4
Total Other Comprehensive (Loss) Income	(11.7)	8.8)	66.2
Comprehensive Income Attributable to Zimmer Biomet Holdings, Inc.	<u>\$ 1,012.3</u>	<u>\$ 222.6</u>	<u>\$ 467.8</u>

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

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

	As of December 31,	
	2023	2022
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 415.8	\$ 375.7
Accounts receivable, less allowance for credit losses	1,442.4	1,381.5
Inventories	2,385.2	2,147.2
Prepaid expenses and other current assets	366.1	522.9
Total Current Assets	4,609.5	4,427.3
Property, plant and equipment, net	2,060.4	1,872.5
Goodwill	8,818.5	8,580.2
Intangible assets, net	4,856.4	5,063.8
Other assets	1,152.1	1,122.2
Total Assets	\$ 21,496.9	\$ 21,066.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 410.6	\$ 354.1
Income taxes payable	61.2	38.5
Other current liabilities	1,485.7	1,421.3
Current portion of long-term debt	900.0	544.3
Total Current Liabilities	2,857.4	2,358.2
Deferred income taxes, net	357.6	474.8
Long-term income tax payable	273.7	421.2

Other long-term liabilities	652.1	632.6
Long-term debt	4,867.9	5,152.2
Total Liabilities	9,008.7	9,039.0
Commitments and Contingencies (Note 21)		
Stockholders' Equity:		
Common stock, \$0.01 par value, one billion shares authorized, 316.2 million (313.8 million in 2022) issued	3.2	3.1
Paid-in capital	9,846.1	9,504.4
Retained earnings	10,384.5	9,559.3
Accumulated other comprehensive loss	(191.0)	(179.3)
Treasury stock, 110.6 million shares (104.8 million shares in 2022)	(7,562.3)	(6,867.2)
Total Zimmer Biomet Holdings, Inc. stockholders' equity	12,480.5	12,020.3
Noncontrolling interest	7.7	6.7
Total Stockholders' Equity	12,488.1	12,027.0
Total Liabilities and Stockholders' Equity	\$ 21,496.9	\$ 21,066.0

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

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

Zimmer Biomet Holdings, Inc. Stockholders									
Common Shares		Paid-in	Retained	Accumulated Other Compre- hensive (Loss) Income		Treasury Shares		Noncontrol- ling	Total Stockholde rs'
Number	Amount	Capital	Earnings	(	)	Number	Amount	Interest	Equity
Balance January 1, 2021									
311.4	\$ 3.1	\$ 9,121.6	\$ 10,086.9	\$ 297.8	)	103.8	\$ 6,719.6	\$ 5.2	\$ 12,199.4
Net earnings				401.6				0.5	402.1
Other comprehensive income						66.2			66.2
Cash dividends declared (\$				()
0.96 per share)				200.4	)				200.4
Stock compensation plans									
	1.4		193.2	4.1			1.8		199.1
Balance December 31, 2021									
312.8	3.1	9,314.8	10,292.2	231.6	)	103.8	\$ 6,717.8	\$ 5.7	\$ 12,666.4
Net earnings				231.4				1.0	232.4
Other comprehensive loss				()
				8.8	)				8.8
Cash dividends declared (\$				()
0.96 per share)				201.3	)				201.3
Reclassifications of net investment hedges						25.9			25.9
Spinoff of ZimVie Inc.				()
				763.4	)	35.2			728.2
Stock compensation plans									
	1.0		189.6	0.4			0.6		190.6
Share repurchases						()
						1.0	\$ 150.0		\$ 150.0
Balance December 31, 2022						()
313.8	3.1	9,504.4	9,559.3	179.3	)	104.8	\$ 6,867.2	\$ 6.7	\$ 12,027.0

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

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

	For the Years Ended December 31,		
	2023	2022	2021
Cash flows provided by (used in) operating activities from continuing operations:			
Net earnings from continuing operations	\$ 1,025.1	\$ 291.2	\$ 445.5
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	951.7	926.4	937.7
Share-based compensation	99.8	105.0	76.0
Goodwill and intangible asset impairment		292.8	16.3
Loss on early extinguishment of debt			165.1
(Gain) loss on investment in ZimVie Inc.	(2.5)	116.6	-
Deferred income tax benefit	(96.3)	(64.4)	(102.1)
Changes in operating assets and liabilities, net of acquired assets and liabilities			
Income taxes	(73.8)	(152.9)	(123.9)
Receivables	(51.9)	(184.7)	(40.8)
Inventories	(240.4)	(75.6)	(8.4)
Accounts payable and accrued liabilities	(55.3)	(103.0)	(86.5)
Other assets and liabilities	(25.2)	(1.2)	(47.6)
Net cash provided by operating activities from continuing operations	1,581.6	1,356.2	1,404.3
Cash flows provided by (used in) investing activities from continuing operations:			
Additions to instruments	(311.7)	(258.3)	(273.6)
Additions to other property, plant and equipment	(291.1)	(187.9)	(143.6)
Net investment hedge settlements	33.4	89.4	1.9
Acquisition of intellectual property rights	(86.4)	-	(8.4)

Business combination investments, net of acquired cash	((
	134.9	99.8	
)))	-
Other investing activities		((
	11.8	65.4	19.6
))))
Net cash used in investing activities from continuing operations	(((
	778.9	522.0	443.3
))))
Cash flows provided by (used in) financing activities from continuing operations:			
Net (payments) proceeds on revolving facilities	(
	325.0	375.0	
))		-
Proceeds from senior notes			
	499.8	-	1,599.8
Redemption of senior notes	(((
	86.3	1,275.8	2,654.8
))))
Proceeds from term loan			
		83.0	
Payments on term loans	((
	33.9	242.9	
)))	-
Dividends paid to stockholders	(((
	200.9	201.2	200.1
))))
Proceeds from employee stock compensation plans			
	101.1	78.1	122.5
Distribution from ZimVie, Inc.			
		540.6	
Business combination contingent consideration payments	(((
	10.3	-	8.9
)))
Debt issuance costs	(((
	5.8	1.6	13.2
))))
Deferred business combination payments	((
	4.0	-	145.0
)))
Repurchase of common stock	((
	692.2	126.4	
)))	-
Other financing activities	(((
	6.1	4.5	6.3
))))
Net cash used in financing activities from continuing operations	(((
	763.5	775.7	1,306.0
))))
Cash flows provided by (used in) discontinued operations:			
Net cash (used in) provided by operating activities	(
	-	71.5	94.9
)	
Net cash used in investing activities	((
	-	7.2	60.3
))
Net cash used in financing activities	(
	-	68.1	-
)	

Net cash (used in) provided by discontinued operations		(
	-	146.8	34.6
Effect of exchange rates on cash and cash equivalents)	
	((
	0.9	14.5	13.2
Increase (decrease) in cash and cash equivalents)	
	((
	40.1	102.8	323.6
)))
Cash and cash equivalents, beginning of year (includes \$			
100.4 and \$	375.7	478.5	802.1
27.4 at January 1, 2022 and 2021, respectively, of discontinued operations cash)			
Cash and cash equivalents, end of year (includes \$			
100.4 at December 31, 2021 of discontinued operations cash)	<u>\$ 415.8</u>	<u>\$ 375.7</u>	<u>\$ 478.5</u>

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

ZIMMER BIOMET HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Business

We design, manufacture and market orthopedic reconstructive products; sports medicine, biologics, extremities and trauma products; craniomaxillofacial and thoracic products; surgical products; and a suite of integrated digital and robotic technologies that leverage data, data analytics and artificial intelligence. We collaborate with healthcare professionals around the globe to advance the pace of innovation. Our products and solutions help treat patients suffering from disorders of, or injuries to, bones, joints or supporting soft tissues. Together with healthcare professionals, we help millions of people live better lives.

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

Spinoff - On March 1, 2022, we completed the previously announced separation of our spine and dental businesses into a new public company through the distribution by Zimmer Biomet Holdings of

80.3

% of the outstanding shares of common stock of ZimVie Inc. ("ZimVie") to Zimmer Biomet Holding's stockholders. We disposed of our remaining shares of ZimVie in February 2023. The historical results of our spine and dental businesses that were contributed to ZimVie in the spinoff have been reflected as discontinued operations in our consolidated financial statements through the date of the spinoff in 2022 and in 2021 as the spinoff represents a strategic shift in our business that has a major effect on operations and financial results. The disclosures presented in our notes to the consolidated financial statements are presented on a continuing operations basis.

2. Significant Accounting Policies

Basis of Presentation - The consolidated financial statements include the accounts of Zimmer Biomet Holdings and its subsidiaries in which it holds a controlling financial interest. All significant intercompany accounts and transactions are eliminated. Amounts reported in millions within these notes to the consolidated financial statements are computed based on the actual amounts. As a result, the sum of the components may not equal the total amount reported in millions due to rounding. In addition, certain columns and rows within tables may not sum to the totals due to the use of rounded numbers. Percentages presented are calculated from the underlying unrounded amounts.

Use of Estimates - The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We have made our best estimates, as appropriate under GAAP, in the recognition of our assets and liabilities. Such estimates include, but are not limited to, variable consideration to our customers, our allowance for doubtful accounts for expected credit losses, the net realizable value of our inventory, the fair value of our goodwill, the recoverability of other long-lived assets and unrecognized tax benefits. Actual results could differ materially from these estimates.

Foreign Currency Translation - The financial statements of our foreign subsidiaries are translated into U.S. Dollars using period-end exchange rates for assets and liabilities and average exchange rates for operating results. Unrealized translation gains and losses are included in accumulated other comprehensive loss in stockholders' equity. When a transaction is denominated in a currency other than the subsidiary's functional currency, we remeasure the transaction into the functional currency and recognize any transactional gains or losses in earnings.

Shipping and Handling - Amounts billed to customers for shipping and handling of products are reflected in net sales and are not significant. Expenses incurred related to shipping and handling of products are reflected in selling, general and administrative ("SG&A") expenses and were \$

272.7
million, \$

254.4
million and \$

255.4
million for the years ended December 31, 2023, 2022 and 2021, respectively.

Research and Development - We expense all research and development ("R&D") costs as incurred except when there is an alternative future use for the R&D. R&D costs include salaries, prototypes, depreciation of equipment used in R&D, consultant fees, service fees paid to collaborative partners, and arrangements to gain access to or acquire third-party in-process R&D projects with no alternative future use. Where contingent milestone payments are due to third parties under R&D arrangements, we expense the milestone payment obligations when it is probable that the milestone results will be achieved.

Litigation - We record an undiscounted liability for contingent losses, including future legal costs, settlements and judgments, when we consider it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

Quality remediation - We used the financial statement line item "Quality remediation" to recognize expenses related to addressing inspectional observations on Form 483 and a warning letter issued by the FDA following its inspections of our Warsaw North Campus facility, among other matters. See Note 21 for additional information about the Form 483 and warning letter. The majority of these expenses were related to consultants who helped us to update previous documents and redesign certain processes.

Restructuring and other cost reduction initiatives - A restructuring is defined as a program that is planned and controlled by management, and materially changes either the scope of a business undertaken by an entity, or the manner in which that business is conducted. Restructuring charges include (i) employee termination benefits, (ii) contract termination costs and (iii) other related costs associated with exit or disposal activities.

In December 2023, 2021 and 2019, we approved separate new global restructuring programs intended to further reduce costs and to reorganize our global operations. Restructuring charges for the years ended December 31, 2023, 2022 and 2021 were primarily attributable to these programs. See Note 5 for additional information regarding these restructuring programs.

We have also initiated other cost reduction and optimization projects that have the goal of reducing costs across the organization. Costs related to these projects are included in our "Restructuring and other cost reduction initiatives" financial statement line item.

Acquisition, integration, divestiture and related - We use the financial statement line item, "Acquisition, integration, divestiture and related" to recognize expenses resulting from the consummation of business mergers and acquisitions and the related integration of those businesses, and expenses related to the divestiture of our businesses. Acquisition, integration, divestiture and related gains and expenses are primarily composed of:

- Consulting and professional fees related to third-party integration performed in a variety of areas, such as finance, tax, compliance, logistics and human resources, and legal fees related to the consummation of mergers and acquisitions.
- Employee termination benefits related to terminating employees with overlapping responsibilities in various areas of our business.
- Dedicated project personnel expenses which include the salary, benefits, travel expenses and other costs directly associated with employees who are

100

percent dedicated to our integration of acquired businesses and employees who have been notified of termination, but are continuing to work on transferring their responsibilities.

- Contract termination expenses related to terminated contracts, primarily with sales agents and distribution agreements.
- Changes to our contingent consideration liabilities related to our mergers and acquisitions.
- Other various expenses to relocate facilities, integrate information technology, losses incurred on assets resulting from the applicable acquisition, and other various expenses.
- Income and expenses related to providing ZimVie certain services after the separation date.

Cash and Cash Equivalents - We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. The carrying amounts reported in the balance sheet for cash and cash equivalents are valued at cost, which approximates their fair value.

Accounts Receivable - Accounts receivable consists of trade and other miscellaneous receivables. We grant credit to customers in the normal course of business and maintain an allowance for expected credit losses. We determine the allowance for credit losses by geographic market and take into consideration historical credit experience, creditworthiness of the customer and other pertinent information. We make concerted efforts to collect all accounts receivable, but sometimes we have to write-off the account against the allowance when we determine the account is uncollectible. The allowance for credit losses was \$

75.1
million and \$

78.4
million as of December 31, 2023 and 2022, respectively.

Inventories - Inventories are stated at the lower of cost and net realizable value, with cost determined on a first-in first-out basis.

Property, Plant and Equipment - Property, plant and equipment is carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on estimated useful lives of ten to forty years for buildings and improvements and three to eight years for machinery and equipment. Maintenance and repairs are expensed as incurred. We review property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss would be recognized when estimated future undiscounted cash flows relating to the asset are less than its carrying amount. An impairment loss is measured as the amount by which the carrying amount of an asset exceeds its fair value.

Software Costs - We capitalize certain computer software and software development costs incurred in connection with developing or obtaining computer software for internal use when both the preliminary project stage is completed and it is probable that the software will be used as intended. Capitalized software costs generally include external direct costs of materials and services utilized in developing or obtaining computer software and compensation and related benefits for employees who are directly associated with the software project. Capitalized software costs are included in property, plant and equipment on our balance sheet and amortized on a straight-line or weighted average estimated user basis when the software is ready for its intended use over the estimated useful lives of the software, which approximate three to fifteen years.

For cloud computing arrangements that are considered a service contract, our capitalization of implementation costs is aligned with the internal use software requirements. However, on our consolidated balance sheet these implementation costs are recognized in other noncurrent assets. On our consolidated statement of cash flows, these implementations costs are recognized in operating cash flows. The implementation costs are recognized on a straight-line basis over the expected term of the related service contract.

Instruments - Instruments are hand-held devices used by surgeons during total joint replacement and other surgical procedures. Instruments are recognized as long-lived assets and are included in property, plant and equipment. Undeployed instruments are carried at cost or net realizable value. Instruments that have been deployed to be used in surgeries are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on average estimated useful lives, determined principally in reference to associated product life cycles, primarily five years. We review instruments for impairment whenever events or changes in circumstances indicate that the carrying value of an instrument may not be recoverable. Depreciation of instruments is recognized as SG&A expense.

Goodwill - Goodwill is not amortized but is subject to annual impairment tests. Goodwill has been assigned to reporting units. Potential impairment of a reporting unit is identified by either comparing a reporting unit's estimated fair value to its carrying amount or doing a qualitative assessment of a reporting unit's fair value from the last quantitative assessment to determine if there is potential impairment. We may do a qualitative assessment when the results of the previous quantitative test indicated the reporting unit's estimated fair value was significantly in excess of the carrying value of its net assets and we do not believe there have been significant changes in the reporting unit's operations that would significantly decrease its estimated fair value. If a quantitative assessment is performed, the fair value of the reporting unit and the fair value of goodwill are determined based upon a discounted cash flow analysis and/or use of a market approach by looking at market values of comparable companies. Significant assumptions are incorporated into our discounted cash flow analyses such as forecasted net sales, revenue growth rates, forecasted operating expenses and risk-adjusted discount rates. We perform this test in the fourth quarter of the year or whenever events or changes in circumstances indicate that the fair value of the reporting unit is more likely than not below its carrying amount. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded in the amount that the carrying value of the reporting unit exceeds the fair value. See Note 11 for more information regarding goodwill.

Intangible Assets - Intangible assets are initially measured at their fair value. We have determined the fair value of our intangible assets either by the fair value of the consideration exchanged for the intangible asset or the estimated after-tax discounted cash flows expected to be generated from the intangible asset. Intangible assets with a finite life, including technology, certain trademarks and trade names, customer-related intangibles, intellectual property rights and patents and licenses are amortized on a straight-line basis over their estimated useful life or contractual life, which may range from less than one year to twenty years. Intangible assets with a finite life are tested for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

Intangible assets with an indefinite life, including certain trademarks and trade names and in-process research and development ("IPR&D") projects, are not amortized. Indefinite life intangible assets are assessed annually to determine whether events and circumstances continue to support an indefinite life. Intangible assets with an indefinite life are tested for impairment annually or whenever events or circumstances indicate that the fair value of the reporting unit is more likely than not below its carrying amount. An impairment loss is recognized if the carrying amount exceeds the estimated fair value of the asset. The amount of the impairment loss to be recorded would be determined based upon the excess of the asset's carrying value over its fair value. The fair values of indefinite lived intangible assets are determined based upon a discounted cash flow analysis using the relief from royalty method or a qualitative assessment may be performed for any changes to the asset's fair value from the last quantitative assessment. The relief from royalty method estimates the cost savings associated with owning, rather than licensing, assets. Significant assumptions are incorporated into these discounted cash flow analyses such as estimated growth rates, royalty rates and risk-adjusted discount rates. We may do a qualitative assessment when the results of the previous quantitative test indicated that the asset's fair value was significantly in excess of its carrying value.

In determining the useful lives of intangible assets, we consider the expected use of the assets and the effects of obsolescence, demand, competition, anticipated technological advances, changes in surgical techniques, market influences and other economic factors. For technology-based intangible assets, we consider the expected life cycles of products, absent unforeseen technological advances, which incorporate the corresponding technology. Trademarks and trade names that do not have a wasting characteristic (i.e., there are no legal, regulatory, contractual, competitive, economic or other factors which limit the useful life) are assigned an indefinite life. Trademarks and trade names that are related to products expected to be phased out are assigned lives consistent with the period in which the products bearing each brand are expected to be sold. For customer relationship intangible assets, we assign useful lives based upon historical levels of customer attrition. Intellectual property rights are assigned useful lives that approximate the contractual life of any related patent or the period for which we maintain exclusivity over the intellectual property.

Income Taxes - We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period the new tax rate is enacted.

We reduce our deferred tax assets by a valuation allowance if it is more likely than not that we will not realize some portion or all of the deferred tax assets. In making such determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations. In the event we were to determine that we would be able to realize our deferred income tax assets in the future in excess of their net recorded amount, we would make an adjustment to the valuation allowance which would reduce the provision for income taxes.

We operate on a global basis and are subject to numerous and complex tax laws and regulations. The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in numerous jurisdictions across our global operations. Our income tax filings are regularly under audit in multiple federal, state, and foreign jurisdictions. Income tax audits may require an extended period of time to reach resolution and may result in significant income tax adjustments when interpretation of tax laws or allocation of company profits is disputed. Because income tax adjustments in certain jurisdictions can be significant, we record tax positions based upon our estimates. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recorded the largest amount of tax benefit with a greater than 50 percent likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements.

Derivative Financial Instruments - We measure all derivative instruments at fair value and report them on our consolidated balance sheet as assets or liabilities. We maintain written policies and procedures that permit, under appropriate circumstances and subject to proper authorization, the use of derivative financial instruments solely for risk management purposes. The use of derivative financial instruments for trading or speculative purposes is prohibited by our policy. See Note 15 for more information regarding our derivative and hedging activities.

Accumulated Other Comprehensive Income (Loss) – Accumulated other comprehensive income (loss) (“AOCI”) refers to gains and losses that under GAAP are included in comprehensive income but are excluded from net earnings as these amounts are recorded directly as an adjustment to stockholders’ equity. Our AOCI is comprised of foreign currency translation adjustments, including unrealized gains and losses on net investments hedges, unrealized gains and losses on cash flow hedges and amortization of prior service costs and unrecognized gains and losses in actuarial assumptions.

Other (Expense) Income, Net - Other (expense) income, net includes gains/(losses) on changes in fair value of our investments, gains/(losses) on remeasurement of monetary assets and liabilities denominated in a currency other than an entity’s functional currency and the related gains/(losses) on derivative instruments that are not designated as hedging instruments that we use to manage the currency exposures of these assets and liabilities, certain components of pension expense, and other non-operating gains/(losses). In the years ended December 31, 2023 and 2022, we recognized a gain of \$

2.5
and a loss of \$

116.6
million, respectively, related to our investment in ZimVie. The initial value of our investment was based upon our

19.7
percent share of the carrying value of net assets transferred to ZimVie on the separation date. At December 31, 2022, we valued our investment at fair value based upon ZimVie’s share price on that date, less a discount to reflect that the shares are not registered. We disposed of our remaining shares of ZimVie in February 2023.

Treasury Stock - We account for repurchases of common stock under the cost method and present treasury stock as a reduction of stockholders’ equity. We reissue common stock held in treasury only for limited purposes.

Noncontrolling Interest - We have investments in other companies in which we have a controlling financial interest, but not 100 percent of the equity. Further information related to the noncontrolling interests of those investments has not been provided as it is not significant to our consolidated financial statements.

Accounting Pronouncements Recently Adopted

There were no accounting pronouncements that we adopted in 2023 that had a material effect on our financial position, results of operations or cash flows.

Accounting Pronouncements Not Yet Adopted

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-07, Improvements to Reportable Segment Disclosures, which is an amendment to ASC Topic 280 - Segment Reporting. The ASU requires more detailed and disaggregated segment information, including the disclosure of significant segment expense categories and amounts for each reportable segment. The ASU also requires certain annual disclosures to also be made in interim periods. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods for fiscal years beginning after December 15, 2024. The guidance will be applied retrospectively unless retrospective adoption is impracticable. Early adoption of this ASU is permitted. We are currently evaluating the impact this ASU will have on our financial statements and disclosures.

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

3. Discontinued Operations and Related ZimVie Matters

On March 1, 2022, we completed the previously announced separation of our spine and dental businesses through the distribution of

80.3
% of the outstanding shares of common stock of ZimVie to our stockholders at the close of business on February 15, 2022 (the “Record Date”). The distribution was made in the amount of one share of ZimVie common stock for every ten shares of our common stock owned by our stockholders at the close of business on the Record Date. Fractional shares of ZimVie common stock were not issued but instead were aggregated and sold in the open market with the proceeds being distributed pro rata in lieu of such fractional shares.

In the fourth quarter of 2021, ZimVie entered into a credit agreement with a financial institution providing for revolving loans of up to \$

175.0
million and term loan borrowings of up to \$

595.0
million. On February 28, 2022, prior to separation, ZimVie borrowed the entire \$

595.0
million available under the term loan. Approximately \$

540.6
million of this amount was paid by ZimVie to Zimmer Biomet in the form of a dividend at separation which is included in our cash flows from financing activities in the consolidated statements of cash flows. We used proceeds from the dividend, along with cash on hand and proceeds from a draw on our revolving credit facility, to repay senior notes due in 2022 which had an outstanding principal balance of \$

750.0
million.

In connection with the spinoff, we entered into definitive agreements with ZimVie that, among other things, set forth the terms and conditions of the separation and distribution. These agreements include a Transition Services Agreement (the "TSA"), a Transition Manufacturing and Supply Agreement (the "TMA"), a Reverse Transition Manufacturing and Supply Agreement (the "Reverse TMA"), and various other agreements each dated as of March 1, 2022.

Pursuant to the TSA, both we and ZimVie agree to provide certain services to each other, on an interim, transitional basis from and after the separation and the distribution. The services include certain regulatory services, commercial services, operational services, tax services, clinical affairs services, information technology services, finance and accounting services and human resource and employee benefits services. The remuneration to be paid for such services is generally intended to allow the company providing the services to recover all of its costs and expenses of providing such services. The TSA will terminate on the expiration of the term of the last service provided thereunder, which will generally be no later than March 31, 2025. Most TSA services were completed as of December 31, 2023.

Pursuant to the TMA and the Reverse TMA, Zimmer Biomet or ZimVie, as the case may be, will manufacture or cause to be manufactured certain products for the other party, on an interim, transitional basis. Pursuant to such agreements, Zimmer Biomet or ZimVie, as the case may be, will be required to purchase certain minimum amounts of products from the other party. Each of the TMA and the Reverse TMA has a two-year term, with a one-year extension possible upon mutual agreement of the parties.

We recognize any gains or losses from the TSA and TMA agreements in Acquisition, integration, divestiture and related expense in our consolidated statements of earnings. Amounts included in the consolidated statements of earnings related to these agreements for the years ended December 31, 2023, 2022 and 2021 were immaterial.

We initially retained approximately

5.1
million common shares of ZimVie, representing approximately

19.7
percent of ZimVie's outstanding common shares on the separation date. Given our inability to exert significant influence over ZimVie, we recognized this investment at fair value in prepaid expenses and other current assets on our consolidated balance sheet. We disposed of these shares in February 2023. Changes to the fair value of the investment are recognized in non-operating other (expense) income, net. In the years ended December 31, 2023 and 2022, we recognized a gain of \$

2.5
and a loss of \$

116.6
million, respectively, related to our investment in ZimVie.

On August 31, 2022, we borrowed an aggregate principal amount of \$

83.0
million under a short-term credit agreement (the "Short-Term Term Loan") with a third-party financial institution, the proceeds of which were used to repay certain of our existing indebtedness. On September 1, 2022, we entered into a forward exchange agreement and pledge agreement (collectively the "Forward Exchange Agreement") with the same financial institution to deliver to them our

5.1
million shares of ZimVie common stock in the first quarter of 2023. We pledged our

5.1
million shares of ZimVie common stock to the financial institution as collateral for our obligations under the Short-Term Term Loan and the Forward Exchange Agreement.

