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

# FORM 10-Q

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

**FOR THE QUARTERLY PERIOD ENDED March 31, 2022**

**Commission File Number 001-16407**

# ZIMMER BIOMET HOLDINGS, INC.
**(Exact name of registrant as specified in its charter)**

| **Delaware** | **13-4151777** |
|---|---|
| **(State or other jurisdiction of incorporation or organization)** | **(IRS Employer Identification No.)** |

**345 East Main Street, Warsaw, IN 46580**
**(Address of principal executive offices)**
**Telephone: (574) 267-6131**

**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** |
| **1.414% Notes due 2022** | **ZBH 22A** | **New York Stock Exchange** |
| **2.425% Notes due 2026** | **ZBH 26** | **New York Stock Exchange** |
| **1.164% Notes due 2027** | **ZBH 27** | **New York Stock Exchange** |

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

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

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

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| Emerging growth company | ☐ | | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of April 22, 2022, 209,577,347 shares of the registrant's $.01 par value common stock were outstanding.

**ZIMMER BIOMET HOLDINGS, INC.**
**INDEX TO FORM 10-Q**
**March 31, 2022**


| | | Page |
|---|---|---|
| **Part I - Financial Information** | | |
| **Item 1.** | Financial Statements (unaudited) | 3 |
| | Condensed Consolidated Statements of Earnings for the Three Months Ended March 31, 2022 and 2021 | 3 |
| | Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2022 and 2021 | 4 |
| | Condensed Consolidated Balance Sheets as of March 31, 2022 and December 31, 2021 | 5 |
| | Condensed Consolidated Statements of Stockholders' Equity for the Three Months Ended March 31, 2022 and 2021 | 6 |
| | Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2022 and 2021 | 7 |
| | Notes to Interim Condensed Consolidated Financial Statements | 8 |
| **Item 2.** | Management's Discussion and Analysis of Financial Condition and Results of Operations | 27 |
| **Item 3.** | Quantitative and Qualitative Disclosures About Market Risk | 34 |
| **Item 4.** | Controls and Procedures | 34 |
| **Part II - Other Information** | | |
| **Item 1.** | Legal Proceedings | 35 |
| **Item 1A.** | Risk Factors | 35 |
| **Item 2.** | Unregistered Sales of Equity Securities and Use of Proceeds | 36 |
| **Item 3.** | Defaults Upon Senior Securities | 36 |
| **Item 4.** | Mine Safety Disclosures | 36 |
| **Item 5.** | Other Information | 36 |
| **Item 6.** | Exhibits | 37 |
| **Signatures** | | 39 |

**Part I – Financial Information**

**Item 1. Financial Statements**

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

| | Three Months Ended March 31, | |
|---|---|---|
| | **2022** | **2021** |
| **Net Sales** | $ 1,663.2 | $ 1,601.4 |
| Cost of products sold, excluding intangible asset amortization | 500.0 | 436.3 |
| Intangible asset amortization | 130.8 | 133.6 |
| Research and development | 96.9 | 81.0 |
| Selling, general and administrative | 684.5 | 657.0 |
| Restructuring and other cost reduction initiatives | 43.9 | 21.3 |
| Quality remediation | 6.5 | 10.1 |
| Acquisition, integration, divestiture and related | 2.2 | 3.4 |
| Operating expenses, net | 1,464.8 | 1,342.7 |
| **Operating Profit** | 198.4 | 258.7 |
| Other (expense) income, net | (56.1) | 7.7 |
| Interest expense, net | (41.1) | (52.3) |
| Earnings from continuing operations before income taxes | 101.2 | 214.1 |
| Provision for income taxes from continuing operations | 28.0 | 21.1 |
| **Net Earnings from continuing operations** | 73.2 | 193.0 |
| Less: Net earnings (loss) attributable to noncontrolling interest | 0.2 | (0.4) |
| Net Earnings from Continuing Operations of Zimmer Biomet Holdings, Inc. | 73.0 | 193.4 |
| (Loss) earnings from discontinued operations, net of taxes | (58.8) | 4.7 |
| **Net Earnings of Zimmer Biomet Holdings, Inc.** | $ 14.2 | $ 198.1 |
| | | |
| **Earnings Per Common Share - Basic** | | |
| Earnings from continuing operations | $ 0.35 | $ 0.93 |
| (Loss) earnings from discontinued operations | (0.28) | 0.02 |
| **Net Earnings Per Common Share - Basic** | $ 0.07 | $ 0.95 |
| **Earnings Per Common Share - Diluted** | | |
| Earnings from continuing operations | $ 0.35 | $ 0.92 |
| (Loss) earnings from discontinued operations | (0.28) | 0.02 |
| **Net Earnings Per Common Share - Diluted** | $ 0.07 | $ 0.94 |
| **Weighted Average Common Shares Outstanding** | | |
| Basic | 209.2 | 208.0 |
| Diluted | 210.1 | 210.2 |

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

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Net Earnings from continuing operations | $ 73.2 | $ 193.0 |
| Other Comprehensive Income (Loss): | | |
| Foreign currency cumulative translation adjustments, net of tax | 1.3 | (19.1) |
| Unrealized cash flow hedge gains, net of tax | 13.7 | 39.9 |
| Reclassification adjustments on hedges, net of tax | (4.3) | (0.5) |
| Adjustments to prior service cost and unrecognized actuarial assumptions, net of tax | 0.9 | 0.8 |
| Total Other Comprehensive Income | 11.6 | 21.1 |
| Comprehensive Income | 84.8 | 214.1 |
| Comprehensive income (loss) attributable to the noncontrolling interest | 0.2 | (0.4) |
| Comprehensive (loss) income attributable to discontinued operations | (58.8) | 4.7 |
| Comprehensive Income Attributable to Zimmer Biomet Holdings, Inc. | $ 25.8 | $ 219.2 |

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

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

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets:** | | |
| Cash and cash equivalents | $ 435.8 | $ 378.1 |
| Accounts receivable, less allowance for credit losses | 1,254.2 | 1,259.6 |
| Inventories | 2,132.1 | 2,148.0 |
| Prepaid expenses and other current assets | 694.7 | 597.7 |
| Current assets of discontinued operations | - | 501.6 |
| Total Current Assets | 4,516.8 | 4,885.0 |
| Property, plant and equipment, net | 1,825.9 | 1,836.6 |
| Goodwill | 8,895.9 | 8,919.4 |
| Intangible assets, net | 5,391.5 | 5,533.6 |
| Other assets | 987.4 | 1,005.0 |
| Noncurrent assets of discontinued operations | - | 1,276.8 |
| **Total Assets** | $ 21,617.5 | $ 23,456.4 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **Current Liabilities:** | | |
| Accounts payable | $ 322.0 | $ 306.5 |
| Income taxes payable | 34.5 | 62.0 |
| Salaries, wages and benefits | 184.5 | 317.6 |
| Other current liabilities | 1,118.6 | 999.5 |
| Current portion of long-term debt | 1,014.5 | 1,605.1 |
| Current liabilities of discontinued operations | - | 177.2 |
| Total Current Liabilities | 2,674.1 | 3,467.9 |
| Deferred income taxes, net | 490.1 | 558.5 |
| Long-term income tax payable | 593.1 | 583.0 |
| Other long-term liabilities | 552.5 | 548.5 |
| Long-term debt | 5,286.3 | 5,463.7 |
| Noncurrent liabilities of discontinued operations | - | 168.4 |
| **Total Liabilities** | 9,596.1 | 10,790.0 |
| **Commitments and Contingencies (Note 15)** | | |
| **Stockholders' Equity:** | | |
| Zimmer Biomet Holdings, Inc. Stockholders' Equity: | | |
| Common stock, $0.01 par value, one billion shares authorized, 313.4 million shares in 2022 (312.8 million in 2021) issued | 3.1 | 3.1 |
| Paid-in capital | 9,385.7 | 9,314.8 |
| Retained earnings | 9,503.1 | 10,292.2 |
| Accumulated other comprehensive loss | (158.9) | (231.6) |
| Treasury stock, 103.8 million shares in 2022 (103.8 million shares in 2021) | (6,717.5) | (6,717.8) |
| Total Zimmer Biomet Holdings, Inc. stockholders' equity | 12,015.5 | 12,660.7 |
| Noncontrolling interest | 5.9 | 5.7 |
| **Total Stockholders' Equity** | 12,021.4 | 12,666.4 |
| **Total Liabilities and Stockholders' Equity** | $ 21,617.5 | $ 23,456.4 |

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

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

| | Zimmer Biomet Holdings, Inc. Stockholders | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Common Shares | | Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive (Loss) Income | Treasury Shares | | Noncontrolling Interest | Total Stockholders' Equity |
| | Number | Amount | | | | Number | Amount | | |
| **Balance January 1, 2022** | 312.8 | $ 3.1 | $ 9,314.8 | $ 10,292.2 | $ (231.6) | (103.8) | $ (6,717.8) | $ 5.7 | $ 12,666.4 |
| Net earnings | - | - | - | 14.2 | - | - | - | 0.2 | 14.4 |
| Other comprehensive income | - | - | - | - | 11.6 | - | - | - | 11.6 |
| Cash dividends declared ($0.24 per share) | - | - | - | (50.3) | - | - | - | - | (50.3) |
| Reclassifications of net investment hedges | - | - | - | - | 25.9 | - | - | - | 25.9 |
| Spinoff of ZimVie Inc. | - | - | - | (753.1) | 35.2 | - | - | - | (717.9) |
| Stock compensation plans | 0.6 | - | 70.9 | 0.1 | - | - | 0.3 | - | 71.3 |
| **Balance March 31, 2022** | 313.4 | $ 3.1 | $ 9,385.7 | $ 9,503.1 | $ (158.9) | (103.8) | $ (6,717.5) | $ 5.9 | $ 12,021.4 |
| **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 | - | - | - | 198.1 | - | - | - | (0.4) | 197.7 |
| Other comprehensive income | - | - | - | - | 21.1 | - | - | - | 21.1 |
| Cash dividends declared ($0.24 per share) | - | - | - | (50.0) | - | - | - | - | (50.0) |
| Stock compensation plans | 0.8 | - | 77.6 | 2.7 | - | - | 1.3 | - | 81.6 |
| **Balance March 31, 2021** | 312.2 | $ 3.1 | $ 9,199.2 | $ 10,237.7 | $ (276.7) | (103.8) | $ (6,718.3) | $ 4.8 | $ 12,449.8 |

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

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

| | For the Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| **Cash flows provided by (used in) operating activities from continuing operations:** | | |
| Net earnings from continuing operations | $ 73.2 | $ 193.0 |
| Adjustments to reconcile net earnings from continuing operations to cash provided by operating activities: | | |
| Depreciation and amortization | 233.8 | 235.7 |
| Share-based compensation | 23.2 | 20.1 |
| Changes in operating assets and liabilities, net of acquired assets and liabilities | | |
| Income taxes | (2.5) | (4.9) |
| Receivables | (14.2) | 34.8 |
| Inventories | (0.6) | (85.2) |
| Accounts payable and accrued liabilities | (15.9) | (138.3) |
| Other assets and liabilities | 18.7 | (31.7) |
| Net cash provided by operating activities from continuing operations | 315.7 | 223.5 |
| **Cash flows provided by (used in) investing activities from continuing operations:** | | |
| Additions to instruments | (56.4) | (72.2) |
| Additions to other property, plant and equipment | (36.4) | (25.8) |
| Net investment hedge settlements | 12.7 | 3.1 |
| Other investing activities | (1.0) | (13.2) |
| Net cash used in investing activities from continuing operations | (81.1) | (108.1) |
| **Cash flows provided by (used in) financing activities from continuing operations:** | | |
| Proceeds from revolving facility | 100.0 | - |
| Redemption of senior notes | (750.0) | (200.0) |
| Dividends paid to stockholders | (50.2) | (49.8) |
| Proceeds from employee stock compensation plans | 40.5 | 65.3 |
| Distribution from ZimVie, Inc. | 540.6 | - |
| Business combination contingent consideration payments | - | (5.8) |
| Other financing activities | (3.3) | (5.5) |
| Net cash used in financing activities from continuing operations | (122.4) | (195.8) |
| **Cash flows provided by (used in) discontinued operations:** | | |
| Net cash (used in) provided by operating activities | (78.5) | 23.0 |
| Net cash used in investing activities | (7.2) | (14.2) |
| Net cash used in financing activities | (68.1) | - |
| Net cash (used in) provided by discontinued operations | (153.8) | 8.8 |
| Effect of exchange rates on cash and cash equivalents | (1.1) | (6.2) |
| Decrease in cash and cash equivalents | (42.7) | (77.8) |
| Cash and cash equivalents, beginning of year (includes $100.4 and $27.4 at January 1, 2022 and 2021, respectively, of discontinued operations cash) | 478.5 | 802.1 |
| Cash and cash equivalents, end of period (includes $24.9 at March 31, 2021 of discontinued operations cash) | $ 435.8 | $ 724.3 |

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

## 1. Basis of Presentation

The financial data presented herein is unaudited and should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2021.

In our opinion, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of the financial position, results of operations and cash flows for the interim periods presented. The December 31, 2021 condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America ("GAAP"). The December 31, 2021 recasted financial information for discontinued operations reporting, as further discussed in Note 2, has not been audited. Results for interim periods should not be considered indicative of results for the full year.

*Risks and Uncertainties* - Our results have been and are expected to continue to be impacted by the COVID-19 global pandemic. The vast majority of our net sales are derived from products used in elective surgical procedures which continue to be deferred due to precautions in certain markets and staffing shortages. The consequences of COVID-19 continue to be extremely fluid and there are many market dynamics that are difficult to predict. The COVID-19 pandemic may have an unfavorable effect on our financial position, results of operations and cash flows in the near term.

*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 of 80.3% of the outstanding shares of common stock of ZimVie Inc. ("ZimVie") to Zimmer Biomet's stockholders. 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 condensed consolidated financial statements through the date of the spinoff and in the prior year periods as the spinoff represents a strategic shift in our business that has a major effect on operations and financial results. As of December 31, 2021, the assets and liabilities associated with these businesses are classified as assets and liabilities of discontinued operations in the condensed consolidated balance sheet. The disclosures presented in our notes to the interim condensed consolidated financial statements are presented on a continuing operations basis.

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

## 2. Discontinued Operations

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 condensed 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 our 3.150% Senior Notes due 2022 which had an outstanding principal balance of $750.0 million.

Also, 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. The agreements set forth the principles and actions taken or to be taken in connection with the separation and the distribution and provide a framework for our relationship with ZimVie from and after the separation and the distribution. The agreements include a Separation and Distribution Agreement, a Tax Matters Agreement, an Employee Matters Agreement, a Transition Services Agreement (the "TSA"), an Intellectual Property Matters Agreement, a Stockholder and Registration Rights Agreement, a Transition Manufacturing and Supply Agreement (the "TMA"), a Reverse Transition Manufacturing and Supply Agreement (the "Reverse TMA") and a Transitional Trademark License Agreement, 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. However, we expect most TSA services will be completed by the end of 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 condensed consolidated statements of earnings. Amounts included in the condensed consolidated statements of earnings related to these agreements for the three-month periods ended March 31, 2022 and 2021 were immaterial. Amounts due to and due from ZimVie were also immaterial as of March 31, 2022.

We retained 19.7 percent of the outstanding common shares of ZimVie. Given our inability to exert significant influence over ZimVie, we recognize this investment at fair value in prepaid expenses and other current assets on our condensed consolidated balance sheet. Changes to the fair value of the investment is recognized in non-operating other (expense) income, net.

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Net Sales | $ 147.8 | $ 245.9 |
| Cost of products sold, excluding intangible asset amortization | 53.5 | 80.1 |
| Intangible asset amortization | 14.0 | 21.9 |
| Research and development | 10.5 | 13.4 |
| Selling, general and administrative | 89.4 | 113.1 |
| Restructuring and other cost reduction initiatives | 0.4 | 0.5 |
| Acquisition, integration, divestiture and related | 40.9 | 7.8 |
| Other expense, net | 0.3 | 2.5 |
| (Loss) Earnings from discontinued operations before income taxes | (61.2) | 6.6 |
| (Benefit) Provision for income taxes from discontinued operations | (2.4) | 1.9 |
| **(Loss) Earnings from discontinued operations, net of tax** | $ (58.8) | $ 4.7 |

Details of assets and liabilities of discontinued operations are as follows (in millions):

| | December 31, 2021 |
|---|---|
| Cash and cash equivalents | $ 100.4 |
| Accounts receivable, less allowance for credit losses | 145.3 |
| Inventories | 246.5 |
| Prepaid expenses and other current assets | 9.4 |
| Total Current Assets of Discontinued Operations | $ 501.6 |
| Property, plant and equipment, net | $ 179.9 |
| Goodwill | 272.8 |
| Intangible assets, net | 766.2 |
| Other assets | 57.9 |
| Total Noncurrent Assets of Discontinued Operations | $ 1,276.8 |
| Accounts payable | $ 44.7 |
| Income taxes payable | 3.1 |
| Other current liabilities | 129.4 |
| Total Current Liabilities of Discontinued Operations | $ 177.2 |
| Deferred income taxes, net | $ 107.1 |
| Other long-term liabilities | 61.3 |
| Total Noncurrent Liabilities of Discontinued Operations | $ 168.4 |

In a pro rata spinoff of consolidated subsidiaries, the distribution of the assets and liabilities are recognized through equity instead of net earnings. Accordingly, we have recognized the distribution of net assets to ZimVie in retained earnings. Additionally, the dividend we received from ZimVie at the separation was also recognized in retained earnings.

**3. Significant Accounting Policies**

*Use of Estimates* - The accompanying unaudited condensed consolidated financial statements are prepared in conformity with GAAP, which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We have made our best estimates, as appropriate under GAAP, in the recognition of our assets and liabilities. These estimates have considered the impact the COVID-19 pandemic may have on our financial position, results of operations and cash flows. Such estimates included, but were 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 and the recoverability of other long-lived assets. Actual results could differ materially from these estimates.

*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 three-month period ended March 31, 2022, we recognized a loss of $51.0 million 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 March 31, 2022 we valued our investment at fair value based upon ZimVie's share price on that date, less a discount to sell unregistered shares. In future reporting periods, we will continue to recognize our investment in ZimVie at fair value with any gains/losses recognized in other expense (income), net.

*Accounting Pronouncements Recently Adopted*

In July 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2021-05 Lessors – Certain Leases with Variable Lease Payments which is an amendment to Accounting Standards Codification Topic 842 – Leases ("ASC 842"). Under the prior ASC 842 guidance, variable payments were excluded from the measurement of the initial net investment in the lease if the payments do not depend on an index or a rate. For sales-type or direct financing leases, this could result in the recognition of a day-one loss for leases with entire or partial variable payments. ASU 2021-05 requires lessors to classify leases with entire or partial variable payments as operating leases if otherwise a day-one loss would be recognized. The ASU is effective for fiscal years beginning after December 15, 2021, and interim periods within those years. Early adoption of this ASU is permitted. The ASU can either be applied retrospectively to leases that were commenced or modified on or after the adoption of ASC 842 or applied prospectively to leases that commence or are modified after the adoption of ASU 2021-05. We adopted this standard as of January 1, 2022. The adoption of this standard did not have a material impact on our financial position, results of operations or cash flows.

*Accounting Pronouncements Not Yet Adopted*

In March 2020, the FASB issued ASU 2020-04 Reference Rate Reform (Topic 848). ASU 2020-04 provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. The new guidance provides optional expedients and exceptions for applying generally accepted accounting principles to transactions affected by reference rate reform if certain criteria are met. Early adoption of this ASU is permitted, and we may elect to apply the amendments prospectively through December 31, 2022. We are currently evaluating the impact this ASU will have on our financial statements.

There are no recently issued accounting pronouncements that we have not yet adopted that are expected to have a material effect on our financial position, results of operations or cash flows.

**4. Revenue**

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| United States | $ 941.2 | $ 889.2 |
| International | 722.0 | 712.2 |
| Total | $ 1,663.2 | $ 1,601.4 |

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Knees | $ 662.8 | $ 614.3 |
| Hips | 451.0 | 447.0 |
| S.E.T. | 416.8 | 417.6 |
| Other | 132.6 | 122.5 |
| Total | $ 1,663.2 | $ 1,601.4 |

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

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

## 5. Restructuring

In December 2021, we initiated a new global restructuring program (the "2021 Restructuring Plan") to reorganize our operations in preparation for the planned spinoff of ZimVie with an objective of reducing costs. The 2021 Restructuring Plan is expected to result in total pre-tax restructuring charges of approximately $240 million and reduce gross annual pre-tax operating expenses by approximately $210 million by the end of 2024 as program benefits are realized. 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 restructuring charges incurred in the three-month period ended March 31, 2022 primarily related to employee termination benefits, sales agent contract terminations, consulting fees and project management expenses. 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, 2021 | $ 19.5 | $ 2.3 | $ 10.3 | $ 32.1 |
| Expenses incurred in the three months ended March 31, 2022 | 21.3 | 3.4 | 5.2 | 29.9 |
| Cash payments | (28.4) | (3.0) | (15.0) | (46.4) |
| Foreign currency exchange rate changes | 0.2 | - | - | 0.2 |
| Balance, March 31, 2022 | $ 12.6 | $ 2.7 | $ 0.5 | $ 15.8 |
| | | | | |
| Expense incurred since the start of the 2021 Restructuring Plan | $ 40.8 | $ 5.7 | $ 15.5 | $ 62.0 |
| | | | | |
| Expense estimated to be recognized for the 2021 Restructuring Plan | $ 50.0 | $ 165.0 | $ 25.0 | $ 240.0 |

In December 2019, we initiated a 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 $350 million to $400 million and reduce gross annual pre-tax operating expenses by approximately $200 million to $300 million by the end of 2023 as program benefits are realized. 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. The restructuring charges incurred in the three-month period ended March 31, 2022 primarily related to distributor contract terminations, consulting and project management. 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, 2021 | $ 14.8 | $ 16.5 | $ - | $ 31.3 |
| Expenses incurred in the three months ended March 31, 2022 | (0.5) | 1.1 | 9.4 | 10.0 |
| Cash payments | (3.0) | (2.5) | (5.1) | (10.6) |
| Foreign currency exchange rate changes | (0.5) | (0.7) | (0.2) | (1.4) |
| Balance, March 31, 2022 | $ 10.8 | $ 14.4 | $ 4.1 | $ 29.3 |
| | | | | |
| Expense incurred since the start of the 2019 Restructuring Plan | $ 85.4 | $ 35.4 | $ 112.1 | $ 232.9 |
| | | | | |
| Expense estimated to be recognized for the 2019 Restructuring Plan | $ 180.0 | $ 40.0 | $ 155.0 | $ 375.0 |

For the expense estimated to be recognized for the 2019 Restructuring Plan, we have disclosed the midpoint in our estimated range of expenses.

We do not include restructuring charges in the operating profit of our reportable segments.

In our condensed consolidated statement of earnings, we report restructuring charges in our "Restructuring and other cost reduction initiatives" financial statement line item. We report the expenses for other cost reduction initiatives with restructuring expenses 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. Inventories

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| | (in millions) | |
| Finished goods | $ 1,704.5 | $ 1,729.2 |
| Work in progress | 200.9 | 175.5 |
| Raw materials | 226.7 | 243.3 |
| Inventories | $ 2,132.1 | $ 2,148.0 |

## 7. Property, Plant and Equipment

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| | (in millions) | |
| Land | $ 20.0 | $ 20.1 |
| Buildings and equipment | 2,107.7 | 2,086.0 |
| Capitalized software costs | 471.5 | 454.9 |
| Instruments | 3,548.7 | 3,460.4 |
| Construction in progress | 119.7 | 116.3 |
| | 6,267.6 | 6,137.7 |
| Accumulated depreciation | (4,441.7) | (4,301.1) |
| Property, plant and equipment, net | $ 1,825.9 | $ 1,836.6 |

We had $12.9 million and $10.3 million of property, plant and equipment included in accounts payable as of March 31, 2022 and December 31, 2021, respectively.

## 8. Debt

Our debt consisted of the following (in millions):

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| Current portion of long-term debt | | |
| 3.150% Senior Notes due 2022 | $ - | $ 750.0 |
| 2021 Five-Year Credit Agreement | 100.0 | - |
| 1.414% Euro Notes due 2022 | 556.3 | 568.6 |
| Japan Term Loan A | 96.4 | 101.6 |
| Japan Term Loan B | 175.5 | 184.9 |
| 3.700% Senior Notes due 2023 | 86.3 | - |
| Total current portion of long-term debt | $ 1,014.5 | $ 1,605.1 |
| Long-term debt | | |
| 3.700% Senior Notes due 2023 | - | 86.3 |
| 1.450% Senior Notes due 2024 | 850.0 | 850.0 |
| 3.550% Senior Notes due 2025 | 863.0 | 863.0 |
| 3.050% Senior Notes due 2026 | 600.0 | 600.0 |
| 3.550% Senior Notes due 2030 | 257.5 | 257.5 |
| 2.600% Senior Notes due 2031 | 750.0 | 750.0 |
| 4.250% Senior Notes due 2035 | 253.4 | 253.4 |
| 5.750% Senior Notes due 2039 | 317.8 | 317.8 |
| 4.450% Senior Notes due 2045 | 395.4 | 395.4 |
| 2.425% Euro Notes due 2026 | 556.3 | 568.6 |
| 1.164% Euro Notes due 2027 | 556.3 | 568.6 |
| Debt discount and issuance costs | (34.5) | (36.4) |
| Adjustment related to interest rate swaps | (78.9) | (10.5) |
| Total long-term debt | $ 5,286.3 | $ 5,463.7 |

At March 31, 2022, our total current and non-current debt of $6.3 billion consisted of $6.0 billion aggregate principal amount of our senior notes, which included €1.5 billion Euro-denominated senior notes ("Euro Notes"), an ¥11.7 billion Japanese Yen term loan agreement ("Japan Term Loan A") and a ¥21.3 billion Japanese Yen term loan agreement ("Japan Term Loan B") that will each mature on September 27, 2022, and $100.0 million of outstanding borrowings under the 2021 Five-Year Revolving Facility (defined below), partially offset by debt discount and issuance costs of $34.5 million and fair value adjustments totaling $78.9 million.

On March 18, 2022, we redeemed the full $750.0 million outstanding principal amount of our 3.150% Senior Notes due 2022. A $100.0 million draw under the 2021 Five-Year Revolving 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.

In the three-month period ended March 31, 2021, we redeemed the $200.0 million outstanding principal amount of our floating rate notes due 2021.

On August 20, 2021, we entered into a new five-year revolving credit agreement (the "2021 Five-Year Credit Agreement") and a new 364-day revolving credit agreement (the "2021 364-Day Revolving Credit Agreement"), as described below. Borrowings under these credit agreements will be used for general corporate purposes.

The 2021 Five-Year Credit Agreement contains a five-year unsecured revolving facility of $1.5 billion (the "2021 Five-Year Revolving Facility"). The 2021 Five-Year Credit Agreement replaces the previous revolving credit agreement (the "2019 Credit Agreement"), which contained a five-year unsecured multicurrency revolving facility of $1.5 billion (the "2019 Multicurrency Revolving Facility"). There were no borrowings outstanding under the 2019 Credit Agreement at the time it was terminated.

The 2021 Five-Year Credit Agreement will mature on August 20, 2026, with two one-year extensions exercisable at our discretion and subject to required lender consent. The 2021 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. As of March 31, 2022, there was $100.0 million of outstanding borrowings under the 2021 Five-Year Revolving Facility.