In February 2023, we repaid in full the Short-Term Term Loan by transferring our ZimVie common shares to the financial institution counterparty to settle the Forward Exchange Agreement and by paying \$

33.9
million in cash, representing an amount determined by the difference between the average daily volume-weighted average price of the ZimVie shares over the outstanding term of the Forward Exchange Agreement and the principal amount of \$

83.0
million. The transfer of our ZimVie common shares as part of the settlement resulted in a \$

49.1
million noncash financing activity for the year ended December 31, 2023.

The Forward Exchange Agreement was accounted for at fair value, with changes in fair value recognized in non-operating other (expense) income, net and was included in the net gain related to our investment in ZimVie for the year ended December 31, 2023, as discussed above. The most significant input into the valuation of the Forward Exchange Agreement was the price of ZimVie shares. The fair value of the Forward Exchange Agreement as of

December 31, 2022 was \$

1.1 million and was included within prepaid expenses and other current assets on our consolidated balance sheet. For the year ended December 31, 2022, an unrealized gain of \$

1.1 million related to the change in fair value of the Forward Exchange Agreement was recorded in non-operating other (expense) income, net in our consolidated statements of earnings.

As discussed in Note 1, the results of our spine and dental businesses have been reflected as discontinued operations through the date of the spinoff in the prior years presented. Details of earnings (loss) from discontinued operations included in our consolidated statements of earnings are as follows (in millions):

	For the Years Ended December 31,	
	2022	2021
Net Sales	\$ 147.8	\$ 1,008.8
Cost of products sold, excluding intangible asset amortization	53.5	380.6
Intangible asset amortization	14.0	86.2
Research and development	10.5	61.3
Selling, general and administrative	89.4	480.5
Restructuring and other cost reduction initiatives	0.4	3.3
Quality remediation	-	0.2
Acquisition, integration, divestiture and related	40.9	76.8
Other expense, net	0.3	0.5
Loss from discontinued operations before income taxes	(61.2)	(80.6)
Benefit for income taxes from discontinued operations	(2.4)	(37.2)
Loss from discontinued operations, net of tax	<u><u>\$ 58.8</u></u>	<u><u>\$ 43.4</u></u>

4. Revenue Recognition

We recognize revenue when our performance obligations under the terms of a contract with our customer are satisfied. This happens when we transfer control of our products to the customer, which generally occurs upon implantation or when title passes upon shipment. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring our product. Taxes collected from customers and remitted to governmental authorities are excluded from revenues.

We sell products through two principal channels: 1) direct to healthcare institutions, referred to as direct channel accounts; and 2) through stocking distributors and healthcare dealers. In direct channel accounts and with some healthcare dealers, inventory is generally consigned to sales agents or customers so that products are available when needed for surgical procedures. No revenue is recognized upon the placement of inventory into consignment, as we retain the ability to control the inventory. Upon implantation, we issue an invoice and revenue is recognized. Consignment sales represented approximately

85

percent of our net sales in 2023. Pricing for products is generally predetermined by contracts with customers, agents acting on behalf of customer groups or by government regulatory bodies, depending on the market. Price discounts under group purchasing contracts are generally linked to volume of implant purchases by customer healthcare institutions within a specified group. At negotiated thresholds within a contract buying period, price discounts may increase. Payment terms vary by customer, but are typically less than 90 days.

With sales to stocking distributors and some healthcare dealers and hospitals, revenue is generally recognized when control of our product passes to the customer, which can be upon shipment of the product or receipt by the customer. We estimate sales recognized in this manner represented approximately

15

percent of our net sales in 2023. These customers may purchase items in large quantities if incentives are offered or if there are new product offerings in a market, which could cause period-to-period differences in sales. It is our accounting policy to account for shipping and handling activities as a fulfillment cost rather than as an additional promised service. We have contracts with these customers or orders may be placed from available price lists. Payment terms vary by customer, but are typically less than 90 days.

We offer standard warranties to our customers that our products are not defective. These standard warranties are not considered separate performance obligations. In limited circumstances, we offer extended warranties that are separate performance obligations. We have very few contracts that have multiple performance obligations. Since we do

no

we have significant multiple element arrangements and essentially all of our sales are recognized upon implantation of a product or when title passes, very little judgment is required to allocate the transaction price of a contract or determine when control has passed to a customer. Our costs to obtain contracts consist primarily of sales commissions to employees or third-party agents that are earned when control of our product passes to the customer. Therefore, sales commissions are expensed as part of SG&A expenses at the same time revenue is recognized. Accordingly, we do

no

we have significant contract assets, liabilities or future performance obligations.

We offer volume-based discounts, rebates, prompt pay discounts, right of return and other various incentives which we account for under the variable consideration model. If sales incentives may be earned by a customer for purchasing a specified amount of our product, we estimate whether such incentives will be achieved and recognize these incentives as a reduction in revenue in the same period the underlying revenue transaction is recognized. We primarily use the expected value method to estimate incentives. Under the expected value method, we consider the historical experience of similar programs as well as review sales trends on a customer-by-customer basis to estimate what levels of incentives will be earned. Occasionally, products are returned and, accordingly, we maintain an estimated refund liability based upon the expected value method that is recorded as a reduction in revenue.

We analyze sales by

two

geographies, the United States and International; and by the following product categories: Knees; Hips; Sports Medicine, Extremities and Trauma ("S.E.T."), which includes Craniomaxillofacial and Thoracic ("CMFT"); and Other. Other includes sales from our Technology, Surgical and Bone Cement products.

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

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

	For the Years Ended December 31,		
	2023	2022	2021
United States			
	\$ 4,288.8	\$ 4,012.4	\$ 3,853.9
International			
	3,105.4	2,927.5	2,973.4
Total			
	\$ 7,394.2	\$ 6,939.9	\$ 6,827.3

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

	For the Years Ended December 31,		
	2023	2022	2021
Knees			
	\$ 3,038.4	\$ 2,778.3	\$ 2,647.9
Hips			
	1,967.2	1,894.9	1,856.1
S.E.T			
	1,752.6	1,696.7	1,727.8
Other			
	636.0	570.0	595.5
Total			
	\$ 7,394.2	\$ 6,939.9	\$ 6,827.3

In December 2023, our management approved a new global restructuring program (the “2023 Restructuring Plan”) intended to optimize our cost base and drive greater efficiencies throughout the company. The 2023 Restructuring Plan is expected to result in total pre-tax restructuring charges of approximately \$

100 million. The pre-tax restructuring charges consist of employee termination benefits, and other charges, such as consulting fees. The expenses incurred under our 2023 Restructuring Plan are reported in our “Restructuring and other cost reduction initiatives” financial statement line item. The following table summarizes the liabilities recognized related to the 2023 Restructuring Plan (in millions):

	Employee Termination Benefits	Contract Terminations	Other	Total
Balance, December 31, 2022	\$ -	\$ -	\$ -	\$ -
Additions				
	9.2		3.6	12.8
Cash payments			((
			1.0	1.0
	-	-))
Non-cash activity				
			2.4	2.4
Balance, December 31, 2023				
	9.2		5.0	14.2
Expense incurred since the start of the 2023 Restructuring Plan	\$ 9.2	\$ -	\$ 3.6	\$ 12.8
Expense estimated to be recognized for the 2023 Restructuring Plan	\$ 85.0	\$ -	\$ 15.0	\$ 100.0

In December 2021, our management approved a new global restructuring program (the “2021 Restructuring Plan”) intended to further reduce costs and to reorganize our global operations in preparation for the spinoff of ZimVie. The 2021 Restructuring Plan is expected to result in total pre-tax restructuring charges of approximately \$

180 million. The pre-tax restructuring charges consist of employee termination benefits; contract terminations for sales agents; and other charges, such as consulting fees and project management expenses. The expenses incurred under our 2021 Restructuring Plan are reported in our “Restructuring and other cost reduction initiatives” financial statement line item. The following table summarizes the liabilities recognized related to the 2021 Restructuring Plan (in millions):

	Employee Termination Benefits	Contract Terminations	Other	Total
Balance, December 31, 2020	\$ -	\$ -	\$ -	\$ -
Additions				
	19.5	2.3	10.3	32.1
Cash payments	-	-	-	-
Foreign currency exchange rate changes	-	-	-	-
Balance, December 31, 2021				
	19.5	2.3	10.3	32.1
Additions				
	33.6	49.5	16.6	99.7
Cash payments	((((
	43.4	27.8	23.9	95.1
Foreign currency exchange rate changes				
	0.8	1.0	0.1	1.9

Balance, December 31, 2022

	10.5	25.0	3.1	38.6
Additions	6.0	22.0	9.3	37.3
	((((
Cash payments	12.5)	30.2)	9.6)	52.3)
Foreign currency exchange rate changes	0.2	0.8	0.1	1.1

Balance, December 31, 2023

	\$ 4.2	\$ 17.6	\$ 2.9	\$ 24.7
Expense incurred since the start of the 2021 Restructuring Plan	\$ 59.1	\$ 73.8	\$ 36.2	\$ 169.1
Expense estimated to be recognized for the 2021 Restructuring Plan	\$ 60.0	\$ 80.0	\$ 40.0	\$ 180.0

In December 2019, our Board of Directors approved, and we initiated, a new global restructuring program (the "2019 Restructuring Plan") with an objective of reducing costs to allow us to further invest in higher priority growth opportunities. The 2019 Restructuring Plan is expected to result in total pre-tax restructuring charges of approximately \$

370

million. The pre-tax restructuring charges consist of employee termination benefits; contract terminations for facilities and sales agents; and other charges, such as consulting fees, project management and relocation costs, including costs to close a manufacturing facility.

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

	Employee Termination Benefits	Contract Terminations	Other	Year Ended December 31, 2023 Total
Cost of products sold, excluding intangible asset amortization	\$ -	\$ -	\$ 8.2	\$ 8.2
Restructuring and other cost reduction initiatives	17.4	-	15.9	33.3
	<u>\$ 17.4</u>	<u>\$ -</u>	<u>\$ 24.1</u>	<u>\$ 41.5</u>

In the years ended December 31, 2022 and 2021, all expenses related to the 2019 Restructuring Plan were recognized in "Restructuring and other cost reduction initiatives".

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

	Employee Termination Benefits	Contract Terminations	Other	Total
Balance, December 31, 2020	\$ 37.8	\$ 10.9	\$ 15.1	\$ 63.8
Additions	7.3	18.5	49.2	75.0
Cash payments	(28.7)	(12.9)	(64.2)	(105.8)
Foreign currency exchange rate changes	(1.6)	-	(0.1)	(1.7)
Balance, December 31, 2021	14.8	16.5	-	31.3
Additions	29.1	0.7	40.1	69.9
Cash payments	(13.4)	(7.3)	(33.3)	(54.0)
Foreign currency exchange rate changes	(1.6)	(0.9)	(0.4)	(2.9)
Balance, December 31, 2022	28.9	9.0	6.4	\$ 44.3
Additions	17.4	-	24.1	41.5

	((((
Cash payments	2.1	3.4	27.7	33.2
Foreign currency exchange rate changes))))
	(
	0.4	-	0.1	0.3
Balance, December 31, 2023				
	\$ 43.8	\$ 5.6	\$ 2.9	\$ 52.3

Expense incurred since the start of the 2019 Restructuring Plan	\$ 125.7	\$ 35.0	\$ 158.7	\$ 319.4
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Expense estimated to be recognized for the 2019 Restructuring Plan	\$ 155.0	\$ 35.0	\$ 180.0	\$ 370.0
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We do not include restructuring charges in the operating profit of our reportable segments. We report the expenses for other cost reduction and optimization initiatives in our "Restructuring and other cost reduction initiatives" financial statement line item because these activities also have the goal of reducing costs across the organization. However, since the cost reduction initiative expenses are not considered restructuring, they have been excluded from the amounts presented in this note.

6. Share-Based Compensation

Our share-based payments primarily consist of stock options and restricted stock units ("RSUs"). Share-based compensation expense was as follows (in millions):

	For the Years Ended December 31,		
	2023	2022	2021
Total expense, pre-tax	\$ 99.8	\$ 105.0	\$ 76.0
Tax benefit related to awards	16.7	16.9	17.2
Total expense, net of tax	\$ 83.1	\$ 88.1	\$ 58.8

We had

two equity compensation plans in effect at December 31, 2023: the 2009 Stock Incentive Plan ("2009 Plan") and the Stock Plan for Non-Employee Directors. We have reserved the maximum number of shares of common stock available for awards under the terms of each of these plans. We have registered

49.9 million shares of common stock under these plans. The 2009 Plan provides for the grant of nonqualified stock options and incentive stock options, long-term performance awards in the form of performance shares or units, restricted stock, RSUs and stock appreciation rights. The Compensation and Management Development Committee of the Board of Directors determines the grant date for annual grants under our equity compensation plans. The date for annual grants under the 2009 Plan to our executive officers is expected to occur in the first quarter of each year following the earnings announcements for the previous quarter and full year. The Stock Plan for Non-Employee Directors provides for awards of stock options, restricted stock and RSUs to non-employee directors. It has been our practice to issue shares of common stock upon exercise of stock options from previously unissued shares, except in limited circumstances where they are issued from treasury stock. The total number of awards which may be granted in a given year and/or over the life of the plan under each of our equity compensation plans is limited. At December 31, 2023, an aggregate of

7.7 million shares were available for future grants and awards under these plans.

Stock Options

Stock options granted to date under our plans generally vest over three or four years and have a maximum contractual life of 10 years. As established under our equity compensation plans, vesting may accelerate upon retirement after the first anniversary date of the award if certain criteria are met. We recognize expense related to stock options on a straight-line basis over the requisite service period, less awards expected to be forfeited using estimated forfeiture rates. Due to the accelerated retirement provisions, the requisite service period of our stock options range from one to four years. Stock options are granted with an exercise price equal to the market price of our common stock on the date of grant, except in limited circumstances where local law may dictate otherwise.

A summary of stock option activity for the year ended December 31, 2023 is as follows (options in thousands):

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Intrinsic Value (in millions)
Outstanding at January 1, 2023	7,944	\$ 121.94		
Options granted	15	127.96		
Options exercised	(733)	96.17		
Options forfeited	(280)	135.28		

Options expired	(	725	)	131.46		
Outstanding at December 31, 2023	<u>6,221</u>	\$ 123.29	5.0	\$ 44.3		
Vested or expected to vest as of December 31, 2023	6,176	\$ 123.23	5.0	\$ 44.1		
Exercisable at December 31, 2023	5,012	\$ 120.83	4.4	\$ 41.0		

We use a Black-Scholes option-pricing model to determine the fair value of our stock options. Expected volatility was derived from a combination of historical volatility and implied volatility because the options that were actively traded around the grant date of our stock options did not have maturities of over one year. The expected term of the stock options has been derived from historical employee exercise behavior. The risk-free interest rate was determined using the implied yield currently available for zero-coupon U.S. government issues with a remaining term approximating the expected life of the options. The dividend yield was determined by using an estimated annual dividend and dividing it by the market price of our stock on the grant date.

The following table presents information regarding the weighted average fair value of stock options granted, the assumptions used to determine fair value, the intrinsic value of options exercised and the tax benefit of options exercised in the indicated year:

	For the Years Ended December 31,		
	2023	2022	2021
Dividend yield	0.8 %	0.8 %	0.6 %
Volatility	27.7 %	30.2 %	30.3 %
Risk-free interest rate	3.5 %	1.9 %	0.7 %
Expected life (years)	5.0	5.0	5.4
Weighted average fair value of options granted	\$ 36.65	\$ 32.07	\$ 43.91
Intrinsic value of options exercised (in millions)	\$ 23.2	\$ 20.5	\$ 54.6
Tax benefit of options exercised (in millions)	\$ 4.4	\$ 4.0	\$ 10.8

As of December 31, 2023, there was \$

18.7 million of unrecognized share-based payment expense related to nonvested stock options granted under our plans. That expense is expected to be recognized over a weighted average period of 1.2 years.

RSUs

We have awarded RSUs to certain of our employees. The terms of the awards are generally three or four years. Some of the awards have only service conditions while some have performance and market conditions in addition to service conditions. Future service conditions may be waived if an employee retires after the first anniversary date of the award, but performance and market conditions continue to apply. Accordingly, the requisite service period used for share-based payment expense on our RSUs range from one year to four years.

A summary of nonvested RSU activity for the year ended December 31, 2023 is as follows (RSUs in thousands):

	RSUs	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2023	1,198	\$ 147.85
Granted	1,225	127.47
Vested	265	124.73
Forfeited	351	147.16
Outstanding at December 31, 2023	1,807	\$ 135.97

For the RSUs with service conditions only, the fair value of the awards was determined based upon the fair market value of our common stock on the date of grant. For the RSUs with market conditions, a Monte Carlo valuation technique was used to simulate the market conditions of the awards. The outcome of the simulation was used to determine the fair value of the awards.

We are required to estimate the number of RSUs that will vest and recognize share-based payment expense on a straight-line basis over the requisite service period. As of December 31, 2023, we estimate that approximately

1,347,105

outstanding RSUs will vest. If our estimate were to change in the future, the cumulative effect of the change in estimate will be recorded in that period. Based upon the number of RSUs that we expect to vest, the unrecognized share-based payment expense as of December 31, 2023 was \$

84.5

million and is expected to be recognized over a weighted-average period of 1.8 years. The fair value of RSUs that vested during the years ended December 31, 2023, 2022 and 2021 based upon our stock price on the date of vesting was \$

26.9

million, \$

20.3

million, and \$

40.0

million, respectively.

7. Inventories

Inventories consisted of the following (in millions):

	As of December 31,	
	2023	2022
Finished goods	\$ 1,831.2	\$ 1,655.0
Work in progress	246.5	230.9
Raw materials	307.5	261.3
Inventories	\$ 2,385.2	\$ 2,147.2

Amounts charged to the consolidated statements of earnings for excess and obsolete inventory, including certain product lines we intend to discontinue, in the years ended December 31, 2023, 2022 and 2021 were \$

155.2
million, \$

137.3
million and \$

117.3
million, respectively.

8. Property, Plant and Equipment

Property, plant and equipment consisted of the following (in millions):

	As of December 31,	
	2023	2022
Land	\$ 18.9	\$ 19.2
Building and equipment	2,245.9	2,093.4
Capitalized software costs	552.2	518.2
Instruments	3,748.6	3,683.5
Construction in progress	200.6	144.1
	6,766.2	6,458.4
	(4,705.8)	(4,585.9)
Accumulated depreciation))

Property, plant and equipment, net	2,060.4	1,872.5
	<u>\$</u>	<u>\$</u>

Depreciation expense was \$

390.2
million, \$

399.6
million and \$

408.1
million for the years ended December 31, 2023, 2022 and 2021, respectively.

We had \$

30.8
million and \$

17.0
million of property, plant and equipment included in accounts payable as of December 31, 2023 and 2022, respectively.

9. Fair Value Measurements of Assets and Liabilities

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

Description	Recorded Balance	As of December 31, 2023			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets					
Derivatives designated as hedges, current and long-term					
Foreign currency forward contracts	\$ 54.4	\$ -	\$ 54.4	\$ -	
Cross-currency interest rate swaps	5.4	-	5.4	-	
Derivatives not designated as hedges, current and long-term					
Foreign currency forward contracts	0.4	-	0.4	-	
Total Assets	\$ 60.2	\$ -	\$ 60.2	\$ -	
Liabilities					
Derivatives designated as hedges, current and long-term					
Foreign currency forward contracts	\$ 3.7	\$ -	\$ 3.7	\$ -	
Cross-currency interest rate swaps	68.1	-	68.1	-	
Interest rate swaps	144.7	-	144.7	-	
Derivatives not designated as hedges, current and long-term					
Foreign currency forward contracts	1.6	-	1.6	-	
Contingent payments related to acquisitions	141.7	-	141.7	-	
Total Liabilities	\$ 359.8	\$ -	\$ 218.1	\$ 141.7	

Description	Recorded Balance	As of December 31, 2022 Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Derivatives designated as hedges, current and long-term				
Foreign currency forward contracts	\$ 72.8	\$ -	\$ 72.8	\$ -
Cross-currency interest rate swaps	6.8	-	6.8	-
Derivatives not designated as hedges, current and long-term				
Foreign currency forward contracts	1.8	-	1.8	-
Forward Exchange Agreement	1.1	-	1.1	-
Investment in ZimVie	45.5	45.5	-	-
Total Assets	<u>\$ 128.0</u>	<u>\$ 45.5</u>	<u>\$ 82.5</u>	<u>\$ -</u>
Liabilities				
Derivatives designated as hedges, current and long-term				
Foreign currency forward contracts	\$ 5.5	\$ -	\$ 5.5	\$ -
Cross-currency interest rate swaps	49.6	-	49.6	-
Interest rate swaps	172.0	-	172.0	-
Derivatives not designated as hedges, current and long-term				
Foreign currency forward contracts	3.3	-	3.3	-
Contingent payments related to acquisitions	17.4	-	17.4	-
Total Liabilities	<u>\$ 247.8</u>	<u>\$ -</u>	<u>\$ 230.4</u>	<u>\$ 17.4</u>

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

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

In connection with the spinoff, we retained approximately

5.1
million unregistered uncommon shares of ZimVie, representing

19.7
percent of ZimVie's common stock on the separation date. At December 31, 2022, we valued these shares based upon the market share price of ZimVie less a discount to reflect that the shares are not registered. We disposed of these shares in February 2023.

The value of the Forward Exchange Agreement as of December 31, 2022, was based upon the historical volume-weighted average price of ZimVie stock since the inception of the agreement with simulations of how the ZimVie stock might perform until the settlement date.

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

Contingent payments related to our acquisition of Embody, Inc. ("Embody") in February 2023 are to be settled by issuance of our common stock and cash payments. The Embody acquisition is discussed in Note 10. During the year ended December 31, 2023, we issued

0.1
million shares of our common stock valued at \$

15.5
million and paid \$

0.7
million of cash as the regulatory milestone related to the Embody acquisition was achieved. The fair value of common stock was determined to be \$

143.84
per share, which represented the average of our high and low stock

prices on the settlement date. To minimize dilution from issuing shares for the milestone settlement, we repurchased

0.1 million shares of our common stock in June of 2023.

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

		Level 3 - Liabilities
Contingent payments related to acquisitions		
Beginning balance December 31, 2022		
		17.4
	\$	
New contingent consideration related to the 2023 acquisitions		
		138.5
Change in estimates		
		16.0
Settlements		(
		30.2
		_____)
Ending balance December 31, 2023		141.7
	\$	

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

10. Acquisitions

On February 14, 2023, we completed the acquisition of all the outstanding shares of Embody, a medical device company focused on soft tissue healing, that expands our portfolio for the sports medicine market. Initial consideration consisted of the issuance of

1.1 million shares of our common stock valued at \$

135.0 million and \$

19.5 million of cash for a total value of \$

154.5 million. The fair value of our common stock was determined to be \$

127.34 per share, which represented the average of our high and low stock prices on the acquisition date. To minimize dilution from issuing shares for the Embody acquisition, we repurchased

1.9 million shares of our common stock in the three-month period ended March 31, 2023. The Embody acquisition includes additional consideration of up to \$

120.0 million in fair value of our common shares and cash, subject to achieving a future regulatory milestone after closing and commercial milestones based on sales growth over a three-year period. We assigned a fair value of \$

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

On April 28, 2023, we completed the acquisition of all the outstanding shares of a privately held orthopedics medical device company that expands our portfolio in the orthopedics market ("April acquisition"). The initial consideration consisted of \$

15.0 million of cash and includes additional consideration of up to \$

8.0
million in cash, subject to achieving future regulatory milestones.

On October 6, 2023, we completed the acquisition of all the outstanding shares of a privately held orthopedics medical device company that provides us new surgical technology that can be used in procedures across multiple product categories ("October acquisition"). The initial consideration consisted of \$

42.2
million of cash and includes additional consideration of up to \$

33.0
million in cash contingent upon achieving certain commercial milestones based on sales growth over a three-year period. We assigned a fair value of \$

21.5
million for this contingent consideration as of the acquisition date. The estimated fair value of the contingent liability was calculated based on the probability of achieving the commercial milestones and discounting to present value the estimated payments.

On November 15, 2023, we completed the acquisition of a privately held technology company by acquiring certain assets, liabilities and employees of the technology company ("November acquisition"). The November acquisition expands our technology and data capabilities and solutions across multiple product categories to better serve our customers. The initial consideration consisted of \$

60.7
million of cash and includes additional consideration of up to \$

20.0
million in cash contingent upon achieving a commercial milestone based on a certain sales target which must be achieved by December 31, 2025. We assigned a fair value of \$

15.0
million for this contingent consideration as of the acquisition date. The estimated fair value of the contingent liability was calculated based on the probability of achieving the commercial milestone and discounting to present value the estimated payment.

These acquisitions are collectively referred to in this report as the "2023 acquisitions". Refer to Note 9 for information regarding the issuance of common stock and cash payments related to the contingent consideration liabilities that have occurred subsequent to the acquisition dates.

The goodwill related to the 2023 acquisitions represents the excess of the consideration transferred over the fair value of the net assets acquired. The goodwill related to the 2023 acquisitions is generated from the operational synergies and cross-selling opportunities we expect to achieve from the technologies acquired. A portion of the goodwill is expected to be deductible for U.S. income tax purposes. The goodwill related to the Embdy, the October and the November acquisitions is included in the Americas operating segment and the Americas Orthopedics reporting unit. The goodwill related to the April acquisition is included in the Asia Pacific operating segment and reporting unit.

The purchase price allocations for the 2023 acquisitions are preliminary as of December 31, 2023. We need additional time to evaluate the tax attributes of the transactions, which may change the recognized tax assets and liabilities. We are also evaluating certain contingent liabilities as of the respective acquisition dates. There may be differences between the preliminary estimates of fair value and the final acquisition accounting. The final estimates of fair value are expected to be completed as soon as possible, but no later than one year after the respective acquisition dates.