Borrowings under the 2021 Five-Year Credit Agreement bear interest at floating rates, based upon either LIBOR for the applicable interest period or at 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 2021 Five-Year Revolving Facility at a rate determined by reference to our senior unsecured long-term debt credit rating. The 2021 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 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 2021 Five-Year Credit Agreement as of March 31, 2022.

The 2021 364-Day Revolving Credit Agreement is an unsecured revolving credit facility in the principal amount of $1.0 billion (the "2021 364-Day Revolving Facility"). The 2021 364-Day Revolving Credit Agreement replaced a credit agreement entered into on September 18, 2020 which was also a 364-day unsecured revolving credit facility of $1.0 billion (the "September 2020 Revolving Facility"). There were no borrowings outstanding under the September 2020 Revolving Facility when it was terminated.

The 2021 364-Day Revolving Facility will mature on August 19, 2022. Borrowings under the 2021 364-Day Revolving Credit Agreement bear interest at floating rates based upon either LIBOR for the applicable interest period or at 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 2021 364-Day Revolving Facility at a rate determined by reference to our senior unsecured long-term debt credit rating. The 2021 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 2021 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 2021 364-Day Revolving Credit Agreement, as of March 31, 2022. As of March 31, 2022, there were no outstanding borrowings under the 2021 364-Day Revolving Credit Agreement.

The estimated fair value of our senior notes, which includes our Euro notes, as of March 31, 2022, based on quoted prices for the specific securities from transactions in over-the-counter markets (Level 2), was $5,995.2 million. The estimated fair value of Japan Term Loan A and Japan Term Loan B, in the aggregate, as of March 31, 2022, based upon publicly available market yield curves and the terms of the debt (Level 2), was $271.7 million. The $100.0 million carrying value of the outstanding principal balance of the 2021 Five-Year Revolving Facility approximates its fair value as it bears interest at short-term market rates.

## 9. Accumulated Other Comprehensive Income

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

Our AOCI is comprised of foreign currency translation adjustments, unrealized gains and losses on cash flow hedges and unrecognized prior service costs and gains and losses in actuarial assumptions related to our defined benefit plans. Foreign currency translation adjustments are reclassified to net earnings upon sale or upon a complete or substantially complete liquidation of an investment in a foreign entity. In the three-month period ended March 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.

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

| | Foreign Currency Translation | Cash Flow Hedges | Defined Benefit Plan Items | Total AOCI |
|---|---|---|---|---|
| Balance at December 31, 2021 | $ (107.1) | $ 32.1 | $ (156.6) | $ (231.6) |
| AOCI before reclassifications | 1.3 | 13.7 | - | 15.0 |
| Reclassifications to statements of earnings | - | (4.3) | 0.9 | (3.4) |
| Spinoff of ZimVie Inc. | 35.2 | - | - | 35.2 |
| Reclassifications of net investment hedges to retained earnings | 25.9 | - | - | 25.9 |
| Balance at March 31, 2022 | $ (44.7) | $ 41.5 | $ (155.7) | $ (158.9) |

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

| | Amount of Gain (Loss) Reclassified from AOCI Three Months Ended March 31, | | |
|---|---|---|---|
| Component of AOCI | 2022 | 2021 | Location on Statements of Earnings |
| *Cash flow hedges* | | | |
| Foreign exchange forward contracts | $ 5.2 | $ 1.1 | Cost of products sold |
| Forward starting interest rate swaps | (0.2) | (0.2) | Interest expense, net |
| | 5.0 | 0.9 | Total before tax |
| | 0.7 | 0.4 | Provision (benefit) for income taxes |
| | $ 4.3 | $ 0.5 | Net of tax |
| *Defined benefit plans* | | | |
| Prior service cost and unrecognized actuarial loss | $ (1.3) | $ (1.5) | Other income, net |
| | (0.4) | (0.7) | Provision (benefit) for income taxes |
| | $ (0.9) | $ (0.8) | Net of tax |
| Total reclassifications | $ 3.4 | $ (0.3) | Net of tax |

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

| | Three Months Ended March 31, 2022 | | |
|---|---|---|---|
| | Before Tax | Tax | Net of Tax |
| Foreign currency cumulative translation adjustments | $ (1.1) | $ (2.4) | $ 1.3 |
| Unrealized cash flow hedge gains | 21.0 | 7.3 | 13.7 |
| Reclassification adjustments on cash flow hedges | (5.0) | (0.7) | (4.3) |
| Adjustments to prior service cost and unrecognized actuarial assumptions | 1.3 | 0.4 | 0.9 |
| Total Other Comprehensive Income | $ 16.2 | $ 4.6 | $ 11.6 |

| | Three Months Ended March 31, 2021 | | |
|---|---|---|---|
| | Before Tax | Tax | Net of Tax |
| Foreign currency cumulative translation adjustments | $ 0.6 | $ 19.7 | $ (19.1) |
| Unrealized cash flow hedge gains | 47.5 | 7.6 | 39.9 |
| Reclassification adjustments on cash flow hedges | (0.9) | (0.4) | (0.5) |
| Adjustments to prior service cost and unrecognized actuarial assumptions | 1.5 | 0.7 | 0.8 |
| Total Other Comprehensive Income | $ 48.7 | $ 27.6 | $ 21.1 |

## 10. Fair Value Measurement 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):

| | As of March 31, 2022 | | | |
|---|---|---|---|---|
| | | Fair Value Measurements at Reporting Date Using: | | |
| Description | Recorded Balance | 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 | $ 64.2 | $ - | $ 64.2 | $ - |
| Cross-currency interest rate swaps | 31.2 | - | 31.2 | - |
| Investment in ZimVie | 111.4 | 111.4 | - | - |
| Total Assets | $ 206.8 | $ 111.4 | $ 95.4 | $ - |
| | | | | |
| **Liabilities** | | | | |
| Derivatives designated as hedges, current and long-term | | | | |
| Foreign currency forward contracts | $ 0.6 | $ - | $ 0.6 | $ - |
| Cross-currency interest rate swaps | 3.4 | - | 3.4 | - |
| Interest rate swaps | 78.9 | - | 78.9 | - |
| Contingent payments related to acquisitions | 32.2 | - | - | 32.2 |
| Total Liabilities | $ 115.1 | $ - | $ 82.9 | $ 32.2 |

| Description | As of December 31, 2021 | | | |
|---|---|---|---|---|
| | | Fair Value Measurements at Reporting Date Using: | | |
| | Recorded Balance | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| **Assets** | | | | |
| Derivatives designated as hedges, current and long-term | | | | |
| Foreign currency forward contracts | $ 52.4 | $ - | $ 52.4 | $ - |
| Cross-currency interest rate swaps | $ 23.0 | | $ 23.0 | |
| Derivatives not designated as hedges, current and long-term | | | | |
| Foreign currency forward contracts | 1.1 | - | 1.1 | - |
| Total Assets | $ 76.5 | $ - | $ 76.5 | $ - |
| | | | | |
| **Liabilities** | | | | |
| Derivatives designated as hedges, current and long-term | | | | |
| Foreign currency forward contracts | $ 0.3 | $ - | $ 0.3 | $ - |
| Cross-currency interest rate swaps | 3.4 | - | 3.4 | - |
| Interest rate swaps | 10.5 | | 10.5 | |
| Derivatives not designated as hedges, current and long-term | | | | |
| Foreign currency forward contracts | 1.5 | - | 1.5 | - |
| Contingent payments related to acquisitions | 35.6 | - | - | 35.6 |
| Total Liabilities | $ 51.3 | $ - | $ 15.7 | $ 35.6 |

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 a 19.7 percent ownership of ZimVie through unregistered shares of common stock. At each reporting date, we value these shares based upon the market share price of ZimVie less a discount to reflect that the shares are not registered.

Contingent payments related to acquisitions consist of sales-based payments, and are valued using discounted cash flow techniques. The fair value of sales-based payments is based upon probability-weighted future revenue estimates, and increases as revenue estimates increase.

The following table provides a reconciliation of the beginning and ending balances of items related to continuing operations 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, 2021 | $ 35.6 |
| Change in estimates | 0.2 |
| Settlements | (3.5) |
| Foreign currency impact | (0.1) |
| Ending balance March 31, 2022 | $ 32.2 |

Changes in estimates for contingent payments related to acquisitions included in continuing operations are recognized in Acquisition, integration, divestiture and related expenses on our condensed consolidated statements of earnings. There were no changes in estimates related to the contingent payment liabilities included in discontinued operations for the three months ended March 31, 2022 or 2021.

## 11. Derivative Instruments and Hedging Activities

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

Interest Rate Risk

*Derivatives Designated as Fair Value Hedges*

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

As of March 31, 2022 and December 31, 2021, the following amounts were recorded on our condensed consolidated balance sheets related to cumulative basis adjustments for fair value hedges (in millions):

| | Carrying Amount of the Hedged Liabilities | | Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Liabilities | |
|---|---|---|---|---|
| Balance Sheet Line Item | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 |
| Long-term debt | $ 916.8 | $ 985.2 | $ (78.9) | $ (10.5) |

*Derivatives Designated as Cash Flow Hedges*

In 2014, we entered into forward starting interest rate swaps that were designated as cash flow hedges of our thirty-year tranche of senior notes due 2045 we expected to issue in 2015. The forward starting interest rate swaps mitigated the risk of changes in interest rates prior to the completion of the notes offering. The interest rate swaps were settled, and the remaining loss to be recognized at March 31, 2022 was $25.1 million, which will be recognized using the effective interest rate method over the remaining maturity period of the hedged notes.

Foreign Currency Exchange Rate Risk

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

*Derivatives Designated as Net Investment Hedges*

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

At March 31, 2022, we had receive-fixed-rate, pay-fixed-rate cross-currency interest swaps with notional amounts outstanding of Euro 550 million, Japanese Yen 7 billion and Swiss Franc 50 million. These transactions further hedge our net investment in certain wholly-owned foreign subsidiaries that have a functional currency of Euro, Japanese Yen and Swiss Franc. All changes in the fair value of a derivative instrument designated as a net investment hedge are recorded as a component of AOCI in the condensed consolidated balance sheets. The portion of this change related to the excluded component will be amortized into earnings over the life of the derivative while the remainder will be recorded in AOCI until the hedged net investment is sold or substantially liquidated. We recognize the excluded component in interest expense, net on our condensed consolidated statements of earnings. The net cash received related to the receive-fixed-rate, pay-fixed-rate component of the cross-currency interest rate swaps is reflected in investing cash flows in our condensed consolidated statements of cash flows. In the three-month period ended March 31, 2022, €125 million of these cross-currency interest rate swaps matured at a gain of $4.1 million. The settlement of this gain with the counterparties is reflected in investing cash flows in our condensed consolidated statements of cash flows and will remain in AOCI on our condensed consolidated balance sheet until the hedged net investment is sold or substantially liquidated.

*Derivatives Designated as Cash Flow Hedges*

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

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

For foreign currency exchange forward contracts and options outstanding at March 31, 2022, we had obligations to purchase U.S. Dollars and sell Euros, Japanese Yen, British Pounds, Canadian Dollars, Australian Dollars, Korean Won, Swedish Krona, Czech Koruna, Thai Baht, Taiwan Dollars, South African Rand, Russian Rubles, Indian Rupees, Polish Zloty, Danish Krone, and Norwegian Krone and obligations to purchase Swiss Francs and sell U.S. Dollars. These derivatives mature at dates ranging from April 2022 through August 2024. As of March 31, 2022, the notional amounts of outstanding forward contracts and options entered into with third parties to purchase U.S. Dollars were $1,243.3 million. As of March 31, 2022, the notional amounts of outstanding forward contracts and options entered into with third parties to purchase Swiss Francs were $351.2 million.

*Derivatives Not Designated as Hedging Instruments*

We enter into foreign currency forward exchange contracts with terms of one to three months to manage currency exposures for monetary assets and liabilities denominated in a currency other than an entity's functional currency. As a result, any foreign currency remeasurement gains/losses recognized in earnings are generally offset with gains/losses on the foreign currency forward exchange contracts in the same reporting period. The net amount of these offsetting gains/losses is recorded in other expense, net. Any outstanding contracts are recorded on the balance sheet at fair value as of the end of the reporting period. The notional amounts of these contracts are typically in a range of $1.5 billion to $2.0 billion per quarter.

Income Statement Presentation

*Derivatives Designated as Cash Flow Hedges*

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

| | Amount of Gain (Loss) Recognized in AOCI | | | Amount of Gain (Loss) Reclassified from AOCI | |
|---|---|---|---|---|---|
| | Three Months Ended March 31, | | | Three Months Ended March 31, | |
| Derivative Instrument | 2022 | 2021 | Location on Statements of Earnings | 2022 | 2021 |
| Foreign exchange forward contracts | $ 21.0 | $ 47.5 | Cost of products sold | $ 5.2 | $ 1.1 |
| Forward starting interest rate swaps | - | - | Interest expense, net | (0.2) | (0.2) |
| | $ 21.0 | $ 47.5 | | $ 5.0 | $ 0.9 |

The fair value of outstanding derivative instruments designated as cash flow hedges and recorded on our condensed consolidated balance sheet at March 31, 2022, together with settled derivatives where the hedged item has not yet affected earnings, was a net unrealized gain of $49.8 million, or $41.5 million after taxes, which is deferred in AOCI. A gain of $35.9 million, or $30.6 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 effect of fair value, cash flow and net investment hedge accounting on our condensed consolidated statements of earnings (in millions):

| | Location and Amount of Gain/(Loss) Recognized in Income on Fair Value, Cash Flow and Net Investment Hedging Relationships | | | |
|---|---|---|---|---|
| | Three Months Ended March 31, 2022 | | Three Months Ended March 31, 2021 | |
| | 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** | $ 500.0 | $ (41.1) | $ 436.3 | $ (52.3) |
| The effects of fair value, cash flow and net investment hedging: | | | | |
| **Gain (loss) on fair value hedging relationships** | | | | |
| Discontinued interest rate swaps | - | - | - | 0.9 |
| Interest rate swaps | - | 2.9 | - | - |
| **Gain (loss) on cash flow hedging relationships** | | | | |
| Foreign exchange forward contracts | 5.2 | - | 1.1 | - |
| Forward starting interest rate swaps | - | (0.2) | - | (0.2) |
| **Gain on net investment hedging relationships** | | | | |
| Cross-currency interest rate swaps | - | 6.5 | - | 13.3 |

*Derivatives Not Designated as Hedging Instruments*

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

| Derivative Instrument | Location on Statements of Earnings | Three Months Ended March 31, 2022 | Three Months Ended March 31, 2021 |
|---|---|---|---|
| Foreign exchange forward contracts | Other (expense) income, net | $ (8.5) | $ (6.2) |

These losses do not reflect offsetting gains of $7.7 million and $3.4 million in the three-month periods ended March 31, 2022 and 2021, respectively, recognized in other (expense) income, net as a result of foreign currency remeasurement of monetary assets and liabilities denominated in a currency other than an entity's functional currency.

Balance Sheet Presentation

As of March 31, 2022 and December 31, 2021, all derivatives designated as fair value hedges, cash flow hedges and net investment hedges are recorded at fair value on our condensed consolidated balance sheets. On our condensed consolidated balance sheets, we recognize individual forward contracts with the same counterparty on a net asset/liability basis if we have a master netting agreement with the counterparty. Under these master netting agreements, we are able to settle derivative instrument assets and liabilities with the same counterparty in a single transaction, instead of settling each derivative instrument separately. We have master netting agreements with all of our counterparties. The fair value of derivative instruments on a gross basis is as follows (in millions):

| | As of March 31, 2022 | | As of December 31, 2021 | |
|---|---|---|---|---|
| | Balance Sheet Location | Fair Value | Balance Sheet Location | Fair Value |
| ***Asset Derivatives Designated as Hedges*** | | | | |
| Foreign exchange forward contracts | Other current assets | $ 57.2 | Other current assets | $ 42.3 |
| Cross-currency interest rate swaps | Other current assets | 25.4 | Other current assets | 16.3 |
| Foreign exchange forward contracts | Other assets | 20.4 | Other assets | 20.9 |
| Cross-currency interest rate swaps | Other assets | 5.8 | Other assets | 6.7 |
| **Total asset derivatives** | | $ 108.8 | | $ 86.2 |
| ***Asset Derivatives Not Designated as Hedges*** | | | | |
| Foreign exchange forward contracts | Other current assets | $ - | Other current assets | $ 1.4 |
| ***Liability Derivatives Designated as Hedges*** | | | | |
| Foreign exchange forward contracts | Other current liabilities | $ 10.5 | Other current liabilities | $ 9.6 |
| Cross-currency interest rate swaps | Other current liabilities | 3.4 | Other current liabilities | 0.1 |
| Foreign exchange forward contracts | Other long-term liabilities | 3.5 | Other long-term liabilities | 1.5 |
| Cross-currency interest rate swaps | Other long-term liabilities | - | Other long-term liabilities | 3.3 |
| Interest rate swaps | Other long-term liabilities | 78.9 | Other long-term liabilities | 10.5 |
| **Total liability derivatives** | | $ 96.3 | | $ 25.0 |
| ***Liability Derivatives Not Designated as Hedges*** | | | | |
| Foreign exchange forward contracts | Other current liabilities | $ - | Other current liabilities | $ 1.8 |

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

| Description | Location | As of March 31, 2022 Gross Amount | Offset | Net Amount in Balance Sheet | As of December 31, 2021 Gross Amount | Offset | Net Amount in Balance Sheet |
|---|---|---|---|---|---|---|---|
| ***Asset Derivatives*** | | | | | | | |
| Cash flow hedges | Other current assets | $ 57.2 | $ 10.2 | $ 47.0 | $ 42.3 | $ 9.5 | $ 32.8 |
| Cash flow hedges | Other assets | 20.4 | 3.2 | 17.2 | 20.9 | 1.3 | 19.6 |
| Derivatives Not Designated as Hedges | Other current assets | - | - | - | 1.4 | 0.3 | 1.1 |
| ***Liability Derivatives*** | | | | | | | |
| Cash flow hedges | Other current liabilities | 10.5 | 10.2 | 0.3 | 9.6 | 9.5 | 0.1 |
| Cash flow hedges | Other long-term liabilities | 3.5 | 3.2 | 0.3 | 1.5 | 1.3 | 0.2 |
| Derivatives Not Designated as Hedges | Other current liabilities | - | | - | 1.8 | 0.3 | 1.5 |

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

| Derivative Instrument | Amount of Gain Recognized in AOCI Three Months Ended March 31, 2022 | 2021 |
|---|---|---|
| Euro Notes | $ 36.9 | $ 72.3 |
| Cross-currency interest rate swaps | 12.3 | 65.6 |
| | $ 49.2 | $ 137.9 |

**12. Income Taxes**

We operate on a global basis and are subject to numerous and complex tax laws and regulations. Additionally, tax laws continue to undergo rapid changes in both application and interpretation by various countries, including state aid interpretations and initiatives led by the Organization 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 $140 million decrease to a $20 million increase.

We are under continuous audit by the IRS and other taxing authorities. 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 2015 and are currently under audit for years 2016-2019.

In October 2020, we reached agreement with the IRS for tax years 2006-2012 related to the reallocation of profits between the U.S. and Puerto Rico as well as other miscellaneous adjustments.

The IRS has proposed adjustments for tax years 2010-2012, primarily related to reallocating profits between certain of our 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 relating to transfer pricing involving our cost sharing agreement between the U.S. and Switzerland affiliated companies and reallocating profits between certain of our U.S. and foreign subsidiaries. This includes a proposed increase to our U.S. Federal taxable income, which would result in additional tax expense related to 2013 of approximately $370 million, subject to interest and penalties related to our cost sharing agreement. 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 do not expect changes to our reserves relative to these matters within the next twelve months. We intend to vigorously contest the adjustment, and we will pursue all available administrative and, if necessary, judicial remedies. If we pursue judicial remedies in the U.S. Tax Court for years 2013-2015, a number of years will likely elapse before such matters are 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.

A public referendum held in Switzerland passed the Federal Act on Tax Reform and AHV Financing ("TRAF"), effective January 1, 2020. The TRAF provides transitional relief measures for companies that are losing the tax benefit of a ruling, including a "step-up" for amortizable goodwill, equal to the amount of future tax benefit they would have received under their existing ruling, subject to certain limitations. This resulted in the recording of a deferred tax asset for future deductions of tax goodwill.

In the three-month period ended March 31, 2022, our effective tax rate ("ETR") was 27.8 percent compared to 9.8 percent in the three-month period ended March 31, 2021. The 27.8 percent ETR in the three-month period ended March 31, 2022 was driven by the loss on our investment in ZimVie which is not deductible for tax purposes. The 9.8 percent ETR in the three-month period ended March 31, 2021 was the result of favorable discrete adjustments from the filing of Swiss tax returns and an excess tax benefit related to stock-based compensation. 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; the outcome of various federal, state and foreign audits; and the expiration of certain statutes of limitations. Currently, we cannot reasonably estimate the impact of these items on our financial results.

## 13. Earnings Per Share

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Weighted average shares outstanding for basic net earnings per share | 209.2 | 208.0 |
| Effect of dilutive stock options and other equity awards | 0.9 | 2.2 |
| Weighted average shares outstanding for diluted net earnings per share | 210.1 | 210.2 |

During the three-month periods ended March 31, 2022 and 2021, an average of 2.9 million options and 0.4 million options, respectively, to purchase shares of common stock were not included in the computation of diluted earnings per share because the effect would have been antidilutive.

## 14. Segment Information

We design, manufacture and market orthopedic reconstructive products; sports medicine, biologics, extremities and trauma products; craniomaxillofacial and thoracic products ("CMFT"); and related surgical products. 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 pertaining to intangible asset amortization, certain inventory and manufacturing-related charges, 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 ("EU MDR") expenses, certain R&D agreements, 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 certain operations, distribution, quality assurance and regulatory assurance 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.

Our CODM does not review asset information by operating segment. Instead, our CODM reviews cash flow and other financial ratios by operating segment.

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

| | Net Sales | | Operating Profit | |
|---|---|---|---|---|
| | Three Months Ended March 31, | | Three Months Ended March 31, | |
| | 2022 | 2021 | 2022 | 2021 |
| Americas | $ 1,004.3 | $ 946.1 | $ 389.1 | $ 379.7 |
| EMEA | 379.9 | 334.4 | 78.3 | 75.3 |
| Asia Pacific | 279.0 | 320.9 | 82.9 | 114.6 |
| Total | $ 1,663.2 | $ 1,601.4 | | |
| Corporate items | | | (221.1) | (177.3) |
| Intangible asset amortization | | | (130.8) | (133.6) |
| Operating profit | | | $ 198.4 | $ 258.7 |

**15. Commitments and Contingencies**

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 contingences 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. We recognize litigation-related charges and gains in Selling, general and administrative expense on our consolidated statement of earnings. During the three months ended March 31, 2022 and 2021, we recognized $33.2 million and $10.7 million, respectively, of net litigation-related charges. At March 31, 2022 and December 31, 2021, accrued litigation liabilities were $423.0 million and $409.3 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 premature revision of the device. We have settled the majority of these claims and others are still pending. The majority of the pending U.S. lawsuits are currently in a federal Multidistrict Litigation ("MDL") in the District of New Jersey (*In Re: Zimmer Durom Hip Cup Products Liability Litigation*). Litigation activity in the MDL is stayed pending finalization of the U.S. Durom Cup Settlement Program, an extrajudicial program created to resolve actions and claims of eligible U.S. plaintiffs and claimants. Other lawsuits are pending in various domestic and 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 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*). Other related cases are pending in various state and federal courts. Additional lawsuits are likely to be filed. The parties attended a mediation in February 2022, at which a settlement in principle was reached that would resolve substantially all MDL cases and certain state court cases. 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 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 are currently 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)* and in various state, federal and foreign courts, with the majority of domestic state court cases pending in Indiana and Florida.

On February 3, 2014, Biomet announced the settlement of the MDL. Lawsuits filed in the MDL by April 15, 2014 were eligible to participate in the settlement. Those claims that did not settle via the MDL settlement program have re-commenced litigation in the MDL under a new case management plan, or have been or are in the process of being remanded to their originating jurisdictions. The settlement does not affect certain other claims relating to Biomet's metal-on-metal hip products that are pending in various state and foreign courts, or other claims that may be filed in the future. Trials have commenced, and other trials are currently scheduled to occur in the future. 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. 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 possible loss, as discussed above.

*Heraeus trade secret misappropriation lawsuits:* As previously disclosed, in December 2008, Heraeus Kulzer GmbH (together with its affiliates, "Heraeus") initiated legal proceedings in Germany against Biomet, Inc., Biomet Europe BV (now Zimmer Biomet Nederland BV), certain other entities and certain employees alleging that the defendants misappropriated Heraeus trade secrets when developing Biomet Europe's Refobacin and Biomet Bone Cement line of cements. Heraeus and Zimmer Biomet subsequently filed additional trade secret misappropriation and related actions against one another variously in the United States and numerous European countries.

Based on various developments in these lawsuits in both the United States and Europe in the fourth quarter of 2021, the parties' interests in exploring a negotiated resolution, and to avoid the continuing risks associated with potential negative outcomes, the projected legal spend and management distraction associated with continuing litigation, we determined that it was in the best interest of our company and our stockholders to settle all litigation with Heraeus globally. On March 3, 2022, Zimmer Biomet and Heraeus entered into a confidential settlement agreement to fully resolve all global disputes between and among them relating to both Heraeus' alleged technical trade secrets misappropriation relating to bone cement and Zimmer Biomet's alleged business trade secrets misappropriation relating to bone cement. Among other terms and conditions, the confidential settlement agreement includes the dismissal of all lawsuits by both parties, mutual general releases benefitting both parties, and mutual covenants not to sue, as well as no admission of wrongdoing by either party and no admission concerning the validity or existence of either parties' alleged trade secrets. The release and covenant-not-to-sue terms extend to certain of our former and current suppliers who are third-party beneficiaries to the settlement agreement. Our accrued litigation expense was adjusted in the fourth quarter of 2021 to reflect the portion of the settlement in excess of existing accruals, and our settlement payment to Heraeus will be made in agreed installments over an approximately three-year period, which began upon the execution of the settlement agreement.

*Shareholder Derivative Actions*: On June 14, 2019 and July 29, 2019, two shareholder derivative actions, *Green v. Begley et al.* and *Detectives Endowment Association Annuity Fund v. Begley et al.*, were filed in the Court of Chancery in the State of Delaware. On October 2, 2019 and October 11, 2019, two additional shareholder derivative actions, *Karp v. Begley et al.* and *DiGaudio v. Begley et al.*, were filed in the U.S. District Court for the District of Delaware. The plaintiff in each action seeks to maintain the action purportedly on our behalf against certain of our current and former directors and officers (the "individual defendants") and certain former stockholders of ours who sold shares of our common stock in various secondary public offerings in 2016 (the "private equity fund defendants"). The plaintiff in each action alleges, among other things, breaches of fiduciary duties against the individual defendants and insider trading against two individual defendants and the private equity fund defendants based on allegations that the defendants violated federal securities laws by making materially false and/or misleading statements and/or omissions about our compliance with U.S. Food and Drug Administration ("FDA") regulations and our ability to continue to accelerate our organic revenue growth rate in the second half of 2016. On June 4, 2020, the plaintiffs in the Chancery Court actions filed a consolidated amended complaint adding three new counts and expanding the scope of the alleged materially false statements. On September 14, 2020, the defendants filed motions to dismiss the Chancery Court actions. Oral argument occurred on June 15, 2021. On August 15,

2021, the Chancery Court granted the defendants' motion to dismiss and dismissed the Chancery Court actions with prejudice. On September 22, 2021, the plaintiffs in the Chancery Court actions filed a Notice of Appeal to the Delaware Supreme Court; briefing concluded in January 2022 and oral argument is scheduled for May 25, 2022. On September 14, 2020, the plaintiffs in the U.S. District Court actions filed a consolidated amended complaint adding certain details to their allegations. On October 9, 2020, the U.S. District Court granted the parties' joint motion to stay the U.S. District Court actions pending resolution of the Chancery Court actions. The plaintiffs in the Chancery Court and the U.S. District Court actions do not seek damages from us, but instead request damages on our behalf from the defendants of an unspecified amount, as well as attorneys' fees, costs and other relief. We have not recorded an expense related to damages in connection with these matters because any potential loss is not currently probable or reasonably estimable, and we are unable to reasonably estimate the range of loss, if any, that may result from these matters.