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

Current assets	13.1
Intangible assets subject to amortization:	
Technology	144.0
Trademarks and trade names	3.5
Customer relationships	40.1
Intangible assets not subject to amortization:	
In-process research and development (IPR&D)	36.3
Goodwill	215.0
Other assets	4.8
Total assets acquired	456.8
Current liabilities	8.2
Deferred income taxes	37.7
Total liabilities assumed	45.9
Net assets acquired	\$ 410.9

The weighted average amortization periods selected for technology, customer relationships and trademarks and trade names were 15 years, 8 years and 13 years, respectively. Upon receiving regulatory approval subsequent to the Embdy acquisition date, the \$

36.3 million of IPR&D was reclassified to a definite-lived intangible asset and began amortizing over the applicable estimated useful life.

During the year ended December 31, 2023, there were no material adjustments to the preliminary values of the 2023 acquisitions.

On April 18, 2022, we completed the acquisition of all the outstanding shares of a privately held sternal closure company. The acquisition was completed primarily to expand our product offerings in the CMFT market. The total aggregate cash consideration paid at closing was \$

100.0
million, with an additional \$

11.0
million of deferred payments to be made over the following two years, of which \$

4.0
million was paid in the year ended December 31, 2023.

The goodwill related to this acquisition represents the excess of the consideration transferred over the fair value of the net assets acquired. The goodwill is related to the operational synergies we expect to achieve from combining the companies and the cash flows from future, undefined, development projects. The goodwill is included in the Americas operating segment and the Americas CMFT reporting unit. A portion of the goodwill is expected to be deductible for U.S. income tax purposes.

The following table summarizes the aggregate final estimates of fair value of the assets acquired and liabilities assumed related to this acquisition (in millions):

Current assets	3.8
Intangible assets subject to amortization:	
Technology	42.8
Customer relationships	12.3
Goodwill	48.3
Other assets	4.9
Total assets acquired	112.1
Current liabilities	1.1
Total liabilities assumed	1.1
Net assets acquired	111.0

The amortization periods selected for technology and customer relationships were 10 years and 4 years, respectively.

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

11. Goodwill and Other Intangible Assets

The following table summarizes the changes in the carrying amount of goodwill related to continuing operations (in millions):

	Americas	EMEA	Asia Pacific	Total
Balance at January 1, 2022				
Goodwill	\$ 8,045.8	\$ 1,354.3	\$ 564.0	\$ 9,964.1
Accumulated impairment losses	(7.7)	(1,037.0)	-	(1,044.7)
	8,038.1	317.3	564.0	8,919.4
Purchase accounting adjustments	0.9	-	-	0.9
Other acquisitions	48.3	-	-	48.3

	((((
Currency translation	51.7	)	27.5)
	(	(	19.4)
			98.6)
Impairment			289.8)
Balance at December 31, 2022				289.8
Goodwill	8,043.3		1,326.8	
	(((
Accumulated impairment losses	7.7	)	1,326.8)
				1,334.5
	8,035.6			544.6
				8,580.2
2023 acquisitions	201.4		-	13.6
				(
Currency translation	28.8		-	5.5
Balance at December 31, 2023				23.3
Goodwill	8,273.5		1,326.8	
	(((
Accumulated impairment losses	7.7	)	1,326.8)
				1,334.5
	8,265.8			552.7
	\$	—	\$	\$
				8,818.5

As discussed further in Note 10, we completed acquisitions during the years ended December 31, 2023 and 2022, resulting in additional goodwill.

We perform our annual test of goodwill impairment in the fourth quarter of every year. In connection with the annual goodwill impairment test in the fourth quarter of 2023, we estimated the fair value of our Americas Orthopedics and Americas CMFT reporting units using the income and market approaches. In the annual 2023 test, each of the Americas Orthopedics and Americas CMFT reporting units exceeded their carrying values by more than 50 percent. We performed a qualitative test on our Asia Pacific reporting unit and concluded it was more likely than not the fair value of this reporting unit exceeded its carrying value. We fully impaired the goodwill related to our EMEA reporting unit during the fourth quarter of 2022, as discussed below.

During the year ended December 31, 2022, we recorded a goodwill impairment charge of \$

289.8 million in our EMEA reporting unit, primarily due to the impacts from macroeconomic factors. The weakening of major foreign

currencies in our EMEA reporting unit against the U.S. Dollar significantly impacted forecasted cash flows used in our analysis. For the EMEA reporting unit, operating expenses did not decline proportionally to revenue as many inventory-related and certain expenses are based on the U.S. Dollar. In addition, inflationary pressures also caused our forecasted expenses to increase. Furthermore, our discounted cash flows utilized a higher risk-adjusted discount rate for the 2022 impairment test when compared to the 2021 test, primarily due to central banks raising interest rates in 2022 and increased country-specific risk due to macroeconomic factors and risks the region faces. We had previously taken goodwill impairment charges related to this reporting unit in prior years so when these negative macroeconomic factors occurred in 2022, the remaining goodwill was determined to be fully impaired.

We estimated the fair value of the EMEA reporting unit based on income and market approaches. Fair value under the income approach was determined by discounting to present value the estimated future cash flows of the reporting unit. Fair value under the market approach utilized the guideline public company methodology, which uses valuation indicators from publicly-traded companies that are similar to our EMEA reporting unit and considers differences between our reporting unit and the comparable companies.

In estimating the future cash flows of the EMEA reporting unit, we utilized a combination of market and company-specific inputs that a market participant would use in assessing the fair value of the reporting units. The primary market input was revenue growth rates. These rates were based upon historical trends and estimated future growth drivers such as an aging global population, obesity and more active lifestyles. Significant company-specific inputs included assumptions regarding how the reporting unit could leverage operating expenses as revenue grows and the impact any of our differentiated products or new products will have on revenues.

Under the guideline public company methodology, we took into consideration specific risk differences between our reporting unit and the comparable companies, such as recent financial performance, size risks and product portfolios, among other considerations.

There were

no
goodwill impairment charges for the year ended December 31, 2021.

We will continue to monitor the fair value of our reporting units in our interim and annual reporting periods. If our estimated cash flows decrease, we may have to record further impairment charges in the future. Factors that could result in our cash flows being lower than our current estimates include: 1) additional recurrence of the COVID-19 virus, including variants, causing hospitals to defer elective surgical procedures, 2) decreased revenues caused by unforeseen changes in the healthcare market, or our inability to generate new product revenue from our research and development activities, 3) our inability to achieve the estimated operating margins in our forecasts from our restructuring programs, cost saving initiatives, and other unforeseen factors, and 4) the weakening of foreign currencies against the U.S. Dollar. Additionally, changes in the broader economic environment could cause changes to our estimated discount rates and comparable company valuation indicators, which may impact our estimated fair values.

The components of identifiable intangible assets related to continuing operations were as follows (in millions):

	Technology	Intellectual Property Rights	Trademarks and Trade Names	Customer Relationships	IPR&D	Other	Total
As of December 31, 2023:							
Intangible assets subject to amortization:							
Gross carrying amount	\$ 3,177.4	\$ 473.2	\$ 523.8	\$ 5,130.7	\$ -	\$ 172.7	\$ 9,477.8
	((((((
Accumulated amortization	1,894.2	295.1	289.9	2,495.4	-	108.4	5,083.0
Intangible assets not subject to amortization:							
Gross carrying amount	-	-	454.6	-	7.0	-	461.6
Total identifiable intangible assets	\$ 1,283.2	\$ 178.1	\$ 688.5	\$ 2,635.3	\$ 7.0	\$ 64.3	\$ 4,856.4
As of December 31, 2022:							
Intangible assets subject to amortization:							
Gross carrying amount	\$ 2,954.3	\$ 388.5	\$ 518.0	\$ 5,073.1	\$ -	\$ 174.0	\$ 9,107.9
	((((((
Accumulated amortization	1,700.2	250.8	258.7	2,198.8	-	94.7	4,503.2
Intangible assets not subject to amortization:							
Gross carrying amount	-	-	452.1	-	7.0	-	459.1
Total identifiable intangible assets	\$ 1,254.1	\$ 137.7	\$ 711.4	\$ 2,874.3	\$ 7.0	\$ 79.3	\$ 5,063.8

We recognized IPR&D intangible asset impairment charges of \$

3.0 million and \$

16.3

million in the years ended December 31, 2022 and 2021, respectively, in "Goodwill and intangible asset impairment" on our consolidated statements of earnings. These impairments were the result of terminated projects or delays and additional costs related to a project. Since these projects had a low probability of success or were not a priority, their terminations are not expected to have a significant impact on our future cash flows. There were

no IPR&D intangible asset impairment charges in the year ended December 31, 2023.

In the year ended December 31, 2023, we entered into agreements to acquire intellectual property through the buyout of certain licensing arrangements. These new agreements and the related payments eliminate the various royalty payments that would have been due under the terms of previous licensing arrangements through 2030. These new agreements benefit us by expanding our ownership of intellectual property that we may use in the future. We recognized intangible assets of \$

86.1

million related to these agreements which will be amortized through 2030. The fixed, contractual payments made under these new agreements are reflected in investing cash flows in our consolidated statements of cash flows.

Estimated annual amortization expense based upon intangible assets recognized as of December 31, 2023 for the years ending December 31, 2024

through 2028 is (in millions):

For the Years Ending December 31,	
2024	572.7
2025	\$ 553.7
2026	532.3
2027	517.9
2028	509.8

12. Other Current Liabilities

Other current liabilities consisted of the following (in millions):

	As of December 31, 2023	2022
Other current liabilities:		
License and service agreements	\$ 114.7	\$ 147.5
Salaries, wages and benefits	417.1	336.2
Litigation and product liability	146.2	205.6
Customer rebates	180.0	149.7
Accrued liabilities	627.7	582.3
Total other current liabilities	\$ 1,485.7	\$ 1,421.3

13. Debt

Our debt consisted of the following (in millions):

	As of December 31, 2023	2022
Current portion of long-term debt		
Short-Term Term Loan	\$ -	\$ 83.0
Uncommitted Credit Facility	50.0	-
Five-Year Credit Agreement	-	375.0
3.700 % Senior Notes due 2023	-	86.3
1.450 % Senior Notes due 2024	850.0	-
Total short-term debt	\$ 900.0	\$ 544.3
Long-term debt		

1.450		850.0
% Senior Notes due 2024	\$	\$
3.550	863.0	863.0
% Senior Notes due 2025		
3.050	600.0	600.0
% Senior Notes due 2026		
5.350	500.0	-
% Senior Notes due 2028		
3.550	257.5	257.5
% Senior Notes due 2030		
2.600	750.0	750.0
% Senior Notes due 2031		
4.250	253.4	253.4
% Senior Notes due 2035		
5.750	317.8	317.8
% Senior Notes due 2039		
4.450	395.4	395.4
% Senior Notes due 2045		
2.425	552.3	533.6
% Euro Notes due 2026		
1.164	552.3	533.6
% Euro Notes due 2027	((
Debt discount and issuance costs	29.1	30.1
))
	((
Adjustment related to interest rate swaps	144.7	172.0
))
Total long-term debt	\$ 4,867.9	\$ 5,152.2

At December 31, 2023, our total current and non-current debt of \$

billion consisted of \$

5.9

billion aggregate principal amount of senior notes, which included €

1.0

billion of Euro-denominated senior notes ("Euro Notes"), and \$

50.0

million of outstanding borrowings under the Uncommitted Facility Letter (defined below), partially offset by fair value adjustments relating to interest rate swaps totaling \$

144.7

million and debt discount and issuance costs of \$

29.1

million.

In 2023, we redeemed the \$

83.0

million outstanding principal amount of our Short-Term Term Loan and the \$

86.3

million outstanding principal amount of our

3.700

% Senior Notes due 2023.

On November 28, 2023, we completed the offering of \$

500.0

million aggregate principal amount of our

5.350

% Senior Notes due December 1, 2028. Interest is payable on these Senior Notes June 1 and December 1 of each year until maturity. We received net proceeds of \$

499.8

million.

On August 28, 2023, we entered into an uncommitted facility letter (the "Uncommitted Credit Facility"), which provides that from time to time, we may request, and the lender in its absolute and sole discretion may provide, short-term loans. Borrowings under the Uncommitted Credit Facility may be used only for general corporate and working capital purposes. The Uncommitted Credit Facility provides that the aggregate principal amount of outstanding borrowings at any time shall not exceed \$

300.0

million. Each borrowing under the Uncommitted Credit Facility will mature on the maturity date specified by the lender at the time of the advance, which will be no more than 90 days following the date of the advance. The Uncommitted Credit Facility and borrowings thereunder are unsecured. Borrowings under the Uncommitted Credit Facility bear interest at floating rates, based upon either an adjusted term secured overnight financing rate ("Term SOFR") for the applicable interest period, the prime rate, or lender's cost of funds, in each case, plus an applicable margin determined at the time of each borrowing. The Uncommitted Credit Facility includes customary affirmative and negative covenants and events of default for unsecured uncommitted financing arrangements. We were in compliance with all covenants under the Uncommitted Credit Facility as of December 31, 2023. As of December 31, 2023, there were outstanding borrowings of \$

50.0

million under the Uncommitted Credit Facility.

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

The 2023 Five-Year Credit Agreement contains a five-year unsecured revolving facility of \$

1.5

billion (the "2023 Five-Year Revolving Facility"). The 2023 Five-Year Credit Agreement replaced the previous revolving credit agreement entered into on August 19, 2022 (the "2022 Five-Year Credit Agreement"), which contained a five-year unsecured revolving facility of \$

1.5

billion (the "2022 Five-Year Revolving Facility"). There was approximately \$

520.0

million in aggregate outstanding borrowings under the 2022 Five-Year Credit Agreement at the time it was terminated, which borrowings were repaid in full through borrowings under the 2023 Five-Year Credit Agreement on July 7, 2023 in the same amount and on the same interest rate and margin terms.

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

500.0

million.

Borrowings under the 2023 Five-Year Credit Agreement bear interest at floating rates, based upon either an adjusted Term SOFR for the applicable interest period or an alternate base rate, in each case, plus an applicable margin determined by reference to our senior unsecured long-term debt credit rating. We pay a facility fee on the aggregate amount of the 2023 Five-Year Revolving Facility at a rate determined by reference to our senior unsecured long-term debt credit rating. The 2023 Five-Year Credit Agreement contains customary affirmative and negative covenants and events of default for unsecured financing arrangements, including, among other things, limitations on consolidations, mergers, and sales of assets. The 2023 Five-Year Credit Agreement also requires us to maintain a consolidated indebtedness to consolidated EBITDA ratio of no greater than

4.5

to

1.0

as of the last day of any period of four consecutive fiscal quarters (with such ratio subject to increase to

5.0

to

1.0

for a period of time in connection with a qualified material acquisition and certain other restrictions). We were in compliance with all covenants under the 2023 Five-Year Credit Agreement as of December 31, 2023. As of December 31, 2023, there were

no

outstanding borrowings under the 2023 Five-Year Credit Agreement.

The 2023 364-Day Revolving Credit Agreement is an unsecured revolving credit facility in the principal amount of \$

1.0

billion (the "2023 364-Day Revolving Facility"). The 2023 364-Day Revolving Credit Agreement replaced a credit agreement entered into on August 19, 2022, which was also a 364-day unsecured revolving credit facility of \$

1.0

billion (the "2022 364-Day Revolving Facility"). There were

no

borrowings outstanding under the 2022 364-Day Revolving Facility when it was terminated.

The 2023 364-Day Revolving Facility will mature on July 5, 2024. Borrowings under the 2023 364-Day Revolving Credit Agreement bear interest at floating rates based upon either an adjusted Term SOFR for the applicable interest period or an alternate base rate, in each case, plus an applicable margin determined by reference to our senior unsecured long-term debt credit rating. We pay a facility fee on the aggregate amount of the 2023 364-Day

Revolving Facility at a rate determined by reference to our senior unsecured long-term debt credit rating. The 2023 364-Day Revolving Credit Agreement contains customary affirmative and negative covenants and events of default for an unsecured financing arrangement including, among other things, limitations on consolidations, mergers, and sales of assets. The 2023 364-Day Revolving Credit Agreement also requires us to maintain a consolidated indebtedness to consolidated EBITDA ratio of no greater than

4.5
to

1.0
as of the last day of any period of four consecutive fiscal quarters (with such ratio subject to increase to

5.0
to

1.0
in connection with a qualified material acquisition and certain other restrictions). We were in compliance with all covenants under the 2023 364-Day Revolving Credit Agreement as of December 31, 2023. As of December 31, 2023, there were

no
outstanding borrowings under the 2023 364-Day Revolving Credit Agreement.

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

On December 13, 2022, we used cash on hand, including the Short-Term Term Loan proceeds of \$

83.0
million and borrowings under our 2022 Five-Year Revolving Facility, to redeem the full €

500.0
million outstanding principal amount of our

1.414
% Euro Notes due 2022.

On September 22, 2022, we used cash on hand to repay the full ¥

11.7
billion and ¥

21.3
billion outstanding principal amounts on two Japanese term loans.

On August 31, 2022, we borrowed an aggregate principal amount of \$

83.0
million under the Short-Term Term Loan with a third-party financial institution, the proceeds of which were used to redeem a portion of Euro notes that matured on December 13, 2022. As more fully described in Note 3, the Short-Term Term Loan was settled in February 2023.

On March 18, 2022, we redeemed the full \$

750.0
million outstanding principal amount of our senior notes due April 1, 2022. A \$

100.0
million draw under a previous credit facility, together with cash on hand, were used to redeem these notes. \$

540.6
million of this cash on hand came from the dividend paid by ZimVie to Zimmer Biomet at separation.

On November 15, 2021, we commenced cash tender offers to purchase certain outstanding senior notes. The proceeds from a 2021 senior notes offering, together with cash on hand, were used to pay for the senior notes purchased in the cash tender offers. As a result, we recorded a loss on the extinguishment of debt in the amount of \$

165.1
million in our consolidated statement of earnings for the year ended December 31, 2021. The components of this loss were the reacquisition price of \$

2,154.8
million minus the carrying value of the debt of \$

1,982.7
million (including debt discount and issuance costs) plus debt tender fees of \$

5.0
million minus a gain of \$

12.0
million on a reverse treasury lock that we entered into to offset any increases or decreases to the premium associated with the tender offer from the

date we entered into the lock.

The estimated fair value of our senior notes, which includes our Euro notes, as of December 31, 2023, based on quoted prices for the specific securities from transactions in over-the-counter markets (Level 2), was \$

5,602.1
million. The carrying value of the outstanding \$

50.0
million principal balance of the Uncommitted Credit Facility approximates the fair value as it bears interest at short-term market rates.

At December 31, 2023 and 2022, the weighted average interest rate for our borrowings was

3.2
percent and

3.2
percent, respectively. We paid \$

200.6
million, \$

161.7
million, and \$

219.0
million in interest during 2023, 2022, and 2021, respectively.

14. Accumulated Other Comprehensive Income

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

Our AOCI is comprised of foreign currency translation adjustments, unrealized gains and losses on cash flow hedges, and amortization of prior service costs and unrecognized gains and losses in actuarial assumptions on our defined benefit plans. Foreign currency translation adjustments are reclassified to net earnings upon sale or upon a complete or substantially complete liquidation of an investment in a foreign entity. In the year ended December 31, 2022, due to the spinoff of ZimVie, certain foreign entities were completely liquidated. In a pro rata spinoff of consolidated subsidiaries' assets and liabilities, the distribution of these net assets is recognized through equity instead of net earnings. Therefore, the foreign currency translation adjustments of those entities that were completely liquidated were reclassified to retained earnings. Similarly, we had entered into instruments designated as net investment hedges against certain of these same foreign entities. We reclassified the portion of the net investment hedge gains (losses) deferred in foreign currency translation adjustments related to those entities to retained earnings. Unrealized gains and losses on cash flow hedges are reclassified to net earnings when the hedged item affects net earnings. Amounts related to defined benefit plans that are in AOCI are reclassified over the service periods of employees in the plan. See Note 16 for more information on our defined benefit plans.

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

	Foreign Currency Translation	Cash Flow Hedges	Defined Benefit Plan Items	Total AOCI
Balance December 31, 2022	\$ 169.3)	\$ 69.6	\$ 79.6)	\$ 179.3)
AOCI before reclassifications	9.9	71.1	9.5	71.5
Reclassifications to statements of earnings	-	77.4)	5.8)	83.2)
Balance December 31, 2023	\$ 159.4)	\$ 63.3	\$ 94.9)	\$ 191.0)

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

Component of AOCI	Amount of Gain / (Loss) Reclassified from AOCI			Location on Statements of Earnings
	2023	2022	2021	
Cash flow hedges				
Foreign exchange forward contracts				(Cost of products sold
Forward starting interest rate swaps	\$ 94.1)	\$ 54.8)	\$ 0.8)	Interest expense, net
	0.7)	0.8)	0.6)	(Total before tax
	93.4	54.0	1.4)	(Provision for income taxes
	16.0	8.0	0.1)	(Net of tax
	\$ 77.4)	\$ 46.0)	\$ 1.3)	
Defined benefit plans				
Settlements, Prior service cost and unrealized actuarial gain (loss)				(
	\$ 6.1)	\$ 0.2)	\$ 14.0)	Other (expense) income, net
		()	()	Provision for income taxes
	0.3	1.2)	3.8)	

					(	Net of tax
Total reclassifications	\$	5.8	\$	1.4	\$	10.2
	\$	83.2	\$	47.4	\$	11.5

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

	For the Years Ended December 31,								
	Before Tax		Tax			Net of Tax			
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Foreign currency cumulative translation adjustments	(((((((((
	\$ 2.9	\$ 87.3	\$ 54.8	\$ 12.8	\$ 36.0	\$ 45.1	\$ 9.9	\$ 123.3	\$ 99.9
Unrealized cash flow hedge gains	84.8	100.5	102.5	13.7	17.0	16.1	71.1	83.5	86.4
Reclassification adjustments on cash flow hedges	(((((((((
	93.4	54.0	1.4	16.0	8.0	0.1	77.4	46.0	1.3
Adjustments to prior service cost and unrecognized actuarial assumptions	(((((((((
	17.0	95.9	96.9	1.7	18.9	18.5	15.3	77.0	78.4
Total Other Comprehensive (Loss) Income	(((((((((
	\$ 28.5	\$ 55.1	\$ 146.0	\$ 16.8	\$ 63.9	\$ 79.8	\$ 11.7	\$ 8.8	\$ 66.2

15. Derivative Instruments and Hedging Activities

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

Interest Rate Risk

Derivatives Designated as Fair Value Hedges

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

In June 2021, we entered into \$

1 billion of fixed-to-variable interest rate swaps that we have designated as fair value hedges of \$

1 billion of our fixed rate debt obligations.

As of December 31, 2023 and December 31, 2022, the following amounts were recorded on our consolidated balance sheets related to cumulative basis adjustments for fair value hedges (in millions):

Balance Sheet Line Item	Carrying Amount of the Hedged Liabilities		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Liabilities	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Long-term debt	\$ 851.3	\$ 823.9	\$ 144.7	\$ 172.0

Derivatives Designated as Cash Flow Hedges

In 2014, we entered into forward starting interest rate swaps that were designated as cash flow hedges of our thirty-year tranche of senior notes (the

4.450

% Senior Notes due 2045) we expected to issue in 2015. The forward starting interest rate swaps mitigated the risk of changes in interest rates prior to the completion of the notes offering. The interest rate swaps were settled, and the remaining loss to be recognized at December 31, 2023 was \$

23.9

million, which will be recognized using the effective interest rate method over the remaining maturity period of the hedged notes.

Foreign Currency Exchange Rate Risk

We operate on a global basis and are exposed to the risk that our financial condition, results of operations and cash flows could be adversely affected by changes in foreign currency exchange rates. To reduce the potential effects of foreign currency exchange rate movements on net earnings, we enter into derivative financial instruments in the form of foreign currency exchange forward contracts with major financial institutions. We also designated our Euro notes and other foreign currency exchange forward contracts as net investment hedges of investments in foreign

subsidiaries. We are primarily exposed to foreign currency exchange rate risk with respect to transactions and net assets denominated in Euros, Swiss Francs, Japanese Yen, British Pounds, Chinese Renminbi, Canadian Dollars, Australian Dollars, Korean Won, Swedish Krona, Czech Koruna, Thai Baht, Taiwan Dollars, South African Rand, Russian Rubles, Indian Rupees, Turkish Lira, Polish Zloty, Danish Krone, and Norwegian Krone. We do not use derivative financial instruments for trading or speculative purposes.

Derivatives Designated as Net Investment Hedges

We are exposed to the impact of foreign exchange rate fluctuations in the investments in our wholly-owned foreign subsidiaries that are denominated in currencies other than the U.S. Dollar. In order to mitigate the volatility in foreign exchange rates, we issued Euro notes in December 2016 and November 2019 and designated

100

percent of the Euro notes to hedge our net investment in certain wholly-owned foreign subsidiaries that have a functional currency of Euro. All changes in the fair value of the hedging instrument designated as a net investment hedge are recorded as a component of AOCI in our consolidated balance sheets.

At December 31, 2023, we had receive-fixed-rate, pay-fixed-rate cross-currency interest rate swaps with notional amounts outstanding of Euro

700

million, Japanese Yen

54.1

billion and Swiss Franc

125

million. These transactions further hedge our net investment in certain wholly-owned foreign subsidiaries that have a functional currency of Euro, Japanese Yen and Swiss Franc. All changes in the fair value of a derivative instrument designated as a net investment hedge are recorded as a component of AOCI in the consolidated balance sheets. The portion of this change related to the excluded component will be amortized into earnings over the life of the derivative while the remainder will be recorded in AOCI until the hedged net investment is sold or substantially eliminated. We recognize the excluded component in interest expense, net on our consolidated statements of earnings. The net cash received related to the receive-fixed-rate, pay-fixed-rate component of the cross-currency interest rate swaps is reflected in investing cash flows in our consolidated statements of cash flows. In the year ended December 31, 2023, Euro

100

million and Swiss Franc

50

million of these cross-currency interest rate swaps matured at a gain of \$

6.0

million and a loss of \$

3.0

million, respectively. The settlement of these gains with the counterparties is reflected in investing cash flows in our consolidated statements of cash flows and will remain in AOCI on our consolidated balance sheet until the hedged net investment is sold or substantially liquidated.