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"). We have provided detailed responses to the FDA as to our corrective actions and will continue to work expeditiously to address the issues identified by the FDA during inspections in Warsaw. As of March 31, 2022, the Warsaw warning letter remained pending. Until the violations cited in the pending warning letter are corrected, we may be subject to additional regulatory action by the FDA, as described more fully below. Additionally, requests for Certificates to Foreign Governments may not be granted and premarket approval applications for Class III devices to which the QSR deviations are reasonably related will not be approved until the violations have been corrected. In addition to responding to the warning letter described above, we are in the process of addressing various FDA Form 483 inspectional observations at certain of our manufacturing facilities, including observations issued by the FDA following an inspection of the Warsaw North Campus in January 2020, which inspection the FDA has classified as Voluntary Action Indicated ("VAI"). The ultimate outcome of these matters is presently uncertain. Among other available regulatory actions, the FDA may impose operating restrictions, including a ceasing of operations, at one or more facilities, enjoining and restraining certain violations of applicable law pertaining to products, seizure of products and assessing civil or criminal penalties against our officers, employees or us. The FDA 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. The FDA may also recommend prosecution by the U.S. Department of Justice. 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 are for specifically identified matters and are subject to a maximum amount, which is not significant for us. We have made an accrual based on an estimate of the possible loss for any legal indemnification. 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 condensed consolidated balance sheets. These estimated payments could range from $0 to approximately $360 million.

**16. Subsequent Events**

In April 2022, we acquired another company for approximately $100 million. In order to fund the acquisition, we borrowed an additional $100.0 million tranche under our 2021 Five-Year Revolving Facility. This acquisition is not expected to have a significant effect on our results of operations or financial position and therefore no further information has been provided.

In April 2022, we repaid the $100.0 million tranche under our 2021 Five-Year Revolving Facility that we previously borrowed, using cash on hand, leaving $100.0 million outstanding.

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

The following discussion and analysis should be read in conjunction with the interim condensed consolidated financial statements and corresponding notes included elsewhere in this Form 10-Q. Certain percentages presented in this discussion and analysis are calculated from the underlying whole-dollar amounts and, therefore, may not recalculate from the rounded numbers used for disclosure purposes.

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 condensed consolidated financial statements through the date of the spinoff and in the prior year period. In addition, as of December 31, 2021, the assets and liabilities associated with these businesses are classified as assets and liabilities of discontinued operations in our condensed consolidated balance sheet. See Note 2 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report for additional information. The discussions in the following discussion and analysis are presented on a continuing operations basis.

### *Executive Level Overview*

*Impact of the COVID-19 Global Pandemic*

Our results continue to be impacted by the COVID-19 global pandemic. The vast majority of our net sales are derived from products used in elective surgical procedures that have typically declined during surges of the virus as governments and healthcare systems take actions in an effort to prevent the spread and provide sufficient hospital beds and other resources for COVID-19 patients. Additionally, we believe that staffing shortages at hospitals have contributed, and continue to contribute, to the deferral of elective surgical procedures. In the three-month period ended March 31, 2022, the Omicron variant resulted in fewer elective surgical procedures earlier in the quarter, but then procedures approached pre-pandemic levels as the surge began to subside later in the quarter.

*Results for the Three-Month Period ended March 31, 2022*

Our net sales increased by 3.9 percent in the three-month period ended March 31, 2022 when compared to the same prior year period. We saw the return of elective surgical procedures across most markets when compared to the prior year period being negatively affected by a surge of the COVID-19 virus in early 2021 and before vaccines were widely available. Our net sales growth was tempered by a negative 2.9 percent effect from changes in foreign currency exchange rates on year-over-year sales. Our net earnings were $14.2 million in the three-month period ended March 31, 2022, compared to $198.1 million in the same prior year period. The decline in net earnings in the three-month period ended March 31, 2022 was primarily due to losses from discontinued operations from costs related to the ZimVie spinoff, an unrealized investment loss due to a decline in the value of our investment in ZimVie, higher litigation-related charges, higher restructuring charges, and higher spending in research and development ("R&D"), travel, medical training and education and other areas as certain activities started to return to pre-pandemic levels.

*2022 Outlook*

We believe that COVID-19 and staffing shortages will continue to negatively affect net sales, but to a lesser degree than what we experienced in 2021. However, if foreign currency exchange rates stay at recent levels, we estimate net sales will be negatively affected by approximately 3.5%. For expenses, we expect that supply chain and inflation pressures will result in higher expenses. However, we anticipate these higher expenses will be partially offset by savings from our restructuring programs.

### 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. This seasonal pattern was disrupted in 2020 and 2021 due to COVID-19 as our net sales were influenced by the infection levels and precautions taken to prevent the spread in a particular location. It is uncertain if this seasonal pattern will return in 2022.

***Net Sales by Geography***

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

| | Three Months Ended March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2022 | | 2021 | | % Inc | |
| United States | $ | 941.2 | $ | 889.2 | 5.8 | % |
| International | | 722.0 | | 712.2 | 1.4 | |
| Total | $ | 1,663.2 | $ | 1,601.4 | 3.9 | |

***Net Sales by Product Category***

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

| | Three Months Ended March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2022 | | 2021 | | % Inc / (Dec) | |
| Knees | $ | 662.8 | $ | 614.3 | 7.9 | % |
| Hips | | 451.0 | | 447.0 | 0.9 | |
| S.E.T. | | 416.8 | | 417.6 | (0.2) | |
| Other | | 132.6 | | 122.5 | 8.2 | |
| Total | $ | 1,663.2 | $ | 1,601.4 | 3.9 | |

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

| | Three Months Ended March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2022 | | 2021 | | % Inc / (Dec) | |
| Knees | | | | | | |
| *United States* | $ | 379.5 | $ | 339.6 | 11.7 | % |
| *International* | | 283.3 | | 274.7 | 3.1 | |
| *Total* | $ | 662.8 | $ | 614.3 | 7.9 | |
| Hips | | | | | | |
| *United States* | $ | 224.6 | $ | 217.4 | 3.3 | % |
| *International* | | 226.4 | | 229.6 | (1.4) | |
| *Total* | $ | 451.0 | $ | 447.0 | 0.9 | |

*Demand (Volume and Mix) Trends*

Changes in volume and mix of product sales had a positive effect of 8.4 percent on year-over-year sales during the three-month period ended March 31, 2022. We saw recovery of elective surgical procedures, most notably in the U.S. and Europe, driving volume growth. Asia Pacific net sales volumes were negatively affected by preventative measures taken in China to prevent the spread of COVID-19.

*Pricing Trends*

Global selling prices had a negative effect of 1.6 percent on year-over-year sales during the three-month period ended March 31, 2022. The majority of countries in which we operate continue to experience pricing pressure from governmental healthcare cost containment efforts and from local hospitals and health systems. Additionally, pricing was negatively affected in China by a nationwide volume-based procurement ("VBP") process being implemented.

*Foreign Currency Exchange Rates*

For the three-month period ended March 31, 2022, changes in foreign currency exchange rates had a negative effect of 2.9 percent on year-over-year sales. If foreign currency exchange rates remain at levels consistent with recent rates, we estimate there will be a negative impact of approximately 3.5 percent on full-year 2022 sales.

*Geography*

The 5.8 percent net sales growth in the U.S. was driven by recovery in surgical procedures as COVID-19 cases subsided, especially in knees. Internationally, net sales grew by 1.4 percent, despite a negative impact of 6.7 percent due to changes in foreign currency exchange rates. We experienced net sales growth in EMEA of 13.6 percent in the quarter due to our most significant markets in that region recovering from COVID-19 surges, but this was offset by a decline of 13.1 percent in Asia Pacific. The decline in Asia Pacific net sales was primarily due to China experiencing lockdowns in the 2022 period due to COVID-19 as well as the negative effects of the VBP implementation.

*Product Categories*

Knees and Hips net sales grew 7.9 percent and 0.9 percent, respectively, when compared to the same prior year period due to the recovery in elective surgical procedures and new product introductions. Knees and Hips net sales were negatively affected 3.1 percent and 3.6 percent, respectively, by changes in foreign currency exchange rates. S.E.T. net sales declines were due to the negative effects of changes in foreign currency exchange rates and some declines in certain product subcategories.

***Expenses as a Percentage of Net Sales***

| | Three Months Ended March 31, | | % Inc / (Dec) |
|---|---|---|---|
| | 2022 | 2021 | |
| Cost of products sold, excluding intangible asset amortization | 30.1 % | 27.2 % | 2.9 % |
| Intangible asset amortization | 7.9 | 8.3 | (0.4) |
| Research and development | 5.8 | 5.1 | 0.7 |
| Selling, general and administrative | 41.2 | 41.0 | 0.2 |
| Restructuring and other cost reduction initiatives | 2.6 | 1.3 | 1.3 |
| Quality remediation | 0.4 | 0.6 | (0.2) |
| Acquisition, integration, divestiture and related | 0.1 | 0.2 | (0.1) |
| Operating profit | 11.9 | 16.2 | (4.3) |

The increase in cost of products sold as a percentage of net sales for the three-month period ended March 31, 2022 compared to the same prior year period was primarily due to higher excess and obsolete inventory charges, inflationary cost pressures and lower average selling prices.

Intangible asset amortization expense was similar in both amount and as a percentage of net sales in the three-month period ended March 31, 2022 when compared to the same prior year period.

R&D expenses increased in both amount and as a percentage of net sales in the three-month period ended March 31, 2022 compared to the same prior year period. The increases in the three-month period ended March 31, 2022 were primarily due to reengaging in R&D projects in the current year period compared to early 2021 when COVID-19 caused delays in project spending.

Selling, general and administrative ("SG&A") expenses increased in both amount and as a percentage of sales in the three-month period ended March 31, 2022 when compared to the same prior year period. The increase in the three-month period ended March 31, 2022 was primarily due to higher litigation-related charges of $33.2 million in the 2022 period compared to $10.7 million in the 2021 period, increased bad debt charges caused by the Russia/Ukraine conflict, and higher travel and medical training and education costs in the 2022 period as certain activities have resumed.

As a result of the invasion of Ukraine by Russia, economic sanctions and export controls were imposed by much of the world on Russian financial institutions and businesses. Our operations in Russia consist primarily of local commercial activities, including sales and customer support. We do not have direct operations in Ukraine. Our net sales in Russia and Ukraine for the year ended December 31, 2021 and three-month period ended March 31, 2022 were less than 1 percent of our consolidated net sales. Therefore, the ongoing conflict and economic sanctions are not expected to have a significant effect on our results of operations or financial position. The bad debt charges for expected credit losses in Russia and Ukraine resulted in a significant portion of our accounts receivable from customers in these countries being impaired. In addition to accounts receivable, we also have inventory and instruments that could require impairment if our business in Russia deteriorates more than our current expectations; however, any such amounts are not expected to be material. See Part II, Item 1A "Risk Factors" for additional risks related to this conflict.

In December of 2021 and 2019, we initiated restructuring programs. The December 2021 restructuring program is intended to reorganize our operations due to the spinoff of ZimVie with an objective of reducing costs. The December 2019 restructuring program has an objective of reducing costs to allow us to invest in higher priority growth opportunities. We recognized expenses of

$43.9 million and $21.3 million in the three-month periods ended March 31, 2022 and 2021, respectively, primarily related to employee termination benefits, sales agent contract terminations, and consulting and project management expenses associated with these programs. The expenses were higher in the 2022 period due to additional expenses from the December 2021 restructuring program that had just been initiated. For more information regarding these charges, see Note 5 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report.

We continue to incur quality remediation expenses to complete our remediation milestones that address inspectional observations on Form 483 and a Warning Letter issued by the FDA at our Warsaw North Campus facility, among other matters.

Acquisition, integration, divestiture and related expenses declined slightly in the three-month period ended March 31, 2022 when compared to the same prior year period.

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

In the three-month period ended March 31, 2022 we incurred a loss of $56.1 million in our other (expense) income, net financial statement line item compared to a gain of $7.7 million in the same prior year period. The loss was primarily due to a $51.0 million loss on our investment in ZimVie.

Interest expense, net, decreased in the three-month period ended March 31, 2022 when compared to the same prior year period. The decline was primarily from using debt that we issued in the fourth quarter of 2021, along with cash on hand, to repurchase portions of outstanding notes with higher interest rates. Additionally, interest expense, net was lower due to additional debt paydown.

In the three-month period ended March 31, 2022, our effective tax rate ("ETR") was 27.8 percent compared to 9.8 percent in the three-month period ended March 31, 2021. The 27.8 percent ETR in the three-month period ended March 31, 2022 was driven by the loss on our investment in ZimVie which is not deductible for tax purposes. The 9.8 percent ETR in the three-month period ended March 31, 2021 was the result of favorable discrete adjustments from the filing of Swiss tax returns and an excess tax benefit related to stock-based compensation. 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; the outcome of various federal, state and foreign audits; and the expiration of certain statutes of limitations. Currently, we cannot reasonably estimate the impact of these items on our financial results.

***Segment Operating Profit***

| | Net Sales | | Operating Profit | | Operating Profit as a Percentage of Net Sales | |
|---|---|---|---|---|---|---|
| | Three Months Ended March 31, | | Three Months Ended March 31, | | Three Months Ended March 31, | |
| (dollars in millions) | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Americas | $ 1,004.3 | $ 946.1 | $ 389.1 | $ 379.7 | 38.7 % | 40.1 % |
| EMEA | 379.9 | 334.4 | 78.3 | 75.3 | 20.6 | 22.5 |
| Asia Pacific | 279.0 | 320.9 | 82.9 | 114.6 | 29.7 | 35.7 |

All of our operating segments' operating profit as a percentage of net sales declined in the three-month period ended March 31, 2022, when compared to the same prior year period. In the Americas, the decline was driven by higher excess and obsolete inventory charges, investments in R&D and the resumption of various activities. In our EMEA operating segment, the decline was primarily due to bad debt expense as a result of the Russia/Ukraine conflict. In our Asia Pacific operating segment, the decline was driven by lower net sales coupled with fixed costs that do not decrease in proportion to net sales.

**Liquidity and Capital Resources**

As of March 31, 2022, we had $435.8 million in cash and cash equivalents. In addition, we had $1.0 billion available to borrow under our 2021 364-Day Credit Agreement that matures on August 19, 2022, and $1.4 billion available under our 2021 Five-Year Revolving Facility that matures on August 20, 2026. The terms of the 2021 364-Day Credit Agreement and the 2021 Five-Year Revolving Facility are described further in Note 8 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report.

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

not anticipate needing to borrow further against our revolving credit facilities to fund our operations. However, due to the continued uncertainties related to the COVID-19 pandemic, 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 $315.7 million in the three-month period ended March 31, 2022, compared to $223.5 million in the same prior year period. The increase in cash flows provided by operating activities from continuing operations was primarily from terminating our accounts receivable purchase programs in the U.S. and Japan in the fourth quarter of 2020, which resulted in lower collections in the 2021 period cash flows. Additionally, investments in inventory were less in the 2022 period than in the 2021 period.

Cash flows used in investing activities from continuing operations were $81.1 million in the three-month period ended March 31, 2022, compared to $108.1 million in the same prior year period. Instrument and property, plant and equipment additions reflected ongoing investments in our product portfolio and optimization of our manufacturing and logistics networks.

Cash flows used in financing activities from continuing operations were $122.4 million in the three-month period ended March 31, 2022, compared to $195.8 million in the same prior year period. At the ZimVie spinoff date, we received $540.6 million as partial consideration for the contribution of assets in connection with the separation. We used these proceeds, together with $100.0 million of borrowings on our 2021 Five-Year Revolving Facility and cash on hand to redeem the full $750.0 million on senior notes that were due April 1, 2022. In the 2021 period, we paid the remaining $200.0 million on our floating rate notes due 2021 which matured in the period.

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

As of March 31, 2022, $319.5 million of our cash and cash equivalents were held in jurisdictions outside of the U.S. Of this amount, $46.2 million is denominated in U.S. Dollars and, therefore, bears no foreign currency translation risk. The balance of these assets is denominated in currencies of the various countries where we operate. We intend to repatriate $5.0 to $6.0 billion of unremitted earnings in future years.

Our concentrations of credit risks with respect to trade accounts receivable are limited due to the large number of customers and their dispersion across a number of geographic areas and by frequent monitoring of the creditworthiness of the customers to whom credit is granted in the normal course of business. Substantially all of our trade receivables are concentrated in the public and private hospital and healthcare industry in the U.S. and internationally or with distributors or dealers who operate in international markets and, accordingly, are exposed to their respective business, economic and country-specific variables. We have continued to collect on outstanding receivables throughout the pandemic. However, we are closely monitoring the financial stability of our customers and the country-specific risks, including those customers in markets with hospitals sponsored by the government.

*Material Cash Requirements from Known Contractual and Other Obligations*

At March 31, 2022, we had outstanding debt of $6,300.8 million, of which $1,014.5 million was classified as current debt. Of our current debt, $271.9 million of Japanese Yen denominated term loans mature on September 27, 2022, $556.3 million of Euro denominated senior notes mature on December 13, 2022, $86.3 million of senior notes mature on March 19, 2023 and $100.0 million was outstanding on our 2021 Five-Year Revolving Facility that was borrowed on a short-term basis. We believe we can satisfy these debt obligations with cash generated from our operations, with cash received from selling a portion or all of our shares of ZimVie common stock, by issuing new debt, and/or by borrowing on our revolving credit facilities.

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

In February 2022, our Board of Directors declared a quarterly cash dividend of $0.24 per share. We expect to continue paying cash dividends on a quarterly basis; however, future dividends are subject to approval of the Board of Directors and may be adjusted as business needs or market conditions change.

In February 2016, our Board of Directors authorized a new $1.0 billion share repurchase program effective March 1, 2016, with no expiration date. As of March 31, 2022, all $1.0 billion remained authorized.

As discussed in Note 5 to our interim condensed consolidated financial statements in Part I, Item 1 of this report, we have a 2021 Restructuring Plan and a 2019 Restructuring Plan. The 2021 Restructuring Plan is expected to result in total pre-tax restructuring

charges of approximately $240 million, of which approximately $60 million was incurred through March 31, 2022. We expect to reduce gross annual pre-tax operating expenses by approximately $210 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 $350 million to $400 million, of which approximately $235 million was incurred through March 31, 2022. We expect to reduce gross annual pre-tax operating expenses by approximately $200 million to $300 million relative to the 2019 baseline expenses by the end of 2023 as program benefits under the 2019 Restructuring Plan are realized.

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

As discussed in Note 15 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report, we are involved in various litigation matters. We estimate the total liabilities for all litigation matters was $423.0 million as of March 31, 2022. We expect to pay these liabilities over the next few years. Additionally, we have entered into development, distribution and other contractual arrangements that may result in future payments dependent upon various events such as the achievement of certain product R&D milestones, sales milestones, or, at our discretion, maintenance of exclusive rights to distribute a product. Since there is uncertainty on the timing or whether such payments will have to be made, they have not been recognized on our condensed consolidated balance sheets. These estimated payments could range from $0 to approximately $360 million.

**Recent Accounting Pronouncements**

Information pertaining to recent accounting pronouncements can be found in Note 3 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report.

**Critical Accounting Estimates**

The preparation of our financial statements is affected by the selection and application of accounting policies and methods, and also requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Critical accounting estimates are those that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition and results of operations. There were no changes in the three-month period ended March 31, 2022 to our critical accounting estimates as described in our Annual Report on Form 10-K for the year ended December 31, 2021.

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

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

- the effects of the COVID-19 global pandemic and other adverse public health developments on the global economy, our business and operations and the business and operations of our suppliers and customers, including the deferral of elective surgical procedures and our ability to collect accounts receivable, the failure of vaccine rollouts and other strategies to mitigate or reverse the impacts of the COVID-19 pandemic, and the failure of elective surgical procedures to recover at the levels or on the timeline anticipated;
- the risks and uncertainties related to our ability to successfully execute our restructuring plans;
- our ability to attract, retain and develop the highly skilled employees we need to support our business;
- the success of our quality and operational excellence initiatives, including ongoing quality remediation efforts at our Warsaw North Campus facility;
- the ability to remediate matters identified in inspectional observations or warning letters issued by the FDA, while continuing to satisfy the demand for our products;
- the risks and uncertainties associated with the spinoff of ZimVie Inc., including, without limitation, the tax-free nature of the transaction, the tax-efficient nature of any subsequent disposal of any ZimVie Inc. common stock we retain, possible disruptions in our relationships with customers, suppliers and other business partners, and the possibility that the

anticipated benefits and synergies of the transaction, strategic and competitive advantages, and future growth and other opportunities will not be realized within the expected time periods or at all;

- 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;
- the ability to retain the employees, independent agents and distributors who market our products;
- dependence on a limited number of suppliers for key raw materials and outsourced activities;
- 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;
- 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 foreign government regulators, such as more stringent requirements for regulatory clearance of products;
- the outcome of government investigations;
- competition;
- pricing pressures;
- changes in customer demand for our products and services caused by demographic changes or other factors;
- the impact of healthcare reform measures;
- reductions in reimbursement levels by third-party payors and cost containment efforts sponsored by government agencies, legislative bodies, the private sector and healthcare purchasing organizations, including the volume-based procurement in China;
- dependence on new product development, technological advances and innovation;
- shifts in the product category or regional sales mix of our products and services;
- supply and prices of raw materials and products;
- control of costs and expenses;
- the ability to obtain and maintain adequate intellectual property protection;
- breaches or failures of our information technology systems or products, including by cyber-attack, unauthorized access or theft;
- the ability to form and implement alliances;
- changes in tax obligations arising from tax reform measures, including European Union rules on state aid, or examinations by tax authorities;
- product liability, intellectual property and commercial litigation losses;
- changes in general industry and market conditions, including domestic and international growth rates;
- changes in general domestic and international economic conditions, including interest rate and currency exchange rate fluctuations;
- the domestic and international business impact of political, social and economic instability, tariffs, trade embargoes, sanctions, wars, disputes and other conflicts;
- the effects of inflation, including the effects of different rates of inflation in different countries, on our costs, especially of titanium used in our products, and the costs of our products;
- the effects of supply chain continuity disruptions;
- and the impact of the ongoing financial and political uncertainty on countries in EMEA relating to the Russian-Ukrainian crisis and otherwise, on the ability to collect accounts receivable in affected countries.

Our Annual Report on Form 10-K for the year ended December 31, 2021 and this Quarterly Report on Form 10-Q contain detailed discussions of these and other important factors under the heading "Risk Factors." You should understand that it is not possible to predict or identify all factors that could cause actual results to differ materially from forward-looking statements. Consequently, you should not consider any list or discussion of such factors to be a complete set of all potential risks or uncertainties.

Forward-looking statements speak only as of the date they are made and we expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

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

There have been no material changes from the information provided in our Annual Report on Form 10-K for the year ended December 31, 2021.

**Item 4. Controls and Procedures**

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

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

*Changes in Internal Control Over Financial Reporting.* There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Part II – Other Information**

**Item 1. Legal Proceedings**

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

**Item 1A. Risk Factors**

You should carefully consider the factors discussed in Part I, Item 1A "*Risk Factors"* of our Annual Report on Form 10-K for the year ended December 31, 2021 ("2021 Form 10-K") and the factors discussed below, which could materially affect our business, financial condition and results of operations. Except as set forth below, there have been no material changes in those risk factors. The risks described in our 2021 Form 10-K and below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations. In addition, the COVID-19 pandemic could exacerbate or trigger other risks discussed in our 2021 Form 10-K and below, any of which could materially affect our business, financial condition and results of operations.

The risk factor in our 2021 Form 10-K entitled "We conduct a significant amount of our sales activity outside of the U.S., which subjects us to additional business risks and may cause our profitability to decline due to increased costs" is replaced in its entirety by the following:

***We conduct a significant amount of our sales activity 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 40 percent of our net sales in 2021 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 in foreign medical reimbursement policies and programs;
- changes in 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 the costs of our products;
- diminished protection of intellectual property in some countries outside of the U.S.;
- trade protection measures, import or export requirements, new or increased tariffs, trade embargoes and sanctions and other trade barriers, which may prevent us from shipping products to a particular market, restrict our access to certain sources of raw materials, increase our operating costs and disrupt our ability to collect payment for our products and services in particular markets;
- 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;
- potentially negative consequences from changes in tax laws; 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 officers or our employees, prohibitions on 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. For example, the U.S. and other countries have imposed sanctions on Russia, certain of its businesses and certain individuals due to the invasion of Ukraine, and additional sanctions may continue to be imposed. Sanctions, and other related civil, political and economic effects of the Russia-Ukraine crisis, may have adverse impacts globally, including supply chain continuity disruption; inflationary pressures and increased costs of raw materials and inputs, especially titanium used in our products; manufacturing or shipping delays; increased shipping costs; and increased disruptions and delays on our ability to collect payment for our products and services in

particular markets. While Russia and Ukraine do not constitute material portions of our business, a significant escalation or expansion of economic disruption or the conflict's current scope could adversely affect our result of operations.

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

None

**Item 3. Defaults Upon Senior Securities**

None

**Item 4. Mine Safety Disclosures**

Not applicable

**Item 5. Other Information**

During the three-month period ended March 31, 2022, the Audit Committee of our Board of Directors approved the engagement of PricewaterhouseCoopers LLP, our independent registered public accounting firm, to perform certain non-audit services. This disclosure is made pursuant to Section 10A(i)(2) of the Exchange Act, as added by Section 202 of the Sarbanes-Oxley Act of 2002.