Derivatives Designated as Cash Flow Hedges

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

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

For foreign currency exchange forward contracts outstanding at December 31, 2023, we had obligations to purchase U.S. Dollars and sell Euros, Japanese Yen, Canadian Dollars, Australian Dollars, Korean Won, Swedish Krona, Czech Koruna, Thai Baht, Taiwan Dollars, South African Rand, Indian Rupees, Polish Zloty, Danish Krone, and Norwegian Krone and obligations to purchase Swiss Francs and sell U.S. Dollars. These derivatives mature at dates ranging from January 2024 through April 2026. As of December 31, 2023, the notional amounts of outstanding forward contracts entered into with third parties to purchase U.S. Dollars were \$

1,531.1

million. As of December 31, 2023, the notional amounts of outstanding forward contracts entered into with third parties to purchase Swiss Francs were \$

449.4

million.

Derivatives Not Designated as Hedging Instruments

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

Any foreign currency re-measurement gains/losses recognized in earnings are generally offset with gains/losses on the foreign currency forward exchange contracts in the same reporting period. The amount of these gains/losses is recorded in other (expense) income, net. Outstanding contracts are recorded on the balance sheet at fair value as of the end of the reporting period. The notional amounts of these contracts are typically in a range of \$

1.25
billion to \$

1.75
billion per quarter.

In 2021 we entered into a reverse treasury lock related to our bond tender offer to offset any increases or decreases to the premium associated with the tender offer from the date we entered into the lock. We recognized a gain of \$

12.0
million that was included in the loss on early extinguishment of debt.

As discussed in Note 3, we entered into the Forward Exchange Agreement as part of our pledge to transfer our ZimVie shares to a third-party financial institution, which occurred in February 2023.

Income Statement Presentation

Derivatives Designated as Cash Flow Hedges

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

Derivative Instrument	Amount of Gain / (Loss) Recognized in AOCI Years Ended December 31,			Location on Statement of Earnings	Amount of Gain / (Loss) Reclassified from AOCI Years Ended December 31,		
	2023	2022	2021		2023	2022	2021
Foreign exchange forward contracts	\$ 84.8	\$ 100.5	\$ 102.5	Cost of products sold	\$ 94.1	\$ 54.8	\$ 0.8
Forward starting interest rate swaps	-	-	-	Interest expense, net	0.7	0.7	0.6
	<u>\$ 84.8</u>	<u>\$ 100.5</u>	<u>\$ 102.5</u>		<u>\$ 93.4</u>	<u>\$ 54.1</u>	<u>\$ 1.4</u>

The fair value of outstanding derivative instruments designated as cash flow hedges and recorded on the consolidated balance sheet at December 31, 2023, together with settled derivatives where the hedged item has not yet affected earnings, was a net unrealized gain of \$

71.6
million, or \$

63.3
million after taxes, which is deferred in AOCI. A gain of \$

68.2
million, or \$

56.4
million after taxes, is expected to be reclassified to earnings in cost of products sold and a loss of \$

0.7
million, or \$

0.5
million after taxes, is expected to be reclassified to earnings in interest expense, net over the next twelve months.

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

Location and Amount of Gain/(Loss) Recognized in Income on Fair Value, Cash Flow and Net Investment Hedging Relationships Years Ended December 31,						
2023		2022		2021		
Cost of Products Sold	Interest Expense, Net	Cost of Products Sold	Interest Expense, Net	Cost of Products Sold	Interest Expense, Net	

Total amounts of income and expense line items presented in the statements of earnings in which the effects of fair value, cash flow and net investment hedges are recorded	\$ 2,083.8	\$ 201.2	\$ 2,019.5	\$ 164.8	\$ 1,960.4	\$ 208.4			
The effects of fair value, cash flow and net investment hedging:									
Gain (loss) on fair value hedging relationships									
Discontinued interest rate swaps	-	-	-	-	-	-			3.1
Interest rate swaps	-	38.9	-	4.0	-	-			6.4
Gain (loss) on cash flow hedging relationships									
Foreign exchange forward contracts	94.1	-	54.8	-	0.8	-			
Forward starting interest rate swaps	-	0.7	-	0.7	-	-			0.6
Gain on net investment hedging relationships									
Cross-currency interest rate swaps	-	33.7	-	21.6	-	-			37.5

Derivatives Not Designated as Hedging Instruments

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

Derivative Instrument	Location on Statements of Earnings	Years Ended December 31,		
		2023	2022	2021
Foreign exchange forward contracts			((
	Other (expense) income, net	\$ 4.4	\$ 26.1	\$ 1.8
Forward Exchange Agreement))
	Other (expense) income, net	-	-	-
Reverse treasury lock				12.0
	Loss on early extinguishment of debt	-	-	-

These gains/(losses) do not reflect losses of \$

21.6
million, gains of \$

5.3
million and losses of \$

3.7
million in 2023, 2022 and 2021, respectively, recognized in other (expense) income, net as a result of foreign currency re-measurement of monetary assets and liabilities denominated in a currency other than an entity's functional currency.

Balance Sheet Presentation

As of December 31, 2023 and 2022, all derivative instruments designated as fair value hedges, cash flow hedges and net investment hedges are recorded at fair value on our consolidated balance sheets. On our consolidated balance sheets, we recognize individual forward contracts with the same counterparty on a net asset/liability basis if we have a master netting agreement with the counterparty. Under these master netting agreements, we are able to settle derivative instrument assets and liabilities with the same counterparty in a single transaction, instead of settling each derivative instrument separately. We have master netting agreements with all of our counterparties. The fair value of derivative instruments on a gross basis is as follows (in millions):

	As of December 31, 2023		As of December 31, 2022	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Asset Derivatives Designated as Hedges				
Foreign exchange forward contracts				
Other current assets	\$ 58.4		Other current assets	\$ 73.2
Cross-currency interest rate swaps				
Other current assets	-		Other current assets	6.8
Foreign exchange forward contracts				
Other assets	17.2		Other assets	16.6
Cross-currency interest rate swaps				
Other assets	5.4		Other assets	-
Total asset derivatives	<u>\$ 81.0</u>			<u>\$ 96.6</u>
Asset Derivatives Not Designated as Hedges				
Foreign exchange forward contracts				
Other current assets	\$ 1.2		Other current assets	\$ 3.1
Forward Exchange Agreement				
Other current assets	-		Other current assets	1.1
Total asset derivatives not designated as hedges	<u>\$ 1.2</u>			<u>\$ 4.2</u>
Liability Derivatives Designated as Hedges				
Foreign exchange forward contracts				
Other current liabilities	\$ 13.9		Other current liabilities	\$ 8.0
Cross-currency interest rate swaps				
Other current liabilities	33.3		Other current liabilities	3.3
Foreign exchange forward contracts				
Other long-term liabilities	11.0		Other long-term liabilities	14.5
Cross-currency interest rate swaps				
Other long-term liabilities	34.8		Other long-term liabilities	46.3

Interest rate swaps

Other long-term liabilities	144.7	Other long-term liabilities	172.0
Total liability derivatives	\$ 237.7		\$ 244.1

Liability Derivatives Not Designated as Hedges

Foreign exchange forward contracts

Other current liabilities	2.4	Other current liabilities	4.6
	\$ 76		

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

Description	Location	As of December 31, 2023			As of December 31, 2022			Net Amount in Balance Sheet
		Gross Amount	Offset	Net Amount in Balance Sheet	Gross Amount	Offset		
Asset Derivatives								
Cash flow hedges	Other current assets	\$ 58.4	\$ 13.0	\$ 45.4	\$ 73.2	\$ 7.1	\$ 66.1	
Cash flow hedges	Other assets	17.2	8.2	9.0	16.6	9.9	6.7	
Derivatives not designated as hedges	Other current assets	1.2	0.8	0.4	3.1	1.3	1.8	
Liability Derivatives								
Cash flow hedges	Other current liabilities	13.9	13.0	0.9	8.0	7.1	0.9	
Cash flow hedges	Other long-term liabilities	11.0	8.2	2.8	14.5	9.9	4.6	
Derivatives not designated as hedges	Other current liabilities	2.4	0.8	1.6	4.6	1.3	3.3	
The following net investment hedge gains (losses) were recognized on our consolidated statements of comprehensive income (loss) (in millions):								
				Amount of Gain / (Loss) Recognized in AOCI				
				Years Ended December 31,				
	Derivative Instrument			2023	2022	2021		
Euro Notes				(
Cross-currency interest rate swaps				\$ 37.4)	\$ 113.1	\$ 129.6		
				(
				16.9)	6.4	103.0		
				(
				\$ 54.3)	\$ 119.5	\$ 232.6		
				\$ 54.3)	\$ 119.5	\$ 232.6		

16. Retirement Benefit Plans

We have defined benefit pension plans covering certain U.S. and Puerto Rico employees. Plan benefits are primarily based on years of credited service and the participant's average eligible compensation. The U.S. and Puerto Rico plans are frozen except for one insignificant plan; meaning there are no new participants that can join the plan and participants in the plan do not accrue additional years of service or compensation. In addition to the U.S. and Puerto Rico defined benefit pension plans, we sponsor various foreign pension arrangements, including retirement and termination benefit plans required by local law or coordinated with government sponsored plans.

We use a December 31 measurement date for our benefit plans.

Defined Benefit Plans

The components of net pension expense for our defined benefit retirement plans were as follows (in millions):

	2023	For the Years Ended December 31,			Foreign 2022	2021
		U.S. and Puerto Rico 2022	2021	2023		
Service cost						
	\$ 0.4	\$ 0.7	\$ 0.9	\$ 15.5	\$ 22.7	\$ 24.7
Interest cost		18.7	11.7	10.5	15.7	5.4
Expected return on plan assets	(30.1)	(30.8)	(29.8)	(22.5)	(14.3)	(15.6)
Settlements	0.1	-	6.4	2.6	5.0	0.5
Amortization of prior service cost	0.2	0.3	0.3	4.4	4.1	4.3
Amortization of unrecognized actuarial loss	2.8	7.8	8.6	2.2	0.8	2.5
Net periodic (income) benefit expense	(7.9)	(10.3)	(3.1)	(0.5)	(5.5)	(12.7)

In our consolidated statements of earnings, service cost is reported in the same location as other compensation costs arising from services rendered by the pertinent employees while the other components of net pension expense are reported in other (expense) income, net.

The weighted average actuarial assumptions used to determine net pension expense for our defined benefit retirement plans were as follows:

	2023	For the Years Ended December 31,			Foreign 2022	2021
		U.S. and Puerto Rico 2022	2021	2023		
Discount rate	5.25%	2.86%	2.04%	2.60%	0.67%	0.63%
Rate of compensation increase	-	-	-	2.33%	2.27%	2.39%
Expected long-term rate of return on plan assets	6.75%	6.75%	6.75%	3.17%	1.83%	2.09%

The expected long-term rate of return on plan assets is based on the historical and estimated future rates of return on the different asset classes held in the plans. The expected long-term rate of return is the weighted average of the target asset allocation of each individual asset class. We believe that historical asset results approximate expected market returns applicable to the funding of a long-term benefit obligation.

Discount rates were determined for each of our defined benefit retirement plans at their measurement date to reflect the yield of a portfolio of high quality bonds matched against the timing and amounts of projected future benefit payments.

Changes in projected benefit obligations and plan assets were (in millions):

	For the Years Ended December 31,			
	U.S. and Puerto Rico	2022	2023	Foreign
	2023	2022	2023	2022
Projected benefit obligation - beginning of year				
	\$ 366.8	\$ 503.1	\$ 567.9	\$ 807.9
Service cost	0.4	0.7	15.5	22.7
Interest cost	18.7	11.7	15.7	5.4
Employee contributions			24.1	24.5
Benefits paid	(20.1)	(23.5)	(48.1)	(64.3)
Actuarial loss (gain)	15.1	125.2	31.1	186.2
Settlements	(0.3)	-	-	2.3
Translation loss (gain)			48.2	39.8
Projected benefit obligation - end of year		\$ 380.6	\$ 366.8	\$ 654.4
		<u>\$ 380.6</u>	<u>\$ 366.8</u>	<u>\$ 654.4</u>
	For the Years Ended December 31,			
	U.S. and Puerto Rico	2022	2023	Foreign
	2023	2022	2023	2022
Plan assets at fair market value - beginning of year				
	\$ 396.2	\$ 499.5	\$ 667.2	\$ 821.2
Actual return on plan assets	57.6	81.5	31.9	93.8
Employer contributions	0.4	1.7	19.9	19.8
Employee contributions			24.1	24.5
Settlements	(0.3)	-	-	(2.3)
Benefits paid	(20.1)	(23.5)	(48.1)	(64.3)
Translation gain (loss)			56.7	37.9
Plan assets at fair market value - end of year		\$ 433.8	\$ 396.2	\$ 751.7
		<u>\$ 433.8</u>	<u>\$ 396.2</u>	<u>\$ 751.7</u>

Funded status

	2023	2022	2023	2022
	U.S. and Puerto Rico		Foreign	
	For the Years Ended December 31,			
Amounts recognized in consolidated balance sheet:				
Prepaid pension				
	\$ 54.5	\$ 30.9	\$ 117.8	\$ 119.9
Short-term accrued benefit liability	(\$ 0.1)	(\$ 0.1)	(\$ 1.4)	(\$ 1.4)
Long-term accrued benefit liability	(\$ 1.2)	(\$ 1.4)	(\$ 19.1)	(\$ 19.2)
Net amount recognized	\$ 53.2	\$ 29.4	\$ 97.3	\$ 99.3

The weighted average actuarial assumptions used to determine the projected benefit obligation for our defined benefit retirement plans were as follows:

	U.S. and Puerto Rico		Foreign		
	2023	2022	2021	2023	2022
Discount rate	5.38%	5.37%	2.70%	2.21%	2.65%
Rate of compensation increase	-	-	-	2.34%	2.25%

Plans with projected benefit obligations in excess of plan assets were as follows (in millions):

	U.S. and Puerto Rico		Foreign	
	2023	2022	2023	2022
Projected benefit obligation	\$ 1.3	\$ 1.5	\$ 27.2	\$ 26.8
Plan assets at fair market value	-	-	8.6	7.9

Total accumulated benefit obligations and plans with accumulated benefit obligations in excess of plan assets were as follows (in millions):

	As of December 31,		Foreign	
	U.S. and Puerto Rico 2023	2022	2023	2022
Total accumulated benefit obligations				
	\$ 380.6	\$ 366.8	\$ 640.3	\$ 548.6
Plans with accumulated benefit obligations in excess of plan assets:				
Accumulated benefit obligation	1.3	1.5	24.9	24.5
Plan assets at fair market value			8.6	7.9

The benefits expected to be paid out in each of the next five years and for the five years combined thereafter are as follows (in millions):

For the Years Ending December 31,	U.S. and Puerto Rico	Foreign
2024		
	\$ 24.4	\$ 37.1
2025		
	25.7	38.9
2026		
	25.9	37.0
2027		
	26.3	37.8
2028		
	26.8	36.9
2029-2033		
	133.5	173.3

The U.S. and Puerto Rico defined benefit retirement plans' overall investment strategy is to balance total returns by emphasizing long-term growth of capital while mitigating risk. We have established target ranges of assets held by the plans of

30
to

65
percent for equity securities,

30
to

50
percent for debt securities and

0
to

15
percent in non-traditional investments. The plans strive to have sufficiently diversified assets so that adverse or unexpected results from one asset class will not have an unduly detrimental impact on the entire portfolio. We regularly review the investments in the plans and we may rebalance them from time-to-time based upon the target asset allocation of the plans.

For the U.S. and Puerto Rico plans, we maintain an investment policy statement that guides the investment allocation in the plans. The investment policy statement describes the target asset allocation positions described above. Our benefits committee, along with our investment advisor, monitor compliance with and administer the investment policy statement and the plans' assets and oversee the general investment strategy and objectives of the plans. Our benefits committee generally meets quarterly to review performance.

The investment strategies of foreign based plans vary according to the plan provisions and local laws. The majority of the assets in foreign based plans are located in Switzerland-based plans. These assets are held in trusts and are commingled with the assets of other Swiss companies with representatives of all the companies making the investment decisions. The overall strategy is to maximize total returns while avoiding risk. The trustees of the assets have established target ranges of assets held by the plans of

30
to

50
percent in debt securities,

20
to

37
percent in equity securities,

15
to

24
percent in real estate,

3
to

15
percent in cash funds and

0
to

12
percent in other funds.

The fair value of our U.S. and Puerto Rico pension plan assets by asset category was as follows (in millions):

Asset Category	Total	As of December 31, 2023		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents		\$ 2.5	\$ 2.5	\$ -
Equity securities	296.2		296.2	-
Intermediate fixed income securities	135.1		135.1	-
Total	\$ 433.8	\$ 2.5	\$ 431.3	\$ -

Asset Category	Total	As of December 31, 2022		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents		\$ 5.0	\$ 5.0	\$ -
Equity securities	263.2		263.2	-

Intermediate fixed income securities

128.0

128.0

Total

\$ 396.2 \$ 5.0 \$ 391.2 \$ -

The fair value of our foreign pension plan assets was as follows (in millions):

Asset Category	Total	As of December 31, 2023		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents		\$ 28.5	\$ 28.5	\$ -
Equity securities	160.9		148.2	12.7
Fixed income securities	181.3			181.3
Other types of investments	185.3			185.3
Real estate	195.7			195.7
Total	\$ 751.7	\$ 176.7	\$ 379.3	\$ 195.7

Asset Category	Total	As of December 31, 2022		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents		\$ 21.9	\$ 21.9	\$ -
Equity securities	136.0	122.6	13.4	-
Fixed income securities	168.8	-	168.8	-
Other types of investments	175.0	-	175.0	-
Real estate	165.5	-	-	165.5
Total	\$ 667.2	\$ 144.5	\$ 357.2	\$ 165.5

As of December 31, 2023 and 2022, our defined benefit pension plans' assets did not hold any direct investment in Zimmer Biomet Holdings common stock.

Equity securities are valued using a market approach, based on quoted prices for the specific security from transactions in active exchange markets (Level 1), or in some cases where we are invested in mutual or collective funds, based upon the net asset value per unit of the fund which is determined from quoted market prices of the underlying securities in the fund's portfolio (Level 2). Fixed income securities are valued using a market approach, based upon quoted prices for the specific security or from institutional bid evaluations. Real estate is valued by discounting to present value the cash flows expected to be generated by the specific properties.

The following table provides a reconciliation of the beginning and ending balances of our foreign pension plan assets measured at fair value that used significant unobservable inputs (Level 3) (in millions):

	December 31, 2023
Beginning Balance	\$ 165.5
Change in fair value of assets	9.4
Net purchases and sales	3.5
Translation gain	17.3
Ending Balance	\$ 195.7

We expect that we will have minimal legally required funding requirements in 2024 for the qualified U.S. and Puerto Rico defined benefit retirement plans, and we do not expect to voluntarily contribute to these plans during 2024. Contributions to foreign defined benefit plans are estimated to be \$

18.2 million in 2024. We do not expect the assets in any of our plans to be returned to us in the next year.

Defined Contribution Plans

We also sponsor defined contribution plans for substantially all of the U.S. and Puerto Rico employees and certain employees in other countries. The benefits offered under these plans are reflective of local customs and practices in the countries concerned. We expensed \$

60.4
million, \$

48.5
million and \$

46.3
million related to these plans for the years ended December 31, 2023, 2022 and 2021, respectively.

17. Income Taxes

The components of earnings (loss) from continuing operations before income taxes consisted of the following (in millions):

	For the Years Ended December 31,		
	2023	2022	2021
United States operations		((
	\$ 57.0	\$ 242.4	\$ 118.8
Foreign operations))
	1,010.3	645.9	617.8
Total			
	\$ 1,067.3	\$ 403.5	\$ 499.0

The provision for income taxes and the income taxes paid consisted of the following (in millions):

	For the Years Ended December 31,		
	2023	2022	2021
Current:			
Federal	\$ 0.5	\$ 175.3	\$ 44.3
State	19.5	16.1	7.2
Foreign	(
	118.5	14.7	104.1
)	
	138.5	176.7	155.6
Deferred:			
Federal	(((
	125.2	74.8	83.5
State)))
	(((
	16.7	1.6	19.4
Foreign)		
	45.6	8.8	0.8
		((
	96.3	64.4	102.1
Provision for income taxes)))
	42.2	112.3	53.5
Net income taxes paid			
	\$ 215.2	\$ 326.6	\$ 258.4

A reconciliation of the U.S. statutory income tax rate to our effective tax rate is as follows:

	For the Years Ended December 31,		
	2023	2022	2021
U.S. statutory income tax rate			
	21.0 %	21.0 %	21.0 %
State taxes, net of federal deduction			
	(
	0.2	3.2	2.8
)		

Tax impact of foreign operations, including U.S. taxes on international income and foreign tax credits	(((
	0.3	1.8	10.3
Change in valuation allowance	(((
	0.2	1.1	0.5
Non-deductible expenses	0.7	5.8	1.3
Goodwill impairment		15.3	-
Tax rate change		0.3	0.1
Tax impact of certain significant transactions		0.9	1.1
Tax benefit relating to foreign derived intangible income and U.S. manufacturer's deduction	((
	0.8	2.9	0.4
R&D tax credit	(((
	0.6	2.0	2.2
Share-based compensation		(
	0.1	1.8	0.2
Net uncertain tax positions, including interest and penalties	((
	16.0	14.6	2.9
Other	(((
	0.1	0.2	0.1
Effective income tax rate			
	4.0	27.9	10.7
	%	%	%

Our operations in Puerto Rico benefit from a tax incentive grant which expires in fiscal year 2026.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Valuation allowances are recorded to reduce deferred income tax assets when it is more likely than not that an income tax benefit will not be realized. We reclassified certain prior period amounts to conform to the current period presentation.

The components of deferred taxes consisted of the following (in millions):

	As of December 31,	
	2023	2022
Deferred tax assets:		
Inventory		
	\$ 204.0	\$ 187.9
Net operating loss carryover		
	484.3	476.2
Tax credit carryover		
	81.8	72.9
Capital loss carryover		
	8.1	7.8
Product liability and litigation		
	27.9	36.7
Accrued liabilities		
	92.4	99.1
Share-based compensation		
	44.4	36.6
Accounts receivable		
	23.0	25.8
Research and development		
	103.9	47.9
Lease liability		
	52.6	51.6
Other		
	25.2	51.1
Total deferred tax assets		
	1,147.6	1,093.6
Less: Valuation allowances		
	(464.6)	(463.2)
Total deferred tax assets after valuation allowances		
	\$ 683.0	\$ 630.4
Deferred tax liabilities:		
Fixed assets		
	\$ 122.2	\$ 111.6
Intangible assets		
	466.5	466.8

Foreign currency items		23.0
Lease asset	48.8	47.2
Other	41.2	49.2
Total deferred tax liabilities	678.7	697.8
Total net deferred income taxes	(4.3)	67.4
	\$ 4.3	\$ 67.4

At December 31, 2023, net operating loss, tax credit carryovers, and capital loss carryovers are available to reduce future federal, state and foreign taxable earnings (in millions):

Expiration Period:	Net operating loss carryover	Tax credit carryover	Capital loss carryover
1-5 years	\$ 50.6	\$ 20.3	\$ 0.1
6-10 years	11.0	59.0	-
11+ years	281.9	1.3	-
Indefinite	140.8	1.2	8.0
	484.3	81.8	8.1
Valuation allowances	\$ 411.5	\$ 39.5	\$ 8.1
	\$ 411.5	\$ 39.5	\$ 8.1

The remaining valuation allowances booked against deferred tax assets of \$

5.5 million relate primarily to accrued liabilities and intangible assets that management believes, more likely than not, will not be realized.

We generally intend to limit distributions such that they would not result in significant U.S. tax costs. These distributions could come from foreign subsidiaries earnings that were previously taxed in the U.S. as a result of the transition tax or tax on Global Intangible Low-Taxed Income ("GILTI"). These previously taxed earnings would not be subject to further U.S. federal tax. We have not provided deferred taxes on any other outside basis differences in our investments in other foreign subsidiaries as these other outside basis differences are indefinitely reinvested in the

operations of our foreign entities. If we decide later to repatriate these earnings to the U.S., we would be required to provide for the net tax effects on these amounts. We estimate that the total tax effect of a potential repatriation would not be significant under enacted tax laws and regulations and at current foreign currency exchange rates.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits (in millions):

	For the Years Ended December 31,		
	2023	2022	2021
Balance at January 1			
	\$ 521.0	\$ 558.6	\$ 619.4
Increases related to prior periods			
	68.7	25.0	11.5
Decreases related to prior periods			
	(206.2)	(78.2)	(12.7)
Increases related to current period			
	8.7	19.0	7.3
Decreases related to settlements with taxing authorities			
	- 0.3)	2.0)	65.1)
Decreases related to lapse of statute of limitations			
	(251.6)	(360.1)	(426.4)
Balance at December 31			
	\$ 391.9	\$ 521.0	\$ 558.6
Amounts impacting effective tax rate, if recognized			
balance at December 31			
	\$ 251.6	\$ 360.1	\$ 426.4

We recognize accrued interest and penalties related to unrecognized tax benefits as income tax expense. During 2023, we released interest and penalties of \$

45.3 million, and as of December 31, 2023, had a recognized liability for interest and penalties of \$

89.1 million, which does not include any increase related to business combinations. The \$

206.2 million decrease related to prior periods and the \$

45.3 million release of interest and penalties primarily resulted from unrecognized tax benefits determined to be effectively settled during 2023.

During 2022, we accrued interest and penalties of \$

18.1 million, and as of December 31, 2022 had a recognized liability for interest and penalties of \$

134.5 million, which does not include any increase related to business combinations. During 2021, we accrued interest and penalties of \$

8.9 million, and as of December 31, 2021, had a recognized liability for interest and penalties of \$

116.2 million, which does not include any increase related to business combinations.

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

20
million increase.

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

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

The IRS has proposed adjustments for tax years 2013-2015, primarily related to transfer pricing involving our cost sharing agreement between the U.S. and Switzerland affiliated companies and the reallocation of profits between certain U.S. and foreign subsidiaries. This includes a proposed increase to our U.S. federal taxable income related to our cost sharing agreement, which would result in additional tax expense related to 2013 of approximately \$

370

million, subject to interest and penalties. We strongly believe that the position of the IRS, with regard to this matter, is inconsistent with the applicable U.S. Treasury regulations governing our cost sharing agreement. We intend to continue to vigorously contest the adjustments, and we will pursue all available administrative and, if necessary, judicial remedies. If we pursue judicial remedies in the U.S. Tax Court for years 2013-2015, a number of years will likely elapse before such matters are finally resolved. No payment of any amount related to this matter is required to be made, if at all, until all applicable proceedings have been completed.

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

State income tax returns are generally subject to examination for a period of 3 to 5 years after filing of the respective return. The state impact of any federal changes generally remains subject to examination by various states for a period of up to one year after formal notification to the states. We have various state income tax return positions in the process of audit, appeals, or litigation.

In other major foreign jurisdictions, open years are generally 2016 or later.

18. Capital Stock and Earnings per Share

We are authorized to issue

250.0
million shares of preferred stock,

no

ne of which were issued or outstanding as of December 31, 2023.

The numerator for both basic and diluted earnings per share is net earnings available to common stockholders. The denominator for basic earnings per share is the weighted average number of common shares outstanding during the period. The denominator for diluted earnings per share is weighted average shares outstanding adjusted for the effect of dilutive stock options and other equity awards. The following is a reconciliation of weighted average shares for the basic and diluted share computations (in millions):

	For the Years Ended December 31,		
	2023	2022	2021
Weighted average shares outstanding for basic net earnings per share	208.7	209.6	208.6
Effect of dilutive stock options and other equity awards	1.0	0.7	1.8
Weighted average shares outstanding for diluted net earnings per share	209.7	210.3	210.4

For the years ended December 31, 2023, 2022 and 2021, an average of

2.7
million options,

4.4
million options and

1.3
million options, respectively, to purchase shares of common stock were not included in the computation of diluted earnings per share as the exercise prices of these options were greater than the average market price of the common stock.

19. Segment Data

We design, manufacture and market orthopedic reconstructive products; sports medicine, biologics, extremities and trauma products; CMFT products; surgical products; and a suite of integrated digital and robotic technologies that leverage data, data analytics and artificial intelligence. Our chief operating decision maker ("CODM") allocates resources to achieve our operating profit goals through

three
operating segments. These operating segments, which also constitute our reportable segments, are Americas; EMEA; and Asia Pacific.

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

Our Americas operating segment is comprised principally of the U.S. and includes other North, Central and South American markets. This segment also includes research, development engineering, medical education, and brand management for our product category headquarter locations. Our EMEA operating segment is comprised principally of Europe and includes the Middle East and African markets. Our Asia Pacific operating segment is comprised principally of Japan, China and Australia and includes other Asian and Pacific markets. The EMEA and Asia Pacific operating segments include the commercial operations as well as regional headquarter expenses to operate in those markets. Since the Americas segment includes additional costs related to centralized product category headquarter expenses, profitability metrics in this operating segment are not comparable to the EMEA and Asia Pacific operating segments.

In 2023, the segment operating profit measures our CODM reviews were revised. Certain support function costs from our operating segments are now included in Corporate items. We have reclassified these support function expenses in the prior years to conform to the current year presentation.

In 2023, our CODM started reviewing accounts receivable and inventories as part of operating segment performance. In prior years no asset information was reviewed. Accordingly, we have included these operating segment assets in our 2023 and 2022 disclosures, rounded to the nearest million as presented to the CODM.

Net sales and other information by segment are as follows (in millions):

	Net Sales Year Ended December 31,			Operating Profit Year Ended December 31,			Depreciation and Amortization Year Ended December 31,			Segment Assets As of December 31,	
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022
Americas	4,624.1	4,295.5	4,102.1	\$ 1,948.9	\$ 1,819.7	\$ 1,726.9	\$ 145.9	\$ 142.1	\$ 143.1	\$ 1,218.0	\$ 1,172.0
EMEA	1,592.4	1,456.6	1,477.2	524.6	404.1	405.9	67.2	64.4	71.4	679.0	664.0
Asia Pacific	1,177.7	1,187.8	1,248.0	422.6	419.6	418.3	62.3	63.5	66.7	355.0	350.0
Total	7,394.2	6,939.9	6,827.3	(((
Corporate items				1,056.9	1,127.5	1,145.0	114.8	129.6	127.0	1,575.6	1,342.7
Intangible asset amortization				561.5	526.8	529.5	561.5	526.8	529.5	-	-
Goodwill and intangible asset impairment				292.8	16.3	-	-	-	-	-	-
Total	1,277.7	696.3	860.3	\$ 951.7	\$ 926.4	\$ 937.7	\$ 3,827.6	\$ 3,528.7	\$		

We conduct business in the following countries that hold 10 percent or more of our total consolidated Property, plant and equipment, net (in millions):

	As of December 31,	
	2023	2022
United States	\$ 1,265.1	\$ 1,101.8

Other countries

795.3 770.7

Property, plant and equipment, net

2,060.4 1,872.5

\$ \$

U.S. sales were \$

4,288.8
million, \$

4,012.4
million, and \$

3,853.9

million for the years ended December 31, 2023, 2022 and 2021, respectively. Sales within any other individual country were less than 10 percent of our consolidated sales in each of those years. Sales are attributable to a country based upon the customer's country of domicile.

20. Leases

We own most of our manufacturing facilities, but lease various office space, vehicles and other less significant assets throughout the world. Our contracts contain a lease if they convey a right to control the use of an identified

asset, either explicitly or implicitly, in exchange for consideration. We have elected not to recognize a right-of-use asset nor a lease liability for leases with an initial term of twelve months or less. Additionally, we have elected not to separate non-lease components from the leased components in the valuation of our right-of-use asset and lease liability for all asset classes. Our lease contracts are a necessary part of our business, but we do not believe they are significant to our overall operations. We do not have any significant finance leases. Additionally, we do not have significant leases: where we are considered a lessor; where we sublease our assets; with an initial term of twelve months or less; with related parties; with residual value guarantees; that impose restrictions or covenants on us; or that have not yet commenced, but create significant rights and obligations against us.

Our real estate leases generally have terms of between 5 to 10 years and contain lease extension options that can vary from month-to-month extensions to up to 5 year extensions. We include extension options in our lease term if we are reasonably certain to exercise that option. In determining whether an extension is reasonably certain, we consider the uniqueness of the property for our needs, the availability of similar properties, whether the extension period payments remain the same or may change due to market rates or fixed price increases in the contract, and other economic factors. Our vehicle leases generally have terms of between 3 to 5 years and contain lease extension options on a month-to-month basis. Our vehicle leases are generally not reasonably certain to be extended.

We are required to discount our lease liabilities to present value using the rate implicit in the lease, or our incremental borrowing rate for a similar term as the lease term if the implicit rate is not readily available. We generally do not have adequate information to know the implicit rate in a lease and therefore use our incremental borrowing rate. The incremental borrowing rate must be on a collateralized basis, but our debt arrangements are unsecured. We have determined our incremental borrowing rate by using our credit rating to estimate our unsecured borrowing rate and applying reasonable assumptions to reduce the unsecured rate for a risk adjustment effect from collateral.

Information on our leases is as follows (\$ in millions):

	For the Years Ended December 31,		
	2023	2022	2021
Lease cost			
	\$ 59.7	\$ 62.4	\$ 71.1
Cash paid for leases recognized in operating cash flows			
	\$ 62.8	\$ 65.2	\$ 70.5
Right-of-use assets obtained in exchange for new lease liabilities			
	\$ 77.8	\$ 72.0	\$ 88.8
Right-of-use assets recognized in Other assets			
	\$ 203.8	\$ 196.4	
Lease liabilities recognized in Other current liabilities			
	\$ 52.9	\$ 53.0	
Lease liabilities recognized in Other long-term liabilities			
	\$ 174.4	\$ 167.3	
Weighted-average remaining lease term			
	5.8 years	5.9 years	
Weighted-average discount rate			
	2.8 %	2.1 %	

Our variable lease costs are not significant.

Our future minimum lease payments as of December 31, 2023 were (in millions):

For the Years Ending December 31,	
2024	\$ 57.7
2025	48.1
2026	39.3

2027	31.3
2028	20.9
Thereafter	50.1
Total	247.4
Less imputed interest	20.1
Total	227.3
	\$

21. Commitments and Contingencies

88

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

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

We recognize litigation-related charges and gains in Selling, general and administrative expense on our consolidated statement of earnings. During the years ended December 31, 2023, 2022, and 2021, we recognized \$

21.6
million, \$

65.9
million and \$

201.0
million, respectively, of net litigation-related charges. At December 31, 2023 and 2022, accrued litigation liabilities were \$

244.1
million and \$

349.2
million, respectively. These litigation-related charges and accrued liabilities reflect all of our litigation-related contingencies and not just the matters discussed below. The ultimate cost of litigation could be materially different than the amount of the current estimates and accruals and could have a material adverse impact on our financial condition and results of operations.

Litigation

Durom Cup-related claims: On July 22, 2008, we temporarily suspended marketing and distribution of the Durom Cup in the U.S. Subsequently, a number of product liability lawsuits were filed against us in various U.S. and foreign jurisdictions. The plaintiffs seek damages for personal injury, and they generally allege that the Durom Cup contains defects that result in complications and revision of the device. We have settled the majority of these claims in the U.S., but other lawsuits are pending in various foreign jurisdictions and additional claims may be asserted in the future. The majority of claims outside the U.S. are pending in Germany, Netherlands and Italy.

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

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

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

Biomet metal-on-metal hip implant claims: Biomet is a defendant in a number of product liability lawsuits relating to metal-on-metal hip implants, most of which involve the M2a-Magnum hip system. Cases were originally

consolidated in an MDL in the U.S. District Court for the Northern District of Indiana (*In Re: Biomet M2a Magnum Hip Implant Product Liability Litigation*), but the majority of the claims in the U.S. have been settled. Trials may still occur in the future, and although each case will be tried on its particular facts, a verdict and subsequent final judgment for the plaintiff in one or more of these cases could have a substantial impact on our potential liability. Lawsuits are pending in various foreign jurisdictions and additional claims are expected to be asserted. We continue to refine our estimates of the potential liability to resolve the remaining claims and lawsuits. Although we are vigorously defending these lawsuits, their ultimate resolution is uncertain. We accrued a litigation-related charge in this matter based on an estimate of the reasonably possible loss, as discussed above.

Regulatory Matters, Government Investigations and Other Matters

FDA warning letter: In August 2018, we received a warning letter from the FDA related to observed non-conformities with current good manufacturing practice requirements of the Quality System Regulation (21 CFR Part 820) ("QSR") at our legacy Biomet manufacturing facility in Warsaw, Indiana (this facility is sometimes referred to in this report as the "Warsaw North Campus"). On December 27, 2023, the FDA notified us that the warning letter relating to the Warsaw North Campus had been resolved.

FDA Form 483 inspectional observations: We are in the process of addressing various FDA Form 483 inspectional observations at certain of our manufacturing facilities. The ultimate outcome of these matters is presently uncertain. Any adverse regulatory action, depending on its magnitude, may restrict us from effectively manufacturing, marketing and selling our products and could have a material adverse effect on our business, financial condition and results of operations.

Other Contingencies

Indemnifications: As part of the ZimVie spinoff, we agreed to indemnify ZimVie for certain legal and tax matters. Our responsibilities for legal indemnification were subject to a maximum amount that has been met and paid as of December 31, 2023. For tax matters, our indemnification is related to tax periods prior to the spinoff and any tax liabilities that may be incurred as part of the spinoff. We have maintained accruals based upon an estimate of any possible tax indemnifications.

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

0
to approximately \$

440
million.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures*Evaluation of Disclosure Controls and Procedures*

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

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of December 31, 2023, the end of the period covered by this report, our disclosure controls and procedures were effective at a reasonable assurance level.

Management's Annual Report on Internal Control over Financial Reporting

The management of Zimmer Biomet Holdings, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act, as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, and effected by the Company's board of directors, management and other personnel, 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 and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2023. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework* (2013).

Based on their assessment, management has concluded that, as of December 31, 2023, the Company's internal control over financial reporting is effective based on those criteria.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, audited the effectiveness of our internal control over financial reporting as of December 31, 2023 and issued an unqualified opinion thereon as stated in their report, which appears under Item 8 of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Audit and Other Services

During the fourth quarter of 2023, the Audit Committee of our Board of Directors approved the engagement of PricewaterhouseCoopers LLP, our independent registered public accounting firm, to perform certain audit, audit related and tax services. This disclosure is made pursuant to Section 10A(i) (2) of the Exchange Act.

Trading Plan Arrangements

During the three-month period ended December 31, 2023, no members of our Board of Directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, amended or terminated any contract, instruction or written plan for the purchase or sale of our securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any non-Rule 10b5-1 trading arrangement, as defined in rules of the Securities and Exchange Commission.

Change in Control Severance Agreement Amendments

Because we are filing this Annual Report on Form 10-K within four business days after the triggering event, we are making the following disclosure under this Item 9B instead of filing a Current Report on Form 8-K under Item 1.01, Entry into a Material Definitive Agreement and Item 5.02, Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers:

As part of the ongoing evaluation of its executive compensation programs, the Compensation and Management Development Committee of the Board of Directors of the Company reviewed the existing forms of Change in Control Severance Agreement for executive officers and approved certain modifications to the Change in Control Severance Agreements with executive officers that were entered into subsequent to 2009, in order to better conform to observed peer competitor practice. Therefore, effective as of February 19, 2024, the Company (or one of its subsidiaries) entered into: (i) an Amendment to Change in Control Severance Agreement (the "U.S. Amendment") with each of Ivan Tornos, President and Chief Executive Officer of the Company, and Suketu Upadhyay, the Company's Chief Financial Officer and Executive Vice President - Finance, Operations and Supply Chain, the form of which U.S. Amendment is attached hereto as Exhibit 10.51; (ii) an Amendment to Change in Control Severance Agreement (the "Swiss Amendment") with Wilfred van Zuijen, Group President, Europe, Middle East and Africa, the form of which Swiss Amendment is attached hereto as Exhibit 10.52; and (iii) a Deed of Amendment (the "Hong Kong Amendment"); together with the U.S. Amendment and Swiss Amendment, the "Amendments") with Sang Yi, Group President, Asia Pacific, the form of which Hong Kong Amendment is attached hereto as Exhibit 10.53. Messrs. Tornos, Upadhyay, van Zuijen and Yi are referred to as the "Executives."

The Executives' underlying Change in Control Severance Agreements provide for certain payments to an Executive if their employment is terminated in certain circumstances in connection with a change in control of the Company, and also imposes limits on such payments. Prior to the Amendments, the Executives' Change in Control Severance Agreements provided that, if amounts payable to an Executive under the Change in Control Severance Agreement or otherwise in connection with a change in control would be subject to the excise tax imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Excise Tax"), then the value of those payments would be reduced to the extent necessary so that the payments would not trigger that Excise Tax. The Amendments modify this provision so that, if amounts payable to an Executive under the Change in Control Severance Agreement or otherwise in connection with a change in control would be subject to the Excise Tax, then the value of those payments will either (i) be reduced to the extent necessary so that the payments will not trigger that Excise Tax, or (ii) be paid in full, depending on which course of action would result in the better net after-tax result for the Executive, taking into account the Excise Tax and any other applicable tax. Other than the Amendments, the Executives' Change in Control Severance Agreements continue in effect without further change.

Copies of the forms of the U.S. Amendment, Swiss Amendment and Hong Kong Amendment are filed as Exhibits 10.51, 10.52 and 10.53, respectively, hereto and incorporated by reference. This summary does not purport to be

complete and is subject to and qualified in its entirety by reference to the full text of each of the forms of Amendment.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this item is incorporated by reference from our definitive Proxy Statement for the annual meeting of stockholders to be held on May 10, 2024 (the "2024 Proxy Statement").

Information regarding our executive officers is included in Part I, Item 1 of this Annual Report on Form 10-K under the caption "Information About our Executive Officers."

We have adopted the Zimmer Biomet Code of Ethics for Chief Executive Officer and Senior Financial Officers (the "finance code of ethics"), a code of ethics that applies to our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and Corporate Controller, and other finance organization senior employees. The finance code of ethics is publicly available in the Investor Relations section of our website, which may be accessed from our homepage at www.zimmerbiomet.com or directly at <https://investor.zimmerbiomet.com>. If we make any substantive amendments to the finance code of ethics or grant any waiver, including any implicit waiver, from a provision of the code to our Chief Executive Officer, Chief Financial Officer, or Chief Accounting Officer and Corporate Controller, we will disclose the nature of that amendment in the Investor Relations section of our website.

Item 11. Executive Compensation

Information required by this item is incorporated by reference from our 2024 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this item is incorporated by reference from our 2024 Proxy Statement.

Item 13. Certain Relationships and Related Transactions and Director Independence

Information required by this item is incorporated by reference from our 2024 Proxy Statement.

Item 14. Principal Accountant Fees and Services

Information required by this item is incorporated by reference from our 2024 Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) (1) Financial Statements: See the Consolidated Financial Statements under Item 8 of this Report.

(2) Financial Statements Schedule

Schedule II. Valuation and Qualifying Accounts (in millions):

Description	Balance at Beginning of Period	Additions Charged (Credited) to Expense	Deductions / Other Additions to Reserve	Effects of Foreign Currency	Balance at End of Period
Allowance for Doubtful Accounts:					
Year Ended December 31, 2021				((
	\$ 58.6	\$ 12.4	\$ 9.0)	\$ 1.9)	\$ 60.1
Year Ended December 31, 2022					
				(
	60.1	22.5	7.6)	3.4	78.4
Year Ended December 31, 2023					
				((
	78.4	5.1	5.1)	3.3)	75.1
Deferred Tax Asset Valuation Allowances:					
Year Ended December 31, 2021				((
	\$ 527.3	\$ 2.6)	\$ 61.5) ⁽¹⁾	\$ 3.1)	\$ 460.1
Year Ended December 31, 2022					
				(
	460.1	3.0	2.0 ⁽¹⁾	1.9)	463.2
Year Ended December 31, 2023					
				(
	463.2	3.1)	3.7 ⁽¹⁾	0.8	464.6

(1) Primarily relate to amounts generated by tax rate changes or current year activity which have offsetting changes to the associated attribute and therefore there is no resulting impact on tax expense in the consolidated financial statements.

Other financial statement schedules are omitted because they are not applicable or the required information is shown in the financial statements or the notes thereto.

(3) Exhibits: See Index to Exhibits below

INDEX TO EXHIBITS

Exhibit No	Description
2.1	Separation and Distribution Agreement, dated as of March 1, 2022, by and between Zimmer Biomet Holdings, Inc. and ZimVie Inc. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed March 1, 2022)
3.1	Restated Certificate of Incorporation of Zimmer Biomet Holdings, Inc., dated May 17, 2021 (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed May 20, 2021)
3.2	Restated Bylaws of Zimmer Biomet Holdings, Inc., effective December 14, 2022 (incorporated by reference to Exhibit 3.2 to the Registrant's Annual Report on Form 10-K filed February 24, 2023)
4.1	Description of Securities Registered under Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to Exhibit 4.1 to the Registrant's Annual Report on Form 10-K filed February 24, 2023)
4.2	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q filed August 5, 2019)
4.3	Indenture dated as of November 17, 2009 between Zimmer Holdings, Inc. (now known as Zimmer Biomet Holdings, Inc.) and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed December 13, 2016)
4.4	First Supplemental Indenture to the Indenture dated as of November 17, 2009 between Zimmer Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed November 17, 2009)
4.5	Form of 5.750% Note due 2039 (incorporated by reference to Exhibit 4.4 above)
4.6	Second Supplemental Indenture dated as of November 10, 2011, to the Indenture dated as of November 17, 2009 between Zimmer Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed November 10, 2011)
4.7	Third Supplemental Indenture, dated as of March 19, 2015, to the Indenture dated as of November 17, 2009 between Zimmer Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed March 19, 2015)
4.8	Form of 3.550% Notes due 2025 (incorporated by reference to Exhibit 4.7 above)
4.9	Form of 4.250% Notes due 2035 (incorporated by reference to Exhibit 4.7 above)
4.10	Form of 4.450% Notes due 2045 (incorporated by reference to Exhibit 4.7 above)
4.11	Fourth Supplemental Indenture, dated as of December 13, 2016, between Zimmer Biomet Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed December 13, 2016)
4.12	Form of 2.425% Notes due 2026 (incorporated by reference to Exhibit 4.11 above)
4.13	Agency Agreement, dated as of December 13, 2016, by and among Zimmer Biomet Holdings, Inc., as issuer, Elavon Financial Services DAC, UK Branch, as paying agent, Elavon Financial Services DAC, as registrar and transfer agent, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed December 13, 2016)
4.14	Amendment No. 1, dated as of January 4, 2017, to the Agency Agreement dated as of December 13, 2016, by and among Zimmer Biomet Holdings, Inc., as issuer, Elavon Financial Services DAC, UK Branch, as paying agent, Elavon Financial Services DAC, as original registrar and original transfer agent, U.S. Bank National Association, as successor registrar and successor transfer agent, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form 8-A filed January 4, 2017)
4.15	Fifth Supplemental Indenture, dated as of March 19, 2018, between Zimmer Biomet Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed March 19, 2018)
4.16	Sixth Supplemental Indenture, dated as of November 15, 2019, between Zimmer Biomet Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed November 15, 2019)
4.17	Form of 1.164% Notes due 2027 (incorporated by reference to Exhibit 4.16 above)
4.18	Agency Agreement, dated as of November 15, 2019, by and between Zimmer Biomet Holdings, Inc., as issuer, Elavon Financial Services DAC, UK Branch, as paying agent, U.S. Bank National Association, as transfer agent and

[registrar, and Wells Fargo Bank, National Association, as trustee \(incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed on November 15, 2019\)](#)

4.19 [Seventh Supplemental Indenture, dated as of March 20, 2020, between Zimmer Biomet Holdings, Inc. and Wells Fargo Bank, National Association, as trustee \(incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed March 20, 2020\)](#)

4.20 [Form of 3.050% Notes due 2026 \(incorporated by reference to Exhibit 4.19 above\)](#)

4.21 [Form of 3.550% Notes due 2030 \(incorporated by reference to Exhibit 4.19 above\)](#)

4.22 [Eighth Supplemental Indenture, dated as of November 24, 2021, between Zimmer Biomet Holdings, Inc. and Computershare Trust Company, N.A., as trustee \(incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed November 24, 2021\)](#)

4.23 [Form of 1.450% Notes due 2024 \(incorporated by reference to Exhibit 4.22 above\)](#)

4.24 [Form of 2.600% Notes due 2031 \(incorporated by reference to Exhibit 4.22 above\)](#)

4.25 [Ninth Supplemental Indenture, dated as of December 1, 2023, between Zimmer Biomet Holdings, Inc. and Computershare Trust Company, N.A., as trustee \(incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed December 1, 2023\)](#)

4.26 [Form of 5.350% Notes due 2028 \(incorporated by reference to Exhibit 4.25 above\)](#)

10.1* [Zimmer Biomet Holdings, Inc. Executive Performance Incentive Plan, as amended May 7, 2013 and further amended as of June 24, 2015 \(incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed November 9, 2015\)](#)

10.2* [Amendment to Zimmer Biomet Holdings, Inc. Executive Performance Incentive Plan \(incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed January 7, 2016\)](#)

10.3* [Amendment to Zimmer Biomet Holdings, Inc. Executive Performance Incentive Plan, Effective May 7, 2020 \(incorporated by reference to Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q filed May 11, 2020\)](#)

10.4* [Amended and Restated Zimmer Biomet Deferred Compensation Plan, effective as of January 1, 2022 \(incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed May 5, 2022\)](#)

10.5* [Restated Zimmer Biomet Holdings, Inc. Long Term Disability Income Plan for Highly Compensated Employees \(incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed January 7, 2016\)](#)

10.6* [Restated Benefit Equalization Plan of Zimmer Holdings, Inc. and Its Subsidiary or Affiliated Corporations Participating in the Zimmer Holdings, Inc. Savings and Investment Program \(incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K filed February 27, 2009\)](#)

10.7* [First Amendment to the Restated Benefit Equalization Plan of Zimmer Holdings, Inc. and its Subsidiary or Affiliated Corporations Participating in the Zimmer Holdings, Inc. Savings and Investment Program \(incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed January 7, 2016\)](#)

10.8* [Offer Letter, dated as of August 21, 2023, by and between Zimmer Biomet Holdings, Inc. and Ivan Tornos \(incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed August 22, 2023\)](#)

10.9* [Change in Control Severance Agreement, dated as of August 21, 2023, by and between Zimmer Biomet Holdings, Inc. and Ivan Tornos \(incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed August 22, 2023\)](#)

10.10* [Chief Executive Officer Confidentiality, Non-Competition and Non-Solicitation Agreement, dated as of August 21, 2023, by and between Zimmer Biomet Holdings, Inc. and Ivan Tornos \(incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed August 22, 2023\)](#)

10.11* [Form of Change in Control Severance Agreement with Rachel Ellingson, Paul Stellato, Suketu Upadhyay and Lori Winkler \(incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K filed February 26, 2019\)](#)

10.12* [Form of Confidentiality, Non-Competition and Non-Solicitation Agreement with Suketu Upadhyay, Rachel Ellingson and Lori Winkler \(incorporated by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K filed February 26, 2019\)](#)

10.13* [Swiss Employment Agreement by and between Zimmer GmbH and Wilfred van Zuilen dated as of May 5, 2021 \(incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed August 3, 2021\)](#)