**Item 6. Exhibits**

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

| | |
|---|---|
| 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 By-Laws of Zimmer Biomet Holdings, Inc., effective May 17, 2021 (incorporated by reference to Exhibit 3.3 to the Registrant's Current Report on Form 8-K filed May 20, 2021) |
| 10.1 | Amendment, effective as of January 1, 2022, to the Zimmer Biomet Holdings, Inc. Executive Severance Plan |
| 10.2 | Amended and Restated Zimmer Biomet Deferred Compensation Plan, effective as of January 1, 2022 |
| 10.3 | Third Amendment and Limited Waiver, dated as of January 19, 2022, between Zimmer Biomet G.K. and Sumitomo Mitsui Banking Corporation, to the JP¥21,300,000,000 Term Loan Agreement dated as of September 22, 2017, as amended by the First Amendment and Limited Waiver dated as of February 25, 2020 and the Second Amendment dated as of April 28, 2020 |
| 10.4 | Fourth Amendment and Limited Waiver, dated as of January 19, 2022, between Zimmer Biomet G.K. and Sumitomo Mitsui Banking Corporation, to the JP¥11,700,000,000 Amended and Restated Term Loan Agreement dated as of September 22, 2017, as amended by the First Amendment dated as of January 10, 2018, the Second Amendment and Limited Waiver dated as of February 25, 2020 and the Third Amendment dated as of April 28, 2020 |
| 10.5 | 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) |
| 10.6 | 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) |
| 10.7 | 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) |
| 10.8 | 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) |
| 10.9 | 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) |
| 10.10 | 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) |
| 10.11 | 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) |
| 10.12 | 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) |
| 10.13 | 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) |

| | |
|---|---|
| 10.14 | 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) |
| 10.15 | 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) |
| 10.16 | Waiver, dated as of February 25, 2022, by and between Zimmer Biomet Holdings, Inc., the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.9 to the Registrant's Current Report on Form 8-K filed March 1, 2022) |
| 10.17 | Waiver, dated as of February 25, 2022, by and between Zimmer Biomet Holdings, Inc., the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.10 to the Registrant's Current Report on Form 8-K filed March 1, 2022) |
| 21 | List of Subsidiaries of Zimmer Biomet Holdings, Inc. |
| 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 |
| 101 | Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ZIMMER BIOMET HOLDINGS, INC.
(Registrant)

Date: May 5, 2022

By: /s/ Suketu Upadhyay
Suketu Upadhyay
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: May 5, 2022

By: /s/ Derek Davis
Derek Davis
Interim Controller and Chief Accounting Officer
(Principal Accounting Officer)

**EXHIBIT 10.1**

**AMENDMENT TO THE**
**ZIMMER BIOMET HOLDINGS, INC. EXECUTIVE SEVERANCE PLAN**

WHEREAS, Zimmer Biomet Holdings, Inc. (the "Company") established and maintains the Zimmer Biomet Holdings, Inc. Executive Severance Plan (the "Plan"), as effective May 14, 2018; and

WHEREAS, the Plan delegates the Compensation and Management Development Committee (the "Compensation Committee") with the authority to amend the Plan; and

WHEREAS, the Compensation Committee now wishes to amend the Plan to revise the eligibility provisions.

NOW THEREFORE, effective on and after January 1, 2022, the section of the Plan entitled "Eligibility to Participate in the Plan" is hereby amended to add the following sentence to the end thereof:

> Notwithstanding anything in this Plan to the contrary, if you are a participant in the ZimVie Inc. Executive Severance Plan or otherwise an employee of Zimmer Biomet Spine, Inc. or any of its subsidiaries, you are not eligible to participate in or receive benefits under this Plan.

Except as amended herein, the Plan remains in full force and effect.

Certified as Final:

By: /s/ Suketu Upadhyay
Suketu Upadhyay
Executive Vice President and Chief Financial Officer

By: /s/ Lori Winkler
Lori Winkler
Senior Vice President and Chief Human Resources Officer

**EXHIBIT 10.2**

# ZIMMER BIOMET
# DEFERRED COMPENSATION PLAN

Effective as of January 1, 2022

**TABLE OF CONTENTS**


| | | Page |
|---|---|---|
| ARTICLE I. | DEFINITIONS AND CONSTRUCTION | 1 |
| 1.1 | Definitions.. | 1 |
| 1.2 | Rules of Construction. | 5 |
| ARTICLE II. | PARTICIPATION | 5 |
| 2.1 | In General. | 5 |
| 2.2 | Participation. A | 5 |
| 2.3. | Transferred Employees. | 6 |
| 2.4. | Amendment of Eligibility Criteria.. | 6 |
| ARTICLE III. | DEFERRAL ELECTIONS AND COMPANY MATCHING CONTRIBUTION AMOUNTS | 6 |
| 3.1 | Elections to Defer Compensation and/or Performance Bonuses. | 6 |
| 3.2 | Elections as to Timing and Form of Payment of Benefits. | 7 |
| 3.3 | Deemed Investment Elections. | 8 |
| 3.4 | Company Matching Contribution Amounts. | 9 |
| ARTICLE IV. | PARTICIPANT ACCOUNTS AND UNFUNDED NATURE OF THE PLAN | 10 |
| 4.1 | Deferral Accounts.. | 10 |
| 4.2 | Company Matching Contribution Accounts.. | 10 |
| 4.3 | Adjustment for Earnings and Losses.. | 10 |
| 4.4 | Accounts are Unfunded.. | 10 |
| ARTICLE V. | VESTING | 10 |
| 5.1 | Participant Contributions.. | 10 |
| 5.2 | Company Contributions. | 10 |
| 5.3. | Termination for Cause.. | 11 |
| ARTICLE VI. | DISTRIBUTIONS | 11 |
| 6.1. | Distribution of Participants" Accounts. | 11 |
| 6.2. | Designation of Beneficiary.. | 12 |
| 6.3. | Hardship Distribution. | 13 |
| 6.4. | Distribution Upon Adverse Finding by the Internal Revenue Service. | 13 |
| 6.5. | Inability to Locate Participant.. | 13 |
| ARTICLE VII. | ADMINISTRATION | 14 |
| 7.1. | Plan Administrator.. | 14 |
| 7.2. | Committee Action. | 14 |
| 7.3. | Powers of the Committee as Administrator. | 14 |
| 7.4. | Construction and Interpretation.. | 14 |
| 7.5. | Information | 15 |
| 7.6. | Compensation, Expenses and Indemnity. | 15 |
| 7.7. | Account Statements.. | 15 |
| 7.8. | Claims and Appeals Procedures.. | 15 |
| ARTICLE VIII. | MISCELLANEOUS | 16 |
| 8.1. | Unsecured General Creditor | 16 |
| 8.2. | Restriction Against Assignment | 16 |
| 8.3. | Withholding. | 16 |

8.4. Amendment, Modification, Suspension or Termination 17
8.5. Rules and Procedures Relating to Payments 17
8.6. Limitation of Rights and Employment Relationship.. 18
8.7. Code Section 409A. 18

# ZIMMER BIOMET
# DEFERRED COMPENSATION PLAN

## PREAMBLE

1. Zimmer Biomet Holdings, Inc. hereby amends and restates the Zimmer Biomet Deferred Compensation Plan, effective as of January 1, 2022. The purpose of the Plan is to provide a select group of the Company's key management and highly compensated employees an opportunity, in accordance with the terms and conditions of the Plan, to defer the receipt of Compensation and have a portion of their Deferrals matched by the Company. By offering this Plan, the Company intends to build management loyalty and its business; provide a tax deferral alternative; permit deferral of amounts beyond the limits of its qualified plans; and further enhance its benefit plans. Notwithstanding any provision in the Plan to the contrary, this Plan, as amended and restated, is intended to comply with the requirements of Code section 409A.

2. The Plan is an unfunded benefit plan within the meaning of ERISA Sections 201, 301, and 401 and the Code. Benefits payable under the Plan with respect to a Participant or Beneficiary will be paid from the general assets of the Company. The right of a Participant or Beneficiary to receive payment under the Plan is merely a contractual right to payment from the Company, and the Plan does not give Participants or Beneficiaries any interest in, or right to, any of the assets of the Company or any Affiliated Company other than as a general creditor of his or her employer.

3. Participation in the Plan is voluntary. A Participant may elect to defer a portion of his or her Compensation under the Plan and, at all times, will be 100% Vested in amounts credited to his or her Deferral Account. Amounts credited to a Participant's Company Matching Contribution Account will become Vested as provided in the Plan.

## ARTICLE I. DEFINITIONS AND CONSTRUCTION

1.1 **Definitions.** Whenever the following words and phrases are used in this Plan, with the first letter capitalized, they will have the meanings specified below.

a. "Account" or "Accounts" means the bookkeeping accounts maintained for each Participant to record his or her Deferrals and any Company Matching Contribution Amounts allocated to him or her, as adjusted pursuant to Section 4.3.

b. "Affiliated Company" means any company or corporation directly or indirectly controlled by Zimmer Biomet Holdings, Inc.

c. "Base Salary" means that portion of a Participant's compensation for services to the Company that is his or her annual base salary, excluding bonuses, Performance Bonuses, Commissions, incentive and all other remuneration for services rendered to the Company or any Affiliated Company.

d. "Beneficiary" or "Beneficiaries" means the person or persons, including a trustee, personal representative or other fiduciary, last designated in writing by a Participant in accordance

with procedures established by the Committee (or its designee), in accordance with Section 6.2, to receive any benefits that may be payable under the Plan in the event of the Participant's death.

e. "Board of Directors" or "Board" means the Board of Directors of Zimmer Biomet Holdings, Inc.

f. "Code" means the Internal Revenue Code of 1986, as amended.

g. "Commissions" means any compensation, in addition to Base Salary and Performance Bonus, paid to a Participant as an employee of the Company under any employment or compensation agreement or incentive arrangement in connection with the sales of the products of the Company or an Affiliated Company, provided: (1) a substantial portion of the Participant's services to the Company consists of the direct sale of a product or a service to a customer that is not related or treated as related to the Company or to the Participant (under Treasury regulation 1.409A-1(f)(2)(ii) and (iv)); (2) the amount the Company pays to the Participant consists either of a portion of the purchase price of the product or service or of an amount substantially all of which is calculated by referenced to volume of sales; and (3) payment is either contingent upon the Company receiving payment from an unrelated customer (as described in clause (1)) or, if consistently applied to all similarly situated service providers, is contingent upon the closing of a sales transaction and such other requirements as the Company may specify before the closing of the sales transaction.

h. "Committee" means the Retirement & Investment Committee of Zimmer Biomet Holdings, Inc., which administers the Plan as provided in Article VII.

i. "Company" means Zimmer Biomet Holdings, Inc. and its U.S. subsidiaries.

j. "Company Matching Contribution Account" means the Account maintained by the Company for each Participant that is credited with Company Matching Contribution Amounts, if any, allocated to the Participant, and net earnings and losses on those amounts, as provided in Section 4.2.

k. "Company Matching Contribution Amount" means an amount, if any, credited by the Company to a Participant's Company Matching Contribution Account for a Plan Year pursuant to Section 4.2.

l. "Compensation" means, with respect to a Participant for a Plan Year, the sum of the Participant's Base Salary and Performance Bonus included in the Participant's wages for income tax purposes for the Plan Year, increased by amounts of Base Salary and Performance Bonus that would have been included in the Participant's wages for the year but for the Participant's election pursuant to Code section 125 or 401(k), or this Plan. Amounts distributed from a Participant's Accounts in any Plan Year will not be considered Compensation again in the year of distribution.

m. "Deferral Account" means the Account maintained by the Company for each Participant that is credited with the Participant's Deferrals, and net earnings and losses on those amounts, as provided in Section 4.1.

n. “Deferrals” means the portion of a Participant’s Compensation that he or she elects to defer pursuant to Section 4.1.

o. “Disability” means a condition of a Participant who is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, (1) unable to engage in any substantial gainful activity, or (2) receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan maintained by the Company for employees, within the meaning of Code section 409A(a)(2)(C) and Treasury regulation section 1.409A-3(i)(4).

p. “Distributable Amount” means the Vested balance in the Participant’s Accounts.

q. “Distribution Event” means, with respect to a Participant, the earliest to occur of (1) the Participant’s Separation from Service, (2) the Participant’s Scheduled Withdrawal Payment Date, (3) the Participant’s Disability, (4) approval of a Hardship Distribution, or (5) the Participant’s death.

r. “Effective Date” means January 1, 2022.

s. “Eligible Employee” means any common law employee of Zimmer Biomet who is in salary grade Z07 or higher (unless the Committee determines that such employee is not a key management or highly compensated employee), provided that in no event may an employee of Zimmer Spine or its subsidiaries be an Eligible Employee after December 31, 2021 notwithstanding any Plan provision to the contrary (although an employee of Zimmer Spine will remain a Participant with respect to amounts deferred with respect to performance periods prior to January 1, 2022). The Committee may terminate a Participant’s participation in the Plan in the event of a decrease in salary or salary grade (but not until the end of a Plan Year), in which case the Participant will remain a Participant with respect to amounts already deferred until distributed. An Eligible Employee shall include an employee who was actively participating in the Biomet, Inc. Deferred Compensation Plan (“Biomet Plan”) on December 31, 2015.

t. “ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

u. “Hardship Distribution” means a distribution due to an “Unforeseeable Emergency” pursuant to Section 6.3.

v. “Initial Election Period” means the period selected by the Committee or its designee immediately preceding the Plan Year beginning after the date on which an individual first becomes an Eligible Employee

w. “Measurement Fund” means one of the mutual funds, insurance company separate accounts, indexed rates, or other measurements of investment performance selected from time to time by the Committee, in its sole discretion, for the purpose of providing the basis on which investment gains and losses will be attributed to Participant’s Accounts, as provided in Section 3.4.

x. “Participant” means an Eligible Employee who becomes a participant in this Plan in accordance with Article II, provided that in no event may a Transferee Participant be a Participant after December 31, 2021 other than with respect to amounts deferred for performance periods ending prior to January 1, 2022.

y. “Payment Date” means, with respect to a Distribution Event, a date within the 90-day period immediately following the date on which the Distribution Event occurs; provided, however, that if the Distribution Event is the Participant’s Scheduled Withdrawal Payment Date, the Payment Date will be the 15th day of the month and year as elected by the participant or if the Distribution Event is the Participant’s Separation from Service, the Payment Date will be the 15th day of the month following a six-month delay following Separation from Service, and further subject to Section 6.1.

z. “Performance Bonus” means, with respect to a Participant, any bonus paid under any bonus plan of the Company which the Company designates as providing a deferrable Performance Bonus under this Plan, including without limitation the Zimmer Biomet Holdings, Inc. Executive Performance Incentive Plan. Amounts distributed from a Participant’s Accounts in any Plan Year are not considered a Performance Bonus again in the year of distribution.

aa. “Plan” means this Zimmer Biomet Deferred Compensation Plan, as amended from time to time.

bb. “Plan Year” means the calendar year.

cc. “Retirement” means a Participant’s voluntary Separation from Service from the Company after reaching age 65, or 55 with 10 Years of Service.

dd. “Savings Plan” means the Zimmer Biomet Savings and Investment 401(k) Program.

ee. “Scheduled Withdrawal Payment Date” means the date elected by the Participant pursuant to Section 3.2(a) for payment of amounts from his Accounts that will be deferred in a given Plan Year, as adjusted for attributable earnings and losses, to be made or to commence as set forth on the Participant’s election form (electronically or otherwise) for that Plan Year. A Participant’s Scheduled Withdrawal Payment Date can be no earlier than two years from the last day of the Plan Year for which the applicable Deferrals are credited to the Participant’s Account or the last day of the Plan Year in which the Participant will be 100% Vested, if later.

ff. “Separation from Service” means, with respect to a Participant, the complete termination of the employment relationship between the Participant and the Company and all Affiliated Companies for any reason other than death. Whether a Separation from Service has occurred will be determined in accordance with Code section 409A(2)(A)(i) and Treasury regulation section 1.409A-1(h).

gg. “Transferee Participants” means those Participants in the Plan who were employees of Zimmer Biomet and who subsequently became employed by Zimmer Spine or its subsidiaries in connection with the consummation of certain transactions pursuant to that certain Separation and Distribution Agreement between Zimmer Biomet Holdings, Inc. and

ZimVie Inc., a Delaware corporation that will be the ultimate parent company of Zimmer Spine, but only if Zimmer Spine is a subsidiary of the Company on the date of the Participant's transfer to Zimmer Spine.

hh. "Unforeseeable Emergency" has the meaning given to that term in Section 6.3.

ii. "Vested" means, with respect to an Account, that portion of the Participant's interest in the Account that is nonforfeitable, as determined under Article V.

jj. "Year of Service" means each 12 calendar months of service with the Company from the Participant's employment commencement date with the Company.

kk. "Zimmer Biomet" means Zimmer Biomet Holdings, Inc. and its U.S. subsidiaries.

ll. "Zimmer Spine" means Zimmer Biomet Spine, Inc. d/b/a ZimVie.