10.14* [Offer Letter by and between Zimmer Biomet Holdings, Inc. and Wilfred van Zuilen dated as of May 5, 2021 \(incorporated by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q filed August 3, 2021\)](#)

10.15*	Change in Control Severance Agreement by and between Zimmer GmbH and Wilfred van Zuilen (incorporated by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q filed August 3, 2021)
10.16*	Confidentiality, Non-Competition and Non-Solicitation Agreement by and between Zimmer GmbH and Wilfred van Zuilen (incorporated by reference to Exhibit 10.7 to the Quarterly Report on Form 10-Q filed August 3, 2021)
10.17*	Offer Letter between Zimmer Biomet Holdings, Inc. and Suketu Upadhyay dated June 13, 2019 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed June 19, 2019)
10.18*	Letter of Appointment by and between Zimmer Asia (HK) Limited and Sang Yi dated June 15, 2020 (incorporated by reference to Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q filed August 5, 2020)
10.19*	Change in Control Severance Agreement with Sang Yi dated June 15, 2020 (incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q filed August 5, 2020)
10.20*	Confidentiality, Non-Competition and Non-Solicitation Agreement with Sang Yi dated June 15, 2020 (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q filed August 5, 2020)
10.21*	Form of Change in Control Severance Agreement with Chad F. Phipps (incorporated by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K filed February 27, 2009)
10.22*	Form of Confidentiality, Non-Competition and Non-Solicitation Agreement with Chad F. Phipps (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed June 26, 2015)
10.23*	Offer Letter by and between Zimmer Biomet Holdings, Inc. and Paul Stellato dated as of April 5, 2022 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed May 16, 2022)
10.24*	Form of Confidentiality, Non-Competition and Non-Solicitation Agreement with Paul Stellato (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed May 16, 2022)
10.25*	Restated Zimmer Biomet Holdings, Inc. Executive Severance Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed August 6, 2018)
10.26*	Amendment to Restated Zimmer Biomet Holdings, Inc. Executive Severance Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed May 5, 2022)
10.27*	Zimmer Biomet Holdings, Inc. Amended Stock Plan for Non-Employee Directors, as amended May 14, 2021 (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed May 20, 2021)
10.28*	Form of Restricted Stock Unit Award Letter under the Zimmer Biomet Holdings, Inc. Stock Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.23 to the Registrant's Annual Report on Form 10-K filed February 29, 2016)
10.29*	Zimmer Biomet Holdings, Inc. Deferred Compensation Plan for Non-Employee Directors, as amended August 25, 2023 (incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q filed November 7, 2023)
10.30*	Form of Indemnification Agreement with Non-Employee Directors and Officers (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed July 31, 2008)
10.31*	Zimmer Biomet Holdings, Inc. Executive Physical Sub Plan (incorporated by reference to Exhibit 10.47 to the Registrant's Annual Report on Form 10-K filed February 26, 2019)
10.32*	Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan (As Amended on May 14, 2021) (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed May 20, 2021)
10.33*	Form of Nonqualified Stock Option Award Agreement (four-year vesting) under the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.32 to the Registrant's Annual Report on Form 10-K filed February 21, 2020)
10.34*	Form of Nonqualified Stock Option Award Agreement (two-year vesting) under the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.37 to the Registrant's Annual Report on Form 10-K filed February 27, 2018)
10.35*	Form of Nonqualified Stock Option Award Agreement (three-year vesting) under the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.34 to the Registrant's Annual Report on Form 10-K filed February 25, 2022)
10.36*	Form of Performance-Based Restricted Stock Unit Award Agreement (2020) under the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.37 to the Registrant's Annual Report on Form 10-K filed February 21, 2020)

10.37*	Form of Performance-Based Restricted Stock Unit Award Agreement (2022) under the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.38 to the Registrant's Annual Report on Form 10-K filed February 25, 2022)
10.38*	Form of Restricted Stock Unit Award Agreement (four-year vesting) under the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.38 to the Registrant's Annual Report on Form 10-K filed February 21, 2020)
10.39*	Form of Restricted Stock Unit Award Agreement (three-year vesting) under the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.40 to the Registrant's Annual Report on Form 10-K filed February 25, 2022)
10.40*	Form of Restricted Stock Unit Award Agreement (two-year cliff vesting) under the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed August 6, 2018)
10.41	Tax Matters Agreement, dated as of March 1, 2022, by and between Zimmer Biomet Holdings, Inc. and ZimVie Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed March 1, 2022)
10.42	Employee Matters Agreement, dated as of March 1, 2022, by and between Zimmer Biomet Holdings, Inc. and ZimVie Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed March 1, 2022)
10.43	Transition Services Agreement, dated as of March 1, 2022, by and between Zimmer Biomet Holdings, Inc. and ZimVie Inc. (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed March 1, 2022)
10.44	Intellectual Property Matters Agreement, dated as of March 1, 2022, by and between Zimmer Biomet Holdings, Inc. and ZimVie Inc. (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed March 1, 2022)
10.45	Stockholder and Registration Rights Agreement, dated as of March 1, 2022, by and between Zimmer Biomet Holdings, Inc. and ZimVie Inc. (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed March 1, 2022)
10.46	Transition Manufacturing and Supply Agreement, dated as of March 1, 2022, by and between Zimmer, Inc. and ZimVie Inc. (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed March 1, 2022)
10.47	Reverse Transition Manufacturing and Supply Agreement, dated as of March 1, 2022, by and between Zimmer, Inc. and ZimVie Inc. (incorporated by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8-K filed March 1, 2022)
10.48	Transitional Trademark License Agreement, dated as of March 1, 2022, by and between Zimmer Biomet Holdings, Inc. and ZimVie Inc. (incorporated by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K filed March 1, 2022)
10.49	Five-Year Revolving Credit Agreement, dated as of July 7, 2023, among Zimmer Biomet Holdings, Inc., the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed July 10, 2023)
10.50	364-Day Revolving Credit Agreement, dated as of July 7, 2023, among Zimmer Biomet Holdings, Inc., the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed July 10, 2023)
10.51*	Form of Amendment to Change in Control Severance Agreement with Ivan Tornos, Suketu Upadhyay, Rachel Ellingson, Lori Winkler and Paul Stellato
10.52*	Amendment to Change in Control Severance Agreement dated February 19, 2024 between Zimmer GmbH and Wilfred van Zuijen
10.53*	Deed of Amendment dated February 19, 2024 between Zimmer Asia (HK) Limited and Sang-Uk Yi
10.54*	Form of Change in Control Severance Agreement with Mark Bezjak
21	List of Subsidiaries of Zimmer Biomet Holdings, Inc.
23	Consent of PricewaterhouseCoopers LLP
31.1	Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934 of the Chief Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934 of the Chief Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32 [Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)

97.1 [Zimmer Biomet Holdings, Inc. Compensation Recovery Policy, effective October 2, 2023](#)

101.INS Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.

101.SCH Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents

104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

None

100

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.

ZIMMER BIOMET HOLDINGS, INC.

Dated: February 23, 2024

By: /s/ Ivan Tornos
Ivan Tornos
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Ivan Tornos Ivan Tornos	President, Chief Executive Officer and Director (Principal Executive Officer)	February 23, 2024
/s/ Suketu Upadhyay Suketu Upadhyay	Chief Financial Officer and Executive Vice President - Finance, Operations and Supply Chain (Principal Financial Officer)	February 23, 2024
/s/ Paul Stellato Paul Stellato	Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)	February 23, 2024
/s/ Christopher Begley Christopher Begley	Director	February 23, 2024
/s/ Betsy Bernard Betsy Bernard	Director	February 23, 2024
/s/ Michael Farrell Michael Farrell	Director	February 23, 2024
/s/ Robert Hagemann Robert Hagemann	Director	February 23, 2024
/s/ Arthur Higgins Arthur Higgins	Director	February 23, 2024
/s/ Maria Teresa Hilado Maria Teresa Hilado	Director	February 23, 2024
/s/ Syed Jafry Syed Jafry	Director	February 23, 2024
/s/ Sreelakshmi Kolli Sreelakshmi Kolli	Director	February 23, 2024
/s/ Michael Michelson Michael Michelson	Director	February 23, 2024
/s/ Louis A. Shapiro Louis A. Shapiro	Director	February 23, 2024

**AMENDMENT TO
CHANGE IN CONTROL SEVERANCE AGREEMENT**

This Amendment to Change in Control Severance Agreement (this "Amendment") is made by and between ZIMMER BIOMET HOLDINGS, INC., a Delaware corporation (the "Company") and _____ (the "Executive"), as of _____ (the "Effective Date"). The Company and Executive are hereinafter collectively referred to as the "Parties."

Recitals

- A. The Company and the Executive are parties to that certain Change in Control Severance Agreement made and entered into effective as of _____ (the "Agreement"); and
- B. The Company and the Executive desire to amend the Agreement, to address certain tax provisions; and
- C. The Company and the Executive desire to amend the provisions of the Agreement as set forth in this Amendment.

Agreement

In consideration of the above recitals and the mutual covenants and agreements set forth in this Amendment, and for other valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

1. Effective as of the Effective Date, Section 3.03 of the Agreement is deleted in its entirety and replaced with the following:

SECTION 3.03. Limitation on Severance Payments.

- (a) Notwithstanding any other provision to the contrary, in the event that any Severance Payments paid or payable to the Executive or for his benefit pursuant to the terms of this Agreement or other payments and benefits the Executive is entitled to receive, has received or would receive in connection with a "change in ownership or control" as defined in Code Section 280G, whether pursuant to this Agreement or otherwise (collectively, the "Total Payments") would be subject to any Excise Tax, then, depending on whichever alternative produces the better net after-tax result for the Executive (taking into account any applicable Excise Tax and any other applicable tax), the value of the Total Payments will either:
 - (i) Be reduced to the extent necessary so that, within the meaning of Code Section 280G(b)(2)(A)(ii), the aggregate present value of the payments in the nature of compensation to (or for the benefit of) the Executive that are contingent on a change in ownership or control under Code Section 280G,

do not exceed 2.999 multiplied by the Base Amount. For this purpose, cash payments will be reduced first (if necessary, to zero), and all other, non-cash payments will be reduced next (if necessary, to zero). For purposes of the limitation described in the preceding sentence, the following will not be taken into account: (1) any portion of the Total Payments the receipt or enjoyment of which the Executive effectively waived in writing prior to the Date of Termination, and (2) any portion of the Total Payments that, in the opinion of the Accounting Firm, does not constitute a "parachute payment" within the meaning of Code Section 280G(b)(2); or

- (ii) be paid in full.

For the avoidance of doubt, this Section 3.03(a) shall reduce the Total Payments otherwise payable to the Executive only if doing so would place the Executive in a better net after-tax economic position as compared to not doing so (taking into account any Excise Taxes payable in respect of such Total Payments).

- (b) For purposes of this Section 3.03, the determination of whether any portion of the Total Payments would be subject to an Excise Tax will be made by an Accounting Firm selected by the Company and reasonably acceptable to the Executive. For purposes of that determination, the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments will be determined by the Accounting Firm in accordance with the principles of Code Section 280G(d)(3) and (4).

2. Effective as of the Effective Date, Section 3.04 is amended to add a new subsection (d) to read as follows:

- (d) Notwithstanding any other provision to the contrary, if any payments are reduced by the operation of Section 3.03, such reduction in payments shall be first applied to reduce any cash payments that the Executive would otherwise be entitled to receive (whether pursuant to this Agreement or otherwise) and shall thereafter be applied to reduce other payments and benefits, in each case, in reverse order beginning with the payments or benefits that are to be paid the furthest in time from the date of such determination, unless, to the extent permitted by the Section 409A Standards, the Executive elects to have the reduction in payments applied in a different order; provided that, in no event may such payments be reduced in a manner that would result in subjecting the Executive to additional taxation under the Section 409A Standards.

- 3. Executive understands and voluntarily consents to each of the changes to the Agreement as included in this Amendment.
- 4. All capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.
- 5. Other than as expressly amended in this Amendment, the Agreement shall continue in full force and effect, as so amended by this Amendment.

[signature page follows]

IN WITNESS WHEREOF, the Parties have knowingly executed and delivered this Amendment as of the Effective Date first set forth above.

ZIMMER BIOMET HOLDINGS, INC.

Name:
Title:

EXECUTIVE

Printed:_____

Amendment to Change in Control Severance Agreement

Recitals

(A) On 5 May 2021, Zimmer GmbH ("Employer" or "Company" as case may be) and Wilfred van Zuilen ("Executive"; the Employer and the Executive each individually, a "Party" and together, the "Parties") have entered into a Change in Control Severance Agreement ("CIC Agreement").

(B) The Parties know wish to amend the CIC Agreement.

Now, therefore, the Parties have concluded the following amendment to the CIC Agreement ("Amendment"):

1. General Remarks

Defined terms as used herein and not defined elsewhere in this Amendment, shall have the meaning ascribed to them in Annex 1 to the CIC Agreement.

The Parties acknowledge and confirm that, except as provided for in this Amendment, the CIC Agreement remains unaltered and valid for both Parties.

2. Entry into Force

This Amendment shall enter into force as of February 19, 2024.

3. Amendments of Sections of the CIC Agreement

3.1 Amendment of Section 1 of the CIC Agreement (Term of Agreement)

The Parties agree that Section 1 of the CIC Agreement shall be fully replaced by the following:

"1. Term of Agreement

The CIC Agreement incl. Amendment will commence on the date stated above and will continue in effect through December 31, 2024. Beginning on January 1, 2025, and each subsequent January 1, the term of the CIC Agreement incl. Amendment will automatically be extended for one additional year, unless either party gives the other party written notice not to extend the CIC Agreement incl. Amendment at least 30 days before the extension would otherwise become effective or unless a Change in Control occurs. If a Change in Control occurs during the term of the CIC Agreement incl. Amendment, CIC Agreement incl. Amendment will continue in effect for a period

of 24 months from the end of the month in which the Change in Control occurs. Notwithstanding the foregoing provisions of this Article, the CIC Agreement incl. Amendment will terminate on the Executive's retirement date, as defined under Swiss law."

3.2 Amendment of Section 3.1 of the CIC Agreement (Payment Triggers)

The Parties agree that Section 3.1 of the CIC Agreement shall be fully replaced by the following:

"3.1 Payment Triggers

(a) Severance Payment Triggers

In addition to the payments as set out in Section 2 of the CIC Agreement, but in lieu of any other severance compensation or benefits to which the Executive may otherwise be entitled under any plan, program, policy, or arrangement of the Company or by law in particular due to abusive termination under Art. 336a Swiss Code of Obligations (and which the Executive hereby expressly waives), the Company will pay the Executive the Severance Payments described in Section 3.2 of the CIC Agreement upon termination of the Executive's employment following a Change in Control and during the term of this Amendment, unless the termination is (1) by the Company for Cause, (2) by reason of the Executive's death, or (3) by the Executive without Good Reason.

For purposes of this Section 3.1, the Executive's employment will be deemed to have been terminated following a Change in Control by the Company without Cause or by the Executive with Good Reason if (1) the Executive's employment is terminated without Cause prior to a Change in Control at the direction of a Person who has entered into an agreement with the Ultimate Parent Company, the consummation of which will constitute a Change in Control; or (2) the Executive terminates his employment with Good Reason prior to a Change in Control (determined by treating a Potential Change in Control as a Change in control in applying the definition of Good Reason), if the circumstance or event that constitutes Good Reason occurs at the direction of such a Person.

The Severance Payments described in Article 3 of the CIC Agreement incl. Amendment are subject to the conditions stated in Section 4 of the CIC Agreement.

(b) Severance Payment Adjustments

If and to the extent the Severance Payments were, at the time of their payment, to be deemed a golden parachute or similar arrangement that the Company is prohibited to pay under the laws where the Company is incorporated and has its registered office or the costs associated with the Severance Payments could no longer be booked as expenditures in the Company's profit and loss statement (a "Parachute Payment") then, depending on whichever alternative produces the better net after-tax result for the Executive, the value of the Severance Payments will either:

Amendment to Change in Control Severance Agreement

i. Be reduced in part or in their totality to the extent necessary so that the Severance Payments are not, at the time of their payment, deemed to be Parachute Payments. For this purpose, cash Severance Payments will be reduced first (if necessary, to zero), and all other, non-cash Severance Payments will be reduced next (if necessary, to zero). For purposes of the limitation described in the preceding sentence, the following will not be taken into account: (1) any portion of the Severance Payments the receipt or enjoyment of which the Executive effectively waived in writing prior to the Date of Termination, and (2) any portion of the Severance Payments that, in the opinion of the Company's accounting firm, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the U.S. Internal Revenue Code of 1986, as amended, and its interpretive rules and regulations.

or

ii. Be paid in full.

For the avoidance of doubt, this Section 3.1(b) shall reduce the Severance Payments otherwise payable to the Executive only if doing so would place the Executive in a better net after-tax economic position as compared with not doing so (taking into the account any excise taxes payable in respect of such Severance Payments)."

4. Governing Law and Jurisdiction

This Amendment shall be governed by, interpreted and construed in accordance with the substantive laws of Switzerland.

The ordinary courts and at the registered office of the Company shall have exclusive jurisdiction for all disputes arising out of or in connection with this Amendment.

Zimmer GmbH

/s/ Guillaume Génin /s/ Rachel Stauffer
 Guillaume Génin Rachel Stauffer
 Vice President EMEA Counsel Vice President Human Resources EMEA

Executive

/s/ Wilfred van Zuilen
 Wilfred van Zuilen

DEED OF AMENDMENT

THIS DEED is made on February 19, 2024

BETWEEN:

(1) **Zimmer Asia (HK) Limited**, a company incorporated in Hong Kong (registered number 52194097) (the "Company"); and
(2) **Yi Sang-Uk** (the "Executive").

BACKGROUND:

(A) The Company and the Executive have entered into a Change in Control Severance Agreement on June 15, 2020 (the "Agreement").
(B) The Company and the Executive have agreed to amend the Agreement as set out in this deed.

OPERATIVE TERMS:

(A) INTERPRETATION

Words and meanings defined in the Agreement have the same meaning in this deed unless otherwise specified or required by the context.

1. AMENDMENT

With effect from the date of this deed, clause 3.1 of the Agreement be deleted in its entirety and replaced with the following:

"Payment Triggers

In addition to the payments as set out in Section 2 above, but in lieu of any other severance compensation or benefits to which the Executive may otherwise be entitled under any plan, program, policy, or arrangement of the Company, the Company will pay the Executive the Severance Payments described in Section 3.2 upon termination of the Executive's employment following a Change in Control and during the term of this Agreement, unless the termination is (1) by the Company for Cause, (2) by reason of the Executive's death, or (3) by the Executive without Good Reason.

For purposes of this Section 3.1, the Executive's employment will be deemed to have been terminated following a Change in Control by the Company without Cause or by the Executive with Good Reason if (1) the Executive's employment is terminated without Cause prior to a Change in Control at the direction of a Person who has entered into an agreement with the Ultimate Parent Company, the consummation of which will constitute a Change in Control; or (2) the Executive terminates his employment with Good Reason prior to a Change in Control (determined by treating a Potential Change in Control as a Change in Control in applying the definition of Good Reason), if the circumstance or event that constitutes Good Reason occurs at the direction of such a Person.

The Severance Payments described in this Section 3 are subject to the conditions stated in Section 4 below.

If and to the extent the Severance Payments were, at the time of their payment, to be deemed a golden parachute or similar arrangement that the Company is prohibited to pay under the laws of Hong Kong and has its registered office or the costs associated with the

Severance Payments could no longer be booked as expenditures in the Company's profit and loss statement (a "**Parachute Payment**") then, depending on whichever alternative produces the better net after-tax result for the Executive, the value of the Severance Payments will either:

i. Be reduced in part or in their totality to the extent necessary so that the Severance Payments are not, at the time of their payment, deemed to be Parachute Payments. For this purpose, cash Severance Payments will be reduced first (if necessary, to zero), and all other, non-cash Severance Payments will be reduced next (if necessary, to zero). For purposes of the limitation described in the preceding sentence, the following will not be taken into account:

(2) any portion of the Severance Payments the receipt or enjoyment of which the Executive effectively waived in writing prior to the Date of Termination, and

(3) any portion of the Severance Payments that, in the opinion of the Company's accounting firm, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the U.S. Internal Revenue Code of 1986, as amended, and its interpretive rules and regulations.

OR

ii. Be paid in full.

For the avoidance of doubt:

(b) this Section 3.1 shall reduce the Severance Payments otherwise payable to the Executive only if doing so would place the Executive in a better net after-tax economic position as compared with not doing so (taking into the account any excise taxes payable in respect of such Severance Payments); and

(c) any Severance Payments paid to the Executive under this Agreement shall be inclusive of any termination payment (including but not limited to statutory severance payment) which the Company is required to pay the Executive upon termination of his employment under applicable laws."

2. AGREEMENT CONTINUES IN FULL FORCE AND EFFECT

The Agreement as amended by this deed continues in full force and effect in all respects.

3. ENTIRE AGREEMENT

This deed and the Agreement (as amended by this deed) contain the entire agreement and understanding of the parties and supersede all prior agreements, understandings or arrangements (both oral and written) relating to the subject matter of this deed and the Agreement.

4. INVALIDITY

If a provision of this deed is found to be illegal, invalid or unenforceable, then to the extent it is illegal, invalid or unenforceable, that provision will be given no effect and will be treated as though it were not included in this deed, but the validity or enforceability of the remaining provisions of this deed will not be affected.

5. COUNTERPARTS

This deed may be entered into in any number of counterparts and any party may enter into this deed by executing any counterpart. A counterpart constitutes an original of this deed and all executed counterparts together have the same effect as if each party had executed the same document.

6. THIRD PARTY RIGHTS

Unless expressly provided to the contrary in this deed, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce or to enjoy the benefit of any term of this deed.

7. GOVERNING LAW

This deed and any disputes relating to this deed, including those pertaining to or arising out of its interpretation, performance, amendment or enforcement, are governed by Hong Kong law and the parties submit to the non-exclusive jurisdiction of the Hong Kong courts and tribunals.

[Signature page to follow]

This document has been executed as a deed and is delivered on the date stated at the beginning of it.

EXECUTED and DELIVERED

as a deed by **Zimmer Asia (HK) Limited**
acting by two directors

)
) /s/ Sui, Chin Fung, Eric, Director
) Sui, Chin Fung, Eric, Director
)
) /s/ Sang-Uk Yi
Yi, Sang Uk, Director

SIGNED SEALED and DELIVERED

as a deed by **Yi Sang Uk**

)
) /s/ Sang Uk Yi
Yi, Sang Uk

Witness: /s/ Hin Yi Chan

Name: Hin Yi Chan

CHANGE IN CONTROL SEVERANCE AGREEMENT

THIS AGREEMENT, dated as of _____, is made by and between ZIMMER BIOMET HOLDINGS, INC., a Delaware corporation (the "Company"), and _____ (the "Executive"). The capitalized words and terms used throughout this Agreement are defined in Article XIII.

Recitals

- A. The Company considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel.
- B. The Board recognizes that, as is the case with many publicly held corporations, the possibility of a Change in Control exists and that such a possibility, and the uncertainty and questions that it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its stockholders.
- C. The Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a Change in Control.
- D. The parties intend that no amount or benefit will be payable under this Agreement unless a termination of the Executive's employment with the Company occurs following a Change in Control, or is deemed to have occurred following a Change in Control, as provided in this Agreement.

Agreement

In consideration of the premises and the mutual covenants and agreements set forth below, the Company and the Executive agree as follows:

ARTICLE I

Term of Agreement

This Agreement will commence on the date stated above and will continue in effect through December 31, 2024. Beginning on January 1, 2025, and each subsequent January 1, the term of this Agreement will automatically be extended for one additional year, unless either party gives the other party written notice not to extend this Agreement at least 30 days before the extension would otherwise become effective or unless a Change in Control occurs. If a Change in Control occurs during the term of this Agreement, this Agreement will continue in effect for a period of 24 months from the end of the month in which the Change in Control occurs.

ARTICLE II

Compensation other than Severance Payments

SECTION 2.01. Disability Benefits. Following a Change in Control and during the term of this Agreement, during any period that the Executive fails to perform the Executive's full-time duties with the Company as a result of Disability, the Executive will receive short-term and long-term disability benefits as provided under short-term and long-term disability plans having terms no less favorable than the terms of the Company's short-term and long-term disability plans as in effect immediately prior to the Change in Control, together with all other compensation and benefits payable to the Executive pursuant to the terms of any compensation

or benefit plan, program, or arrangement maintained by the Company during the period of Disability.

SECTION 2.02. Compensation Previously Earned. If the Executive's employment is terminated for any reason following a Change in Control and during the term of this Agreement, the Company will pay the Executive's salary accrued through the Date of Termination, at the rate in effect at the time the Notice of Termination is given, together with all other compensation and benefits payable to the Executive through the Date of Termination under the terms of any compensation or benefit plan, program, or arrangement maintained by the Company during that period.

SECTION 2.03. Normal Post-Termination Compensation and Benefits. Except as provided in Section 3.01, if the Executive's employment is terminated for any reason following a Change in Control and during the term of this Agreement, the Company will pay the Executive the normal post-termination compensation and benefits payable to the Executive under the terms of the Company's retirement, insurance, and other compensation or benefit plans, programs, and arrangements, as in effect immediately prior to the Change in Control. This provision does not restrict the Company's right to amend, modify, or terminate any plan, program, or arrangement prior to a Change in Control.

SECTION 2.04. No Duplication. Notwithstanding any other provision of this Agreement to the contrary, the Executive will not be entitled to duplicate benefits or compensation under this Agreement and the terms of any other plan, program, or arrangement maintained by the Company or any affiliate.

ARTICLE III

Severance Payments

SECTION 3.01. Payment Triggers

(a) In lieu of any other severance compensation or benefits to which the Executive may otherwise be entitled under any agreement, plan, program, policy, or arrangement of the Company (and which the Executive hereby expressly waives), the Company will pay the Executive the Severance Payments described in Section 3.02 upon termination of the Executive's employment following a Change in Control and during the term of this Agreement, in addition to the payments and benefits described in Article II, unless the termination is (1) by the Company for Cause, (2) by reason of the Executive's death, or (3) by the Executive without Good Reason.

(b) For purposes of this Section 3.01, the Executive's employment will be deemed to have been terminated following a Change in Control by the Company without Cause or by the Executive with Good Reason if (1) the Executive's employment is terminated without Cause prior to a Change in Control at the direction of a Person who has entered into an agreement with the Company, the consummation of which will constitute a Change in Control; or (2) the Executive terminates his employment with Good Reason prior to a Change in Control (determined by treating a Potential Change in Control as a Change in Control in applying the definition of Good Reason), if the circumstance or event that constitutes Good Reason occurs at the direction of such a Person.

(c) The Severance Payments described in this Article III are subject to the conditions stated in Article VI.

SECTION 3.02. Severance Payments. The following are the Severance Payments referenced in Section

3.01:

(a) Lump Sum Severance Payment. In lieu of any further salary payments to the Executive for periods after the Date of Termination, and in lieu of any severance benefits otherwise payable to the Executive, the Company will pay to the Executive, in accordance with Section 3.04, a lump sum severance payment, in cash, equal to two (2) times the sum of (1) the higher of the Executive's annual base salary in effect immediately prior to the event or circumstance upon which the Notice of Termination is based or in effect immediately prior to the Change in Control, and (2) if Severance Payments are triggered under Section 3.01(a), the amount of the Executive's target annual bonus entitlement under the Incentive Plan (or any other bonus plan of the Company then in effect) as in effect immediately prior to the event or circumstance giving rise to the Notice of Termination, or, if Severance Payments are triggered under Section 3.01(b), the amount of the largest aggregate annual bonus paid to the Executive with respect to the three years immediately prior to the year in which the Notice of Termination was given. If the Board determines that it is not workable to determine the amount that the Executive's target bonus would have been for the year in which the Notice of Termination was given, then, for purposes of this paragraph (a), the Executive's target annual bonus entitlement will be the amount of the largest aggregate annual bonus paid to the Executive with respect to the three years immediately prior to the year in which the Notice of Termination was given.

(b) Incentive Compensation. Notwithstanding any provision of the Incentive Plan or any other compensation or incentive plans of the Company, the Company will pay to the Executive, in accordance with Section 3.04, a lump sum amount, in cash, equal to the sum of (1) any incentive compensation that has been allocated or awarded to the Executive for a completed calendar year or other measuring period preceding the Date of Termination (to the extent not payable pursuant to Section 2.02) provided that, if Severance Payments are triggered under

Section 3.01(b), the performance conditions applicable to such incentive compensation are met, and (2) if Severance Payments are triggered under Section 3.01(a), a pro rata portion (based on elapsed time) to the Date of Termination of the aggregate value of all contingent incentive compensation awards to the Executive for the current calendar year or other measuring period under the Incentive Plan, the Award Plan, or any other compensation or incentive plans of the Company, calculated as to each such plan using the Executive's annual target percentage under that plan for that year or other measuring period and as if all conditions for receiving that target award had been met, or, if Severance Payments are triggered under Section 3.01(b), then with respect to each such plan, an amount equal to the average annual award paid to the Executive under such plan during the three years immediately prior to the year in which the Notice of Termination was given multiplied by a fraction, the numerator of which is the number of whole months elapsed since the beginning of the calendar year or other measuring period to the Date of Termination and the denominator of which is 12 (or the number of whole months in the measuring period).

(c) Options and Restricted Shares. All outstanding Options will become immediately vested and exercisable (to the extent not yet vested and exercisable as of the Date of Termination). To the extent not otherwise provided under the written agreement evidencing the grant of any restricted Shares to the Executive, all outstanding Shares that have been granted to the Executive subject to restrictions that, as of the Date of Termination, have not yet lapsed will lapse automatically upon the Date of Termination, and the Executive will own those Shares free and clear of all such restrictions. Notwithstanding the foregoing, options and restricted Shares remain subject to any forfeiture or clawback claims under the applicable option plan or award agreement.

(d) **Welfare Benefits.** Except as otherwise provided in this Section 3.02(d), for a 24-month period after the Date of Termination, the Company will arrange to provide the Executive with life insurance coverage substantially similar to that which the Executive is receiving from the Company immediately prior to the Notice of Termination (without giving effect to any reduction in that coverage subsequent to a Change in Control). Life insurance coverage otherwise receivable by the Executive pursuant to this Section 3.02(d) will be reduced to the extent comparable coverage is actually received by or made available to the Executive without greater cost to Executive than as provided by the Company during the 24-month period following the Executive's termination of employment (and the Executive will report to the Company any such coverage actually received by or made available to the Executive).

If, as of the Date of Termination, the Company reasonably determines that the continued life insurance coverage required by this Section 3.02(d) is not available from the Company's group insurance carrier, cannot be procured from another carrier, and cannot be provided on a self-insured basis without adverse tax consequences to the Executive or his death beneficiary, then, in lieu of continued life insurance coverage, the Company will pay the Executive, in accordance with Section 3.04, a lump sum payment, in cash, equal to 24 times the full monthly premium payable to the Company's group life insurance carrier for comparable coverage for an executive employee under the Company's group life insurance plan then in effect.

The Company will offer the Executive and any eligible family members the opportunity to elect to continue medical and dental coverage pursuant to COBRA. The Executive (or Executive's applicable covered dependents) will be responsible for paying the required monthly premium for that coverage. The Company will pay the Executive, in

accordance with Section 3.04, a lump sum cash stipend equal to 24 times the monthly COBRA premium then charged to qualified beneficiaries for the same level of health and dental coverage the Executive had in effect immediately prior to his termination, and the Executive may, but is not required to, choose to use the stipend for the payment of COBRA premiums for any COBRA coverage that the Executive or eligible family members may elect. The Company will pay the stipend to the Executive whether or not the Executive or any eligible family member elects COBRA coverage, whether or not the Executive continues COBRA coverage for the maximum period permitted by law, and whether or not the Executive receives medical or dental coverage from another employer while the Executive is receiving COBRA continuation coverage. Payment of the stipend will not in any way extend or modify the Executive's continuation coverage rights under COBRA or any similar continuation coverage law.

(e) Matching Contributions. In addition to the vested amounts, if any, to which the Executive is entitled under the Savings Plan as of the Date of Termination, the Company will pay the Executive, in accordance with Section 3.04, a lump sum amount equal to the value of the unvested portion, if any, of the employer matching contributions (and attributable earnings) credited to the Executive under the Savings Plan.

(f) Outplacement Services. For a period not to exceed six (6) months following the Date of Termination, the Company will provide the Executive with reasonable outplacement services consistent with past practices of the Company prior to the Change in Control or, if no past practice has been established prior to the Change in Control, consistent with the prevailing practice in the medical device manufacturing industry.

SECTION 3.03. Limitation on Severance Payments.

(a) Notwithstanding any other provision to the contrary, in the event that any Severance Payments paid or payable to the Executive or for his benefit pursuant to the terms of this Agreement or other payments and benefits the Executive is entitled to receive, has received or would receive in connection with a "change in ownership or control" as defined in Code Section 280G, whether pursuant to this Agreement or otherwise (collectively, the "Total Payments") would be subject to any Excise Tax, then, depending on whichever alternative produces the better net after-tax result for the Executive (taking into account any applicable Excise Tax and any other applicable tax), the value of the Total Payments will either:

(i) Be reduced to the extent necessary so that, within the meaning of Code Section 280G(b)(2)(A)(ii), the aggregate present value of the payments in the nature of compensation to (or for the benefit of) the Executive that are contingent on a change in ownership or control under Code Section 280G, do not exceed 2.999 multiplied by the Base Amount. For this purpose, cash payments will be reduced first (if necessary, to zero), and all other, non-cash payments will be reduced next (if necessary, to zero). For purposes of the limitation described in the preceding sentence, the following will not be taken into account: (1) any portion of the Total Payments the receipt or enjoyment of which the Executive effectively waived in writing prior to the Date of Termination, and (2) any portion of the Total Payments that, in the opinion of the Accounting Firm, does not constitute a "parachute payment" within the meaning of Code Section 280G(b)(2); or

(ii) be paid in full.

For the avoidance of doubt, this Section 3.03(a) shall reduce the Total Payments otherwise payable to the Executive only if doing so would place the Executive in a better net after-tax

economic position as compared to not doing so (taking into account any Excise Taxes payable in respect of such Total Payments).

(b) For purposes of this Section 3.03, the determination of whether any portion of the Total Payments would be subject to an Excise Tax will be made by an Accounting Firm selected by the Company and reasonably acceptable to the Executive. For purposes of that determination, the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments will be determined by the Accounting Firm in accordance with the principles of Code Section 280G(d)(3) and (4).

SECTION 3.04. Time of Payment. Except as otherwise expressly provided in Section 3.02, payments provided for in that Section will be made as follows:

(a) Subject to Section 3.04(c), if Executive signs and does not rescind the General Release in accordance with Section 6.03, the Company will pay to the Executive the amount due under Section 3.02 on the sixtieth (60th) business day following the Date of Termination.

(b) At the time that payment is made under Section 3.04(a), the Company will provide the Executive with a written statement setting forth the manner in which all of the payments to Executive under this Agreement were calculated and the basis for the calculations including, without limitation, any opinions or other advice the Company received from auditors or consultants (other than legal counsel) with respect to the calculations (and any such opinions or advice that are in writing will be attached to the statement).

(c) Notwithstanding any of the foregoing, , any and all payments under this Agreement that constitute deferred compensation under the Section 409A Standards shall be suspended until, and will be payable on, the date that is six (6) months after the Executive's separation from service (or, if earlier, the date the Executive dies after separation from service).

(d) Notwithstanding any other provision to the contrary, if any payments are reduced by the operation of Section 3.03, such reduction in payments shall be first applied to reduce any cash payments that the Executive would otherwise be entitled to receive (whether pursuant to this Agreement or otherwise) and shall thereafter be applied to reduce other payments and benefits, in each case, in reverse order beginning with the payments or benefits that are to be paid the furthest in time from the date of such determination, unless, to the extent permitted by the Section 409A Standards, the Executive elects to have the reduction in payments applied in a different order; provided that, in no event may such payments be reduced in a manner that would result in subjecting the Executive to additional taxation under the Section 409A Standards.

SECTION 3.05. Attorneys' Fees and Expenses. To the extent permissible under the Section 409A Standards, if the Executive finally prevails with respect to any bona fide, good faith dispute between the Executive and the Company regarding the interpretation, terms, validity or enforcement of this Agreement (including any dispute as to the amount of any payment due under this Agreement), the Company will pay or reimburse the Executive for all reasonable attorneys' fees and expenses incurred by the Executive in connection with that dispute pursuant to the terms of this paragraph. Payment or reimbursement of those fees and expenses will be made within fifteen (15) business days after delivery of the Executive's written request for payment, accompanied by such evidence of fees and expenses incurred as the Company reasonably may require, but the Executive may not submit such a request until the dispute has been finally resolved by a legally binding settlement or by an order or judgment that is not subject to appeal or with respect to which all appeals have been exhausted. Any payment

pursuant to this paragraph will be made no later than the end of the calendar year following the calendar year in which the dispute is finally resolved by a legally binding settlement or nonappealable judgment or order.

In addition, the Company will pay the reasonable legal fees and expenses incurred by the Executive in connection with any tax audit or proceeding to the extent attributable to the application of Code Section 4999 to any payment or benefit provided under this Agreement and including, but not limited to, auditors' fees incurred in connection with the audit or proceeding. Payment pursuant to the preceding sentence shall be made within fifteen (15) business days after the delivery of the Executive's written request for payment, accompanied by such evidence of fees and expenses incurred as the Company reasonably may require, but in no case later than the end of the calendar year following the calendar year in which the audit is completed or there is a final and nonappealable settlement or other resolution of the matter.

ARTICLE IV **Termination of Employment**

SECTION 4.01. Notice of Termination. After a Change in Control and during the term of this Agreement, any purported termination of the Executive's employment (other than by reason of death) will be communicated by a written Notice of Termination from one party to the other party in accordance with Article VIII. The Notice of Termination will indicate the specific termination provision in this Agreement relied upon and will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the cited provision.

SECTION 4.02. Date of Termination. Except as otherwise provided in Section 4.01, with respect to any purported termination of the Executive's employment after a Change in

Control and during the term of this Agreement, the term "Date of Termination" will have the meaning set forth in this Section. If the Executive's employment is terminated for Disability, Date of Termination means thirty (30) days after Notice of Termination is given, provided that the Executive does not return to the full-time performance of the Executive's duties during that 30-day period. If the Executive's employment is terminated for any other reason, Date of Termination means the date specified in the Notice of Termination, which, in the case of a termination by the Company, cannot be less than 30 days (except in the case of a termination for Cause) and, in the case of a termination by the Executive, cannot be less than 15 days nor more than 60 days from the date on which the Notice of Termination is given.

ARTICLE V
No Mitigation

The Company agrees that, if the Executive's employment by the Company is terminated during the term of this Agreement, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to Article III. Further, the amount of any payment or benefit provided for in Article III (other than Section 3.02(d)) will not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

ARTICLE VI
The Executive's Covenants

SECTION 6.01. Noncompetition Agreement. In consideration for this Agreement, the Executive will execute, concurrent with the execution of this Agreement, a noncompetition agreement with the Company; provided, however, that if the Executive has an

existing noncompetition agreement with the Company, the Company, rather than entering into a new noncompetition agreement with the Executive, may instead, as a condition to entering into this agreement, require that the Executive acknowledge and affirm his continuing obligations under such existing noncompetition agreement and re-affirm his agreement to honor the obligations as set forth in that document.

SECTION 6.02. Potential Change in Control. The Executive agrees that, subject to the terms and conditions of this Agreement, in the event of a Potential Change in Control during the term of this Agreement, the Executive will remain employed by the Company until the earliest of (a) a date that is six months following the date of the Potential Change of Control, (b) the date of a Change in Control, (c) the date on which the Executive terminates employment for Good Reason (determined by treating the Potential Change in Control as a Change in Control in applying the definition of Good Reason) or by reason of death, or (d) the date the Company terminates the Executive's employment for any reason.

SECTION 6.03. General Release. The Executive agrees that, notwithstanding any other provision of this Agreement, the Executive will not be eligible for any Severance Payments under this Agreement unless the Executive timely signs, and does not timely revoke, a General Release in substantially the form attached to this Agreement as Exhibit A. The Executive will be given 21 days to consider the terms of the General Release. The General Release will not become effective until seven days following the date the General Release is executed. If the Executive does not return the executed General Release to the Company by the end of the 21-day period, that failure will be deemed a refusal to sign, and the Executive will not be entitled to receive any Severance Payments under this Agreement. In certain circumstances, the 21-day period to consider the General Release may be extended to a 45-day period. The

Executive will be advised in writing if the 45-day period is applicable. In the absence of such notice, the 21-day period applies. If any payment under this Agreement constitutes deferred compensation under the Section 409A Standards, and the 21-day or 45-day review period extends into a new calendar year, any payment of such deferred compensation shall occur in the new calendar year.

ARTICLE VII **Successors; Binding Agreement**

SECTION 7.01. Obligation of Successors.

(a) In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no succession had occurred.

(b) Subject to Section 7.01(c), failure of the Company to obtain such an assumption and agreement under Section 7.01(a) prior to the effectiveness of any such succession will be a breach of this Agreement and will entitle the Executive to compensation from the Company in the same amount as the Executive would be entitled to under this Agreement if the Executive were to terminate employment for Good Reason after a Change in Control, except that, for purposes of implementing the foregoing, the date on which the succession becomes effective will be deemed the Date of Termination.

(c) Payment of benefits under Section 7.01(b) shall be made on the deemed Date of Termination if, and only if, the succession resulted from a transaction that satisfies the definition of change in control under Section 409A of the Code. If the transaction does not

satisfy the definition of change in control under Section 409A, payment of benefits due under Section 7.01(b) shall be made within 30 days of the Executive's actual date of termination of employment, subject to the provisions of Section 3.04(c). No interest or earnings shall be paid due to any delay in payment under this Section 7.01(c).

SECTION 7.02. Enforcement Rights of Others. This Agreement will inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If the Executive dies while any amount is still payable to the Executive under this Agreement, (other than amounts that, by their terms, terminate upon the Executive's death), then, unless otherwise provided in this Agreement, all such amounts will be paid in accordance with the terms of this Agreement to the executors, personal representatives, or administrators of the Executive's estate.

ARTICLE VIII

Notices

For the purpose of this Agreement, notices and all other communications provided for in the Agreement will be in writing and will be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below, or to such other address as either party may furnish to the other in writing in accordance with this Article VIII, except that notice of change of address will be effective only upon actual receipt:

To the Company:

Zimmer Biomet Holdings, Inc.
Attention: General Counsel
345 East Main Street
Warsaw, Indiana 46580

To the Executive:

16

At Executive's principal residence as reflected in the records of the Company

ARTICLE IX **Miscellaneous**

This Agreement will not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Executive and the Company, the Executive will not have any right to be retained in the employ of the Company. No provision of this Agreement may be modified, waived, or discharged unless the waiver, modification, or discharge is agreed to in writing and signed by the Executive and an officer of the Company specifically designated by the Board. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by the other party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any other time. Neither party has made any agreements or representations, oral or otherwise, express or implied, with respect to the subject matter of this Agreement that are not expressly set forth in this Agreement. Except as provided in the following two sentences, the validity, interpretation, construction, and performance of this Agreement will be governed by the laws of the State of Indiana, to the extent not preempted by federal law. This Agreement will at all times be effected, construed, interpreted, and applied in a manner consistent with the Section 409A Standards, and in resolving any uncertainty as to the meaning or intention of any provision of this Agreement, the interpretation that will prevail is the interpretation that causes the Agreement to comply with the Section 409A Standards. In addition, to the extent that any terms of this Agreement would subject the Executive to gross income inclusion, interest, or additional tax pursuant to Code Section 409A, those terms are to

17

2024 CIC Template

that extent superseded by the applicable Section 409A Standards. All references to sections of the Exchange Act or the Code will be deemed also to refer to any successor provisions to those sections. Any payments provided for under this Agreement will be paid net of any applicable withholding required under federal, state, or local law and any additional withholding to which the Executive has agreed. The obligations of the Company and the Executive under Articles III, IV, and VI will survive the expiration of the term of this Agreement. In no event shall Company be liable for any taxes, penalties, interest or additional tax payments assessed against Executive because of any benefits, remuneration or reimbursements provided under this Agreement.

ARTICLE X

Validity

The invalidity or unenforceability of any provision or this Agreement will not affect the validity or enforceability of any other provision of this Agreement, which will remain in full force and effect.

ARTICLE XI

Counterparts

This Agreement may be executed in several counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

ARTICLE XII

Settlement of Disputes; Arbitration

All claims by the Executive for benefits under this Agreement must be in writing and will be directed to and determined by the Board. Any denial by the Board of a claim for benefits under this Agreement will be delivered to the Executive in writing and will set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The

Board will afford a reasonable opportunity to the Executive for a review of the decision denying a claim and will further allow the Executive to appeal to the Board a decision of the Board within 60 days after notification by the Board that the Executive's claim has been denied. Any further dispute or controversy arising under or in connection with this Agreement will be settled exclusively by arbitration in Warsaw, Indiana in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. Each party will bear its own expenses in the arbitration for attorneys' fees, for its witnesses, and for other expenses of presenting its case. Other arbitration costs, including arbitrators' fees, administrative fees, and fees for records or transcripts, will be borne equally by the parties. Notwithstanding anything in this Article to the contrary, if the Executive prevails with respect to any dispute submitted to arbitration under this Article, the Company will reimburse or pay all reasonable legal fees and expenses that the Executive incurred in connection with that dispute as required by Section 3.05.

ARTICLE XIII

Definitions

For purposes of this Agreement, the following terms will have the meanings indicated below:

(a) **Accounting Firm** means an accounting firm, other than the Company's independent auditors, that is designated as one of the four largest accounting firms in the United States.

(b) **Award Plan** means the Company's 2009 Stock Incentive Plan.

(c) **Base Amount** has the meaning stated in Code Section 280G(b)(3).

(d) "Beneficial Owner" has the meaning stated in Rule 13d-3 under the Exchange Act.

(e) "Board" means the Board of Directors of the Company.

(f) "Cause" for termination by the Company of the Executive's employment, after any Change in Control, means (1) the willful and continued failure by the Executive to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section 4.01) for a period of at least 30 consecutive days after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties; (2) the Executive willfully engages in conduct that is demonstrably and materially injurious to the Company or its subsidiaries, monetarily or otherwise; or (3) the Executive is convicted of, or has entered a plea of no contest to, a felony. For purposes of clauses (1) and (2) of this definition, no act, or failure to act, on the Executive's part will be deemed "willful" unless it is done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interest of the Company.

(g) A "Change in Control" will be deemed to have occurred if any of the following events occur:

(1) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by that Person any securities acquired directly from the Company or its affiliates) representing

20% or more of the combined voting power of the Company's then-outstanding securities; or

(2) during any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of the period constitute the Board and any new director (other than a director designated by a Person who has entered into an agreement with the Company to effect a transaction described in clause (1), (3) or (4) of this paragraph whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously approved), cease for any reason to constitute a majority of the Board; or

(3) the shareholders of the Company approve a merger or consolidation of the Company with any other corporation, other than (A) a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior to the merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least 75% of the combined voting power of the voting securities of the Company or the surviving entity outstanding immediately after the merger or consolidation; or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person acquires more than 50% of the combined voting power of the Company's then-outstanding securities; or

(4) the shareholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all the Company's assets.

Notwithstanding the foregoing, a Change in Control will not include any event, circumstance, or transaction occurring during the six-month period following a Potential Change in Control that results from the action of any entity or group that includes, is affiliated with, or is wholly or partly controlled by the Executive; provided, further, that such an action will not be taken into account for this purpose if it occurs within a six-month period following a Potential Change in Control resulting from the action of any entity or group that does not include the Executive.

(h) "COBRA" means the continuation coverage provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

(i) "Code" means the Internal Revenue Code of 1986, as amended from time to time, and interpretative rules and regulations.

(j) "Company" means Zimmer Biomet Holdings, Inc., a Delaware corporation, and any successor to its business and/or assets that assumes and agrees to perform this Agreement by operation of law, or otherwise (except in determining, under Section XIII(g), whether or not any Change in Control of the Company has occurred in connection with the succession).

(k) "Company Shares" means shares of common stock of the Company or any equity securities into which those shares have been converted.

(l) "Date of Termination" has the meaning stated in Section 4.02.

(m) "Disability" has the meaning stated in the Company's short-term or long-term disability plan, as applicable, as in effect immediately prior to a Change in Control.

(n) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and interpretive rules and regulations.

(o) "Excise Tax" means any excise tax imposed under Code Section 4999.

(p) "Executive" means the individual named in the first paragraph of this Agreement.

(q) "General Release" has the meaning stated in Section 6.03.

(r) "Good Reason" for termination by the Executive of the Executive's employment means the occurrence (without the Executive's express written consent) of any one of the following acts by the Company, or failures by the Company to act, unless, in the case of any act or failure to act described in paragraph (1), (4), (5), (6), or (7) below, the act or failure to act is corrected prior to the Date of Termination specified in the Executive's Notice of Termination:

- (1) the assignment to the Executive of any duties inconsistent with the Executive's status as an executive officer of the Company or a substantial adverse alteration in the nature or status of the Executive's responsibilities from those in effect immediately prior to a Change in Control;
- (2) a reduction by the Company in the Executive's annual base salary as in effect on the date of this Agreement or as the same may be increased from time to time, or the level of the Executive's entitlement under the Incentive Plan as in effect on the date of this Agreement or as the same may be increased from time to time;
- (3) the Company's requiring the Executive to be based more than 50 miles from the Company's offices at which the Executive is based immediately prior to a Change in Control (except for required travel on the Company's business to an extent substantially

consistent with the Executive's business travel obligations immediately prior to the Change in Control), or, in the event the Executive consents to any such relocation of his offices, the Company's failure to provide the Executive with all of the benefits of the Company's relocation policy as in operation immediately prior to the Change in Control;

(4) the Company's failure, without the Executive's consent, to pay to the Executive any portion of the Executive's current compensation (which means, for purposes of this paragraph (4), the Executive's annual base salary as in effect on the date of this Agreement, or as it may be increased from time to time, and the awards earned pursuant to the Incentive Plan) or to pay to the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Company, within seven days of the date the compensation is due;

(5) the Company's failure to continue in effect any compensation plan in which the Executive participates immediately prior to a Change in Control, which plan is material to the Executive's total compensation, including, but not limited to, the Incentive Plan and the Award Plan or any substitute plans adopted prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to that plan, or the Company's failure to continue the Executive's participation in such a plan (or in a substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, as existed at the time of the Change in Control;

(6) the Company's failure to continue to provide the Executive with benefits substantially similar to those enjoyed by the Executive under any of the Company's

pension (including, without limitation, the Company's Savings and Investment Program), life insurance, medical, health and accident, or disability plans in which the Executive was participating at the time of the Change in Control; the taking of any action by the Company that would directly or indirectly materially reduce any of those benefits or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of a Change in Control; or the Company's failure to provide the Executive with the number of paid vacation days to which the Executive is entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy in effect at the time of the Change in Control; or

(7) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 4.01; for purposes of this Agreement, no such purported termination will be effective.

The Executive's right to terminate the Executive's employment for Good Reason will not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment will not constitute consent to, or a waiver of rights with respect to, any act or failure to act that constitutes Good Reason.

Notwithstanding the foregoing, the occurrence of an event that would otherwise constitute Good Reason will cease to be an event constituting Good Reason if the Executive does not timely provide a Notice of Termination to the Company within 120 days of the date on which the Executive first becomes aware (or reasonably should have become aware) of the occurrence of that event.

(s) "Incentive Plan" means the Company's Executive Performance Incentive Plan.

(t) "Notice of Termination" has the meaning stated in Section 4.01.

(u) "Options" means options for Shares granted to the Executive under the Award Plan.

(v) "Person" has the meaning stated in section 3(a)(9) of the Exchange Act, as modified and used in sections 13(d) and 14(d) of the Exchange Act; however, a Person will not include (1) the Company or any of its subsidiaries, (2) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (3) an underwriter temporarily holding securities pursuant to an offering of those securities, or (4) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(w) "Potential Change in Control" will be deemed to have occurred if any one of the following events occurs:

(1) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;

(2) the Company or any Person publicly announces an intention to take or to consider taking actions that, if consummated, would constitute a Change in Control;

(3) any Person who is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 10% or more of the combined voting power of the Company's then-outstanding securities, increases that Person's beneficial ownership of those securities by 5% or more over the percentage so owned by that Person on the date of this Agreement; or

(4) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

(x) "Savings Plan" means the Company's Savings and Investment 401(k) Program, which, for purposes of this Agreement, will be deemed to include the Zimmer Biomet Holdings, Inc. Deferred Compensation Plan.

(y) "Section 409A Standards" means the standards for nonqualified deferred compensation plans established by Code Section 409A.

(z) "Severance Payments" means the payments described in Section 3.02.

(a) "Shares" means shares of the common stock, \$0.01 par value, of the Company.

(bb) "Total Payments" has the meaning stated in Section 3.03(a).

EXECUTIVE ZIMMER BIOMET HOLDINGS, INC.

By: Lori Winkler
Senior Vice President, Chief Human Resources

EXHIBIT A

Zimmer Biomet Holdings, Inc. GENERAL RELEASE

Name: _____ Notification Date: _____

Zimmer Biomet Holdings, Inc. (the "Company") has offered me certain severance benefits (the "Severance Benefits") pursuant to a Change in Control Severance Agreement ("Agreement") between the Company and me. I will only be able to receive the Severance Benefits in consideration for my signing this General Release.

The Company has advised me of, and I acknowledge the following:

I have (INSERT NUMBER – 21 OR 45, DEPENDING ON REASON FOR SEPARATION – IN ACCORDANCE WITH OWBPA REQUIREMENTS) calendar days (the "Review Period") from the date I receive this General Release to consider and sign it. If I do not return this signed General Release by the end of the Review Period (i.e., by INSERT DATE), the Company will consider this my refusal to sign, and I will not receive the Severance Benefits. If I choose to sign this General Release prior to expiration of the Review Period, I thereby waive my right to review for the full time period allowed. If I sign this General Release and am age 40 or older as of the date of my signing, it will not be effective for a period of seven calendar days thereafter, during which time I may change my mind and revoke my signature. To revoke my signature, I must notify the Company in writing at 345 East Main Street, Warsaw, IN, 46580, Attention: General Counsel, within seven calendar days of the date I signed this General Release.

By signing this General Release I am giving up, to the fullest extent permitted by law, my right to sue the Company and any of its affiliates, parent companies and subsidiaries, and its and their past and present officers, directors, employees, and agents (collectively, the "Released Parties") based upon any act or event occurring prior to my signing this General Release. Without limitation, and again to the fullest extent permitted by law, I specifically release the Company from any and all claims arising out of my employment and termination, up to and including the date of my signing of this General Release, including claims based on discrimination under federal anti-discrimination laws such as Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, the Americans With Disabilities Act of 1990, claims for interference with my rights to benefits under section 510 or penalties under section 502(c) of the Employee Retirement Income Security Act of 1974, and any and all applicable federal, state, and local laws. I acknowledge and agree that I have received all compensation to which I am entitled from the Released Parties other than the above-referenced Severance Benefits (which remain subject to my entering into this General Release) and agree that I am not eligible to receive any additional form of compensation under any Released Party's pay, bonus, commission, or incentive policy or program. I further agree that although I am not precluded by this Agreement from filing an administrative charge with the Equal Employment Opportunity Commission or a comparable state or local civil rights commission, I specifically and expressly waive any rights to receive, directly or indirectly, any monetary damages or other monies from the filing of such charge.

A-1

I agree, as a condition of receiving the Severance Benefits, and subject to any rights and obligations I may have under applicable law (including, but not limited to, my right to file and participate in the investigation of an administrative charge of the type described above and any non-waivable rights I may have to make disclosures specifically allowed or required by applicable law), that I will not make negative comments about or otherwise disparage or try to injure the reputation of any of the Released Parties. I agree to refrain from making negative statements about any Released Party and/or its methods of doing business, management practices, policies, and the quality of its services or products. I acknowledge and agree that this restriction applies to all forms of communication including such things as oral statements, written statements, e-mail, text messages, comments on blogs or any other form of electronic or other type of communication.

For the sake of clarification, and subject to any non-waivable rights as described above, I acknowledge that this General Release shall not affect my legal obligation to protect the confidentiality of the Released Parties' information or any of my other obligations under any confidentiality, intellectual property, non-competition, and/or non-solicitation agreement that I have entered into with the Company or with any of the other Released Parties.

As a condition of receiving the Severance Benefits I agree that for a period of 90 calendar days beginning with my separation date I shall make myself reasonably available to respond to inquiries from the Released Parties related to carrying out an orderly transition of business following my termination of employment. I agree that I will provide the Company's General Counsel or his or her delegate two contact telephone numbers at which I can be reached, either in person or by message, and will update that contact information within 24 hours if it changes. I further agree that I will return such calls from any of the Released Parties no later than the end of the business day immediately following the date of the call, and will provide information responsive to the request to the best of my ability. I understand and acknowledge that my agreement to promptly and fully respond to such inquiries is a material condition of my eligibility for the Severance Benefits, and further understand and agree that in the event I do not cooperate as described herein, I will be immediately obligated to repay to the Company the entire gross amount of my Severance Benefits.

By signing this General Release, I affirm that I have provided complete and truthful information in response to all inquiries (the "Inquiries") made by any of the Released Parties and any investigating authorities in connection with any governmental investigation of any of the Released Parties or litigation involving any of the Released Parties. By signing this General Release, I further affirm that I have disclosed to the Company's General Counsel or his or her delegate any and all concerns I may have had arising from or related to my employment regarding potential material violations of applicable law and/or the Company's Code of Conduct. I agree, by signing the General Release, that if it is later determined that I knowingly provided materially misleading or untruthful information in response to any such Inquiries or failed to disclose during my employment any potential material violations of applicable law or the Company's Code of Conduct of which I was aware, I will be immediately obligated to repay to the Company the entire gross amount of my Severance Benefits.

I agree to cooperate with any of the Released Parties in response to any governmental investigation. I acknowledge that in connection with my job responsibilities with any of the Released Parties I may have obtained or been privy to information that could be relevant to its or their defense of Company-related lawsuits currently pending or which may be asserted against it or them. I agree to make myself reasonably available for providing such information and, to the extent necessary, testimony. I understand that the Company will reimburse any reasonable out-of-pocket expenses I may incur in providing this cooperation. I further understand that the Company will compensate me for time spent on such assistance at an hourly rate based on my base salary as of my termination date, with time spent rounded to the nearest quarter hour for billing purposes. Any such payment will be reported to me on a Form 1099, and I agree that I will be responsible for any resulting tax liability.

By signing this General Release, I am NOT giving up my right to appeal a denial of a claim for benefits submitted under my medical or dental coverage, life insurance or disability program maintained by the Company. Also, I am NOT giving up my right to file for unemployment insurance benefits at the appropriate time if I so choose, and my signing of this General Release will NOT affect my rights, if any, to coverage by Workers' Compensation insurance. In addition, this General Release will not affect any benefits to which I am entitled under the Agreement or any claim arising out of the enforcement of the Agreement. I agree that this General Release shall be interpreted and enforced in accordance with the laws of the State of Indiana.

My signature below acknowledges that I have read the above, understand what I am signing, and am acting of my own free will. The Company has advised me to consult with an attorney and any other advisors of my choice prior to signing this General Release.

SIGNATURE _____ DATE _____

PRINT NAME _____

A-3

Subsidiaries of Zimmer Biomet Holdings, Inc.
As of December 31, 2023

<u>Name of Subsidiary¹</u>	<u>Jurisdiction of Formation</u>
Domestic subsidiaries:	
A&E Advanced Closure Systems, LLC	Delaware
A&E Medical Corp.	New Jersey
Alto Development Corp.	New Jersey
Avitus Orthopaedics, Inc.	Delaware
Biomet Biologics, LLC	Indiana
Biomet CV Holdings, LLC	Delaware
Biomet Fair Lawn LLC	Indiana
Biomet International, Inc.	Delaware
Biomet Leasing, Inc.	Indiana
Biomet Manufacturing, LLC	Indiana
Biomet Microfixation, LLC	Florida
dba Zimmer Biomet CMF and Thoracic	
Biomet Orthopedics, LLC	Indiana
Biomet Sports Medicine, LLC	Indiana
dba Biomet Sports Medicine Limited Liability Company (<i>Forced</i>)	
Biomet Trauma, LLC	Indiana
Biomet U.S. Reconstruction, LLC	Indiana
Biomet, Inc.	Indiana
dba Zimmer Biomet	
Cayenne Medical, Inc.	Delaware
CD Diagnostics, Inc.	Delaware
CD Laboratories, Inc.	Maryland
Citra Labs, LLC	Indiana
dba Biomet Citra Labs, LLC (<i>Forced</i>)	
Dornoch Medical Systems, Inc.	Illinois
Embody, Inc.	Virginia
ETEX Corporation	Massachusetts
dba Zimmer ETEX	
dba Zimmer Biomet ETEX	
ETEX Holdings, Inc.	Delaware
dba Zimmer ETEX	
dba Zimmer Biomet ETEX	
Interpore Cross International, LLC	California
dba Zimmer Biomet Irvine	
Jace Medical, LLC	Indiana
LVB Acquisition, Inc.	Delaware
Medical Compression Systems, Inc.	Delaware
Medtech Surgical, Inc.	Delaware
Orthopaedic Advantage, LLC	Indiana
ReLign Corporation	Delaware
Synvasive Technology, Inc.	California
VSC Medical Holdings Inc.	Delaware
ZB EMEA US UK LLC	Delaware
ZB Manufacturing, LLC	Delaware
Zimmer Biomet Americas Holding LLC	Delaware
Zimmer Biomet Distribution LLC	Delaware
Zimmer Biomet Integrations LLC	Delaware
Zimmer Biomet Leasing LLC	Delaware
Zimmer Caribe, LLC	Delaware
Zimmer CEP USA, Inc.	Delaware

<u>Name of Subsidiary¹</u>	<u>Jurisdiction of Formation</u>
Zimmer Co-op Holdings, LLC	Delaware
Zimmer CV, Inc.	Delaware
Zimmer Knee Creations, Inc.	Delaware
Zimmer Orthobiologics, Inc.	New Jersey
Zimmer Production, Inc.	Delaware
Zimmer Southeast Florida, LLC	Delaware
Zimmer Spine Next, Inc.	Delaware
Zimmer Surgical, Inc.	Delaware
Zimmer Trabecular Metal Technology, Inc.	New Jersey
Zimmer US, Inc.	Delaware
dba Zimmer Biomet	
dba Zimmer Biomet Bay Area	
dba Zimmer Biomet Mid-Atlantic	
dba Zimmer Biomet North Texas	
dba Zimmer Biomet Southern California	
dba Zimmer US Cooperative	
dba Compression Therapy Concepts	
dba CTC Inc.	
Zimmer, Inc.	Delaware
dba Zimmer Biomet	
dba Zimmer Biomet Corporate Services (<i>Forced</i>)	
dba Z Hotel	
dba CD Diagnostics	
dba CD Laboratories	

Foreign subsidiaries:

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

<u>Name of Subsidiary¹</u>	<u>Jurisdiction of Formation</u>
Zimmer Biomet Denmark ApS	Denmark
Zimmer Biomet Finland Oy	Finland
Biomet France Sarl	France
Medtech SAS	France
Neosteo SAS	France
Zimmer Biomet France SAS	France
Zimmer Biomet France Holdings SAS	France
Biomet Deutschland GmbH	Germany
Zimmer Biomet Healthcare Management GmbH	Germany
Zimmer Biomet Deutschland GmbH	Germany
Zimmer Germany Holdings GmbH	Germany
Zimmer International Logistics GmbH	Germany
Zimmer Biomet Hellas SA	Greece
Biomet Hong Kong Holding Ltd.	Hong Kong
ZB Hong Kong Holding Ltd.	Hong Kong
ZB Hong Kong Ltd.	Hong Kong
Zimmer Asia (HK) Ltd.	Hong Kong
Zimmer India Private Ltd.	India
Zimmer Biomet Ireland Holdings Limited	Ireland
Zimmer Biomet Ireland Limited	Ireland
Zimmer Orthopedics Manufacturing Limited	Ireland
D.S. Comp Ltd.	Israel
Zimmer Biomet Comp Ltd.	Israel
Zimmer Biomet Medical Israel Ltd.	Israel
Zimmer Biomet Italia Srl	Italy
Zimmer Biomet GK	Japan
Zimmer Biomet Kikaku G.K.	Japan
Zimmer Biomet Korea Ltd.	Korea
Zimmer GmbH, Representative Office Lebanon (branch)	Lebanon
Zimmer Biomet OUS Holdings AG	Liechtenstein
ZB Holding Luxembourg Sarl	Luxembourg
Zimmer Luxembourg Sarl	Luxembourg
Zimmer Luxembourg II Sarl	Luxembourg
Zimmer Medical Malaysia SDN BHD	Malaysia
Biomet Mexico S.A. de C.V.	Mexico
Representaciones Zimmer Inc., S. de R.L. de C.V.	Mexico
A&E Medical Europe BV	Netherlands
A&E Medical Europe Cooperatief U.A.	Netherlands
Biomet C.V.	Netherlands
Biomet Global Supply Chain Center B.V.	Netherlands
Biomet Holdings B.V.	Netherlands
Medical Concepts Holding B.V.	Netherlands
ZB COOP C.V.	Netherlands
Zimmer Biomet Asia Holding B.V.	Netherlands
Zimmer Biomet Nederland B.V.	Netherlands
Zimmer Manufacturing B.V.	Netherlands
OSSIS Corporation	New Zealand
Zimmer Biomet New Zealand Company	New Zealand
Zimmer Biomet NZ Holdings Corporation	New Zealand
Zimmer Biomet Norway AS	Norway
Zimmer Biomet Polska Sp. z.o.o	Poland
Zimmer Biomet Portugal Unipessoal, Lda	Portugal
Biomet Orthopedics Puerto Rico, Inc.	Puerto Rico
Zimmer Manufacturing B.V. (branch)	Puerto Rico

<u>Name of Subsidiary¹</u>	<u>Jurisdiction of Formation</u>
Zimmer Biomet Romania S.R.L.	Romania
Zimmer CIS Ltd.	Russia
Zimmer Biomet Asel Alarabiya Limited Company	Saudi Arabia
Zimmer GmbH, Zimmer Biomet Regional Headquarters (branch)	Saudi Arabia
Zimmer Biomet Asia Holdings Pte. Ltd.	Singapore
Zimmer Pte. Ltd.	Singapore
Zimmer Slovakia sro	Slovakia
Zimmer Biomet South Africa (Pty) Ltd.	South Africa
Biomet Spain Orthopaedics S.L.	Spain
Zimmer Biomet Spain S.L.	Spain
Biomet Cementing Technologies AB	Sweden
Scandimed Holding AB	Sweden
Zimmer Biomet Sweden AB	Sweden
Zimmer Biomet Global Holdings Switzerland GmbH	Switzerland
Zimmer Biomet OUS Holdings 1 GmbH	Switzerland
Zimmer GmbH	Switzerland
Zimmer GmbH, Euro IP Branch (branch)	Switzerland
Zimmer GmbH, Distribution (branch)	Switzerland
Zimmer GmbH, Zug Branch (branch)	Switzerland
Zimmer Surgical SA	Switzerland
Zimmer Switzerland Holdings LLC	Switzerland
Zimmer Switzerland Manufacturing GmbH	Switzerland
Zimmer Biomet Taiwan Co., Ltd.	Taiwan
Zimmer Biomet (Thailand) Co., Ltd.	Thailand
Zimmer Biomet Tibbi Cihazlar Sanayi ve Ticaret Anonim Sirketi	Turkey
Zimmer Gulf FZ LLC	United Arab Emirates
Biomet UK Ltd.	United Kingdom
Biomet UK Healthcare Ltd.	United Kingdom
ZB EMEA 1 LP	United Kingdom
ZB EMEA Finance UK 1 Ltd.	United Kingdom
ZB EMEA Finance UK 2 Ltd.	United Kingdom
ZB EMEA Finance UK 3 Ltd.	United Kingdom
ZB UK Group Holdings Limited	United Kingdom
ZB UK Plant Holdings Limited	United Kingdom
Zimmer Biomet UK Ltd.	United Kingdom
Zimmer Trustee Ltd.	United Kingdom
Zimmer Pte. Ltd., The Representative Office of Zimmer Pte. Ltd. in Hanoi City (branch)	Vietnam

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

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-65934, 333-65936, 333-65938, 333-101243, 333-101265, 333-125667, 333-131164, 333-140939, 333-155757, 333-165078, 333-172463, 333-179700, 333-186951, 333-194269, 333-216367, and 333-261349) and Form S-3 (No. 333-263051) of Zimmer Biomet Holdings, Inc. of our report dated February 23, 2024 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
February 23, 2024

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

I, Ivan Tornos, certify that:

1. I have reviewed this Annual Report on Form 10-K of Zimmer Biomet Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, 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 registrant's board of directors:
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2024

/s/ Ivan Tornos
Ivan Tornos
President and Chief Executive Officer

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

I, Suketu Upadhyay, certify that:

1. I have reviewed this Annual Report on Form 10-K of Zimmer Biomet Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, 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 registrant's board of directors:
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2024

/s/ Suketu Upadhyay
Suketu Upadhyay
*Chief Financial Officer and Executive Vice President - Finance,
Operations and Supply Chain*

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

In connection with the Annual Report of Zimmer Biomet Holdings, Inc. (the "Company") on Form 10-K for the period ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Ivan Tornos
Ivan Tornos
President and Chief Executive Officer
February 23, 2024

/s/ Suketu Upadhyay
Suketu Upadhyay
Chief Financial Officer and Executive Vice President - Finance, Operations and Supply Chain
February 23, 2024

ZIMMER BIOMET HOLDINGS, INC.**COMPENSATION RECOVERY POLICY****Policy**

The Compensation and Management Development Committee (the "Committee") of the Board of Directors (the "Board") of Zimmer Biomet Holdings, Inc. (the "Company") has adopted this Compensation Recovery Policy (this "Policy") pursuant to Rule 10D-1 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), the Securities and Exchange Commission ("SEC") regulations promulgated thereunder, and applicable New York Stock Exchange ("NYSE") listing standards. Subject to and in accordance with the terms of this Policy, upon a Recoupment Event, each Covered Executive shall be obligated to return to the Company, reasonably promptly, the amount of Erroneously Awarded Compensation that was received by such Covered Executive during the Lookback Period.

Administration

This Policy will be administered by the Committee. Any determinations made by the Committee will be final and binding on all affected individuals.

Definitions

"Accounting Restatement" means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

"Covered Executive" means each of the Company's current and former executive officers who is or was an "officer" of the Company within the meaning of Rule 16a-1(f) of the Exchange Act.

"Erroneously Awarded Compensation" means, with respect to each Covered Executive in connection with an Accounting Restatement, the excess of the amount of Incentive-Based Compensation received by the Covered Executive during the Lookback Period over the amount of Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts, computed without regard to any taxes paid. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement: (a) the amount must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received; and (b) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to NYSE.

"Financial Reporting Measures" are any measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the SEC.

"Incentive-Based Compensation" is any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

"Lookback Period" means the three completed fiscal years immediately preceding the Required Restatement Date and any transition period (that results from a change in the Company's fiscal year) of less than nine months within or immediately following those three completed fiscal years.

A "Recoupment Event" occurs when the Company is required to prepare an Accounting Restatement.

"Required Restatement Date" means the earlier to occur of: (a) the date the Company's Board, a committee of the Board, or the officer(s) of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an

Accounting Restatement, or (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.

“Section 409A” means Section 409A of the Internal Revenue Code and the regulations and guidance promulgated thereunder.

Amount Subject to Recovery

The Incentive-Based Compensation that is subject to recovery under this Policy includes such compensation that is received by a Covered Executive (i) on or after October 2, 2023 (even if such Incentive-Based Compensation was approved, awarded or granted prior to that date), (ii) after the individual began service as a Covered Executive, (iii) if the individual served as a Covered Executive at any time during the performance period for such Incentive-Based Compensation, and (iv) while the Company has a class of securities listed on a national securities exchange or national securities association.

The amount of Incentive-Based Compensation subject to recovery from a Covered Executive upon a Recoupment Event is the Erroneously Awarded Compensation, which amount shall be determined by the Committee in accordance with this Policy.

For purposes of this Policy, Incentive-Based Compensation is deemed “received” in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period.

Recovery of Erroneously Awarded Compensation

Promptly following a Recoupment Event, the Committee will determine the amount of Erroneously Awarded Compensation for each Covered Executive, and the Company will provide each such Covered Executive with a written notice of such amount and a demand for repayment or return. Upon receipt of such notice, each affected Covered Executive shall promptly repay or return such Erroneously Awarded Compensation to the Company.

If such repayment or return is not made within a reasonable time, the Company shall recover Erroneously Awarded Compensation in a reasonable and prompt manner using any lawful method determined by the Committee; provided that recovery of any Erroneously Awarded Compensation must be made in compliance with Section 409A. The applicable Covered Executive shall also be required to reimburse the Company for any and all expenses (including legal fees) reasonably incurred by the Company in recovering such Erroneously Awarded Compensation in accordance with the immediately preceding sentence. Any action by the Company to recover Erroneously Awarded Compensation under this Policy from a Covered Executive shall not, whether alone or in combination with any other action, event or condition, be deemed (i) “good reason” for resignation or to serve as a basis for a claim of constructive termination under any benefits or compensation arrangement applicable to such Covered Executive, or (ii) to constitute a breach of a contract or other arrangement to which such Covered Executive is party.

Limited Exceptions

The Company shall not be required to recover Erroneously Awarded Compensation if the Committee determines that recovery would be impracticable and one of the following conditions is met:

- the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered, provided the Company has first made a reasonable effort to recover the Erroneously Awarded Compensation; or
- the recovery would violate home country law where that law was adopted prior to November 28, 2022, provided that, before determining that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company has obtained an opinion of home country counsel, acceptable to the NYSE, that recovery would result in such a violation; or

- the recovery would likely cause a U.S. tax-qualified retirement plan to fail to meet the requirements of Internal Revenue Code Sections 401(a)(13) and 411(a) and the regulations thereunder.

Reliance on any of the above exemptions will further comply with applicable listing standards, including without limitation, documenting the reason for the impracticability and providing required documentation to NYSE.

No Insurance or Indemnification

Neither the Company nor any of its affiliates or subsidiaries may indemnify any Covered Executive against the loss of any Erroneously Awarded Compensation (or related expenses incurred by the Covered Executive) pursuant to a recovery of Erroneously Awarded Compensation under this Policy, nor will the Company nor any of its affiliates or subsidiaries pay or reimburse a Covered Executive for any insurance premiums on any insurance policy obtained by the Covered Executive to protect against the forfeiture or recovery of any compensation pursuant to this Policy.

Interpretation

The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. This Policy shall be applied and interpreted in a manner that is consistent with the requirements of Rule 10D-1 and any applicable regulations, rules or standards adopted by SEC or the rules of any national securities exchange or national securities association on which the Company's securities are listed. In the event that this Policy does not meet the requirements of Rule 10D-1, the SEC regulations promulgated thereunder, or the rules of any national securities exchange or national securities association on which the Company's securities are listed, this Policy shall be deemed to be amended to meet such requirements.

Amendment; Termination

The Board or the Committee may amend this Policy in its discretion and shall amend this Policy as it deems necessary to comply with the regulations adopted by the SEC under Rule 10D-1 and the rules of any national securities exchange or national securities association on which the Company's securities are listed. The Board or the Committee may terminate this Policy at any time. Notwithstanding anything herein to the contrary, no amendment or termination of this Policy shall be effective if that amendment or termination would cause the Company to violate any federal securities laws, SEC rules or the rules of any national securities exchange or national securities association on which the Company's securities are listed.

Other Recoupment Rights

The Committee intends that this Policy will be applied to the fullest extent of the law. Any Incentive-Based Compensation provided for in an employment agreement, incentive compensation plan, policy, program or agreement, equity award, or similar plan, program or agreement shall, as a condition to the grant of any benefit thereunder, be subject to the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar provision in any employment agreement, incentive compensation plan, policy, program or agreement, equity award, or similar plan, program or agreement and any other legal remedies available to the Company. This Policy is in addition to any other clawback or compensation recovery, recoupment or forfeiture policy in effect or that may be adopted by the Company from time to time, or any laws, rules or listing standards applicable to the Company, including without limitation, the Company's right to recoup compensation pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, the Zimmer Biomet Holdings, Inc. Executive Performance Incentive Plan, the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan and any other plan, policy or agreement to which the Company is party or to which an individual is subject. Notwithstanding the foregoing, there shall be no duplication of recovery of the same Erroneously Awarded Compensation under this Policy and any such other clawback rights, unless required by applicable law.

Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

Applicable Law

This Policy and all rights and obligations hereunder shall be governed by and construed in accordance with the law of the State of Indiana regardless of the application of rules of conflicts of laws that would apply to the laws of any other jurisdiction.

Venue

The jurisdiction and venue for any disputes arising under, or any action brought to enforce (or otherwise relating to), this Policy will be exclusively in the courts in the State of Indiana, County of Kosciusko, or the federal courts for the United States for the Northern District of Indiana (should Federal jurisdiction exist).

Acknowledgement

Each Covered Executive shall be required to agree to be bound by the terms of, and comply with, this Policy. For the avoidance of doubt, each Covered Executive will be fully bound by, and must comply with, the Policy, whether or not such Covered Executive has executed and returned a written acknowledgment to the Company.

Effective October 2, 2023