**1.2 Rules of Construction.**

a. The Plan is intended to comply with (i) Code section 409A and (ii) the applicable provisions of ERISA, and it will be interpreted and administered accordingly. Except as provided in the preceding sentence or as otherwise expressly provided in this document, the Plan will be construed, enforced, and administered, and its validity determined, in accordance with the internal laws of the State of Indiana, without regard to conflict of law principles, and the following provisions of this Section.

b. Words used in the masculine gender will be construed to include the feminine gender where appropriate, and vice versa.

c. Words used in the singular will be construed to include the plural where appropriate, and vice versa.

d. The headings and subheadings in the Plan are inserted for the convenience of reference only and are not to be considered in the construction of any provision of the Plan.

## ARTICLE II. PARTICIPATION

**2.1 In General.** An Eligible Employee will become a Participant only after completing such forms (electronically or otherwise) and making such elections as the Committee (or its designee) may prescribe, including an agreement to be bound by the terms of the Plan and all determinations of the Committee.

**2.2 Participation.** An Eligible Employee will become a Participant by electing to defer Compensation in accordance with Section 3.1 and such procedures as may be established from time to time by the Committee (or its designee). An Eligible Employee who is hired during a Plan Year may not participate in the Plan until the commencement of the next Plan Year. An individual who, at any time, ceases to be an Eligible Employee will continue to defer Compensation until the end of the Plan Year in which he or she ceases to be an Eligible Employee, and no future Deferrals will be allowed until such time as the individual again becomes an Eligible Employee. In such a

case, the individual will remain a Participant with respect to amounts already deferred but not yet withdrawn or distributed. A Participant will remain a Participant until all amounts to which he or she is entitled under the Plan have been paid.

**2.3.** **Transferred Employees.** An Eligible Employee who is transferred to an international assignment will not be eligible to make any further Deferrals under the Plan following the last day of the calendar year in which the Eligible Employee is transferred; however, he or she will remain a Participant in the Plan with respect to amounts already deferred (or for which an irrevocable election is already in effect) but not yet withdrawn or distributed. Any Deferrals made with respect to the current Plan Year will continue through the end of the calendar year of the transfer. For the avoidance of doubt, any election to defer a Performance Bonus earned for a Plan Year will be given effect even if the Performance Bonus is paid (or would be paid but for the deferral) in the year following the year of change or transfer. For example, to the extent any Transferee Participants elected to defer all or a portion of their 2021 Performance Bonuses, such Performance Bonus Deferrals will be credited under this Plan notwithstanding the fact that Transferee Participants are not eligible to participate in the Plan for Plan Years commencing January 1, 2022.

**2.4.** **Amendment of Eligibility Criteria.** The Committee (or its designee) may, in its discretion, change the criteria for eligibility to comply with all applicable laws relating to salary grade and compensation levels; provided, however, that no change in the criteria for eligibility of any executive officer of the Company will be effected unless those changes are (a) within parameters established by the Compensation and Management Development Committee of the Board, or (b) approved by the Compensation and Management Development Committee of the Board.

## ARTICLE III. DEFERRAL ELECTIONS AND COMPANY MATCHING CONTRIBUTION AMOUNTS

### 3.1 Elections to Defer Compensation and/or Performance Bonuses.

a. Initial Election Period. Subject to the provisions of Article II, each Participant may elect to defer Compensation by filing with the Committee (or its designee) an election that conforms to the requirements of this Section 3.1, on a form (electronically or otherwise) provided by the Committee (or its designee), no later than the last day of his or her Initial Election Period.

b. Deferral of Base Salary - General Rule. The amount of Base Salary that a Participant may elect to defer is limited to Base Salary to be earned in a Plan Year after the time at which the Participant makes an election to defer in accordance with subsection (a). A Participant may defer up to 50% of his or her Base Salary, provided that the total amount deferred by the Participant will be limited in any calendar year, if necessary, to satisfy Social Security tax (including Medicare), income tax, and employee benefit plan withholding requirements on the Deferral, each as applicable, as determined in the sole and absolute discretion of the Committee (or its designee). The Committee (or its designee) may establish certain minimum contribution amounts from time to time with respect to particular Plan Years.

c. Duration of Election to Defer Base Salary A Participant's initial election to defer Base Salary must be received by the Committee (or its designee) prior to the last day of the Participant's Initial Election Period and will be effective with respect to Base Salary received in the Plan Year after the deferral election is processed and for the duration of that Plan Year. Except as provided in subsection (e), a Participant's deferral election will continue in effect for the entire Plan Year. A Participant must make a new deferral election for each Plan Year by filing a new election on or before the end of the election period (as established by the Committee or its designee) prior to the beginning of the next Plan Year, which election will be effective on the first day of the next Plan Year.

d. Deferral of Performance Bonuses. A Participant may elect to defer up to 95% of his or her Performance Bonus to be earned with respect to a Plan Year performance period. Any such election with respect to the performance period for the Performance Bonus must be received by the Committee or its designee not later than the December 31st immediately preceding that performance period (or such earlier date as may be designated by the Committee for such performance period and communicated to the Participants). Any such election will become irrevocable as of January 1 of the performance period for the Performance Bonus. Any election made under this subsection (d) will be effective only for the performance period to which it relates.

e. Suspension of Deferral Election Due to Unforeseeable Emergency. A Participant's Deferrals may be suspended for the remainder of a Plan Year if the Participant applies for a Hardship Distribution and the Committee (or its designee) determines, pursuant to Section 6.3, that the Unforeseeable Emergency giving rise to the Participant's Hardship Distribution request can be relieved, in whole or in part, through the cessation of Deferrals under the Plan.

f. Separation from Service; Re-employment. A Participant's Deferrals will cease upon the Participant's Separation from Service. Upon re-employment with the Company as an Eligible Employee following a Separation from Service, a Participant (or former Participant) may make a new election in accordance with the provisions of subsection (a)).

**3.2 Elections as to Timing and Form of Payment of Benefits.**

a. Election of Scheduled Withdrawal Payment Date. At the time a Participant makes a deferral election pursuant to Section 3.1, the Participant will also elect his Scheduled Withdrawal Payment Date, if any, for the payment of the Participant's Vested Accounts attributable to those Deferrals. The Participant will communicate this timing decision by submitting an applicable form (electronically or otherwise) to the Committee or its designee. Notwithstanding any other provision to the contrary under the Plan, if installments for a Participant's Scheduled Withdrawal Payment Date have not commenced prior to the Participant's Separation from Service, the form of the distribution will follow the form elected as of the Participant's Separation from Service, and if the installments for a Participant's Scheduled Withdrawal Payment Date have commenced prior to the Participant's Separation from Service, the form of the distribution will follow the installment form elected with respect to that Scheduled Withdrawal Payment Date.

b. Election of Form of Payment. At the time a Participant makes a deferral election pursuant to Section 3.1, the Participant will also elect the form of the distribution for those Deferrals, as described in subsection (c). The Participant will communicate this form of payment decision by submitting an applicable form (electronically or otherwise) to the Committee (or its designee).

c. Forms of Payment. A Participant may elect either (i) a lump sum payment on the Participant's Payment Date, or (ii) substantially equal annual installment payments over a period of (A) two (2) to five (5) years as the form of distribution for a Scheduled Withdrawal Payment Date, or (B) five (5) to fifteen (15) years as the form of distribution for a Separation from Service, provided that any minimum balance established by the Committee (or its designee) for installments is met. If all or any portion of an Account is payable in installments, the first installment will be paid as of the Participant's Payment Date, and the remaining installments will be paid on each applicable anniversary of the Payment Date. Each installment will consist of a percentage of the Account, which will be equal to (i) one, divided by (ii) one plus the number of installments remaining after the installment for which the calculation is being made. If the Participant does not elect a form of payment pursuant to this subsection (c), he or she will be deemed to have elected a lump sum.

d. No Subsequent Elections Regarding Timing and Form of Payment. Except as provided in Article VI of this Plan, a Participant may not revoke or revise a prior election as to the timing and form of payment under the Plan.

**3.3 Deemed Investment Elections.**

a. At the time of making the deferral elections described in this Article III, the Participant will designate, on a form (electronically or otherwise) provided by the Committee (or its designee), the Measurement Fund(s) in which the Participant's Accounts will be deemed to be invested for purposes of determining the amount of earnings and losses to be credited to those Accounts. On a form (electronically or otherwise) provided by the Committee (or its designee), a Participant may change each of his or her deemed investment allocations at least monthly or more frequently as permitted by the Committee or its designee. If a Participant fails to elect a Measurement Fund under this Section, he or she will be deemed to have elected the Measurement Fund selected by the Committee to be the default Measurement Fund pursuant to subsection(b).

b. The Committee, in its sole and absolute discretion, will select the Measurement Funds to be available under the Plan. The Committee may, in its sole and absolute discretion, discontinue, substitute, or add a Measurement Fund at any time for any reason. The Committee, in its sole and absolute discretion, will select one of the Measurement Funds as the default Measurement Fund, to serve as the measure of investment earnings and losses on the Accounts of Participants who fail to elect a Measurement Fund pursuant to subsection (a), and the Committee may change its selection of the default Measurement Fund from time to time in its sole and absolute discretion.

c. Although a Participant may designate the type of investments in which his or her Accounts will be deemed to be invested for earnings calculation purposes, the Committee will not be bound by such a designation; that is, the amounts credited to a Participant's Accounts might not actually be invested in the underlying designated Measurement Fund(s). The designation of a Measurement Fund will not require the Company to invest or earmark its general assets in any particular manner. The Accounts will be hypothetically invested in the designated Measurement Fund(s), and net gains and losses associated with the Measurement Fund(s) will be credited or debited to the Accounts, as applicable, as provided in Section 4.3.

**3.4 Company Matching Contribution Amounts.**

a. In General. If a Participant makes Deferrals of Compensation during a Plan Year, the Participant's Company Matching Contribution Account will be credited with Company Matching Contribution Amounts as provided in this Section 3.4 if the Participant meets the eligibility requirements described in subsection (b). A Participant's Company Matching Contribution Amounts for a Plan Year will be determined under subsection (c).

b. Eligibility for Company Matching Contribution Amounts.

i. To be credited with Company Matching Contribution Amounts for a Plan Year, a Participant must be employed by the Company on the last day of the Plan Year. Matching Contributions Amounts will be credited to respective Participants' Accounts by the last day of January following the Plan Year.

ii. Notwithstanding the foregoing, with respect to any Transferee Participant, the Transferee Participant will be deemed to be employed by the Company on the last day of the 2022 Plan Year for purposes of the Plan if the Transferee Participant remains continuously employed by Zimmer Spine or its subsidiaries through December 31, 2022.

iii. Notwithstanding the foregoing, a Participant who is not employed by the Company on the last day of the Plan Year will still be credited with Company Matching Contribution Amounts for the Plan Year if the Participant (A) had a Separation from Service during the Plan Year by reason of the Participant's Retirement or Disability, or (B) died during the Plan Year while he or she was employed by the Company or an Affiliated Company. In this case, the Company Matching Contribution Amounts will be credited to the Participant's Account on the Participant's Scheduled Payment Date.

c. Company Matching Contribution Amounts. A Participant's Company Matching Contribution Amount for the Plan Year will be equal to the lesser of (i) the Deferrals credited to the Participant's Deferral Account for the Plan Year, or (ii) six percent (6%) of the Participant's Compensation under the Plan for the Plan Year, and less any match under the Savings Plan for the same Plan Year. Notwithstanding any Plan provision to the contrary, with respect to any Participant, a Company Matching Contribution for a Plan Year plus any match under the Savings Plan for the same Plan Year may never exceed 100% of the matching amount that would be provided under the Savings Plan

for the Plan Year absent any plan-based restrictions that reflect limits on qualified plan contributions under the Internal Revenue Code within the meaning of Treasury Regulation Section 1.409A-3(j)(5)(iv).

## ARTICLE IV. PARTICIPANT ACCOUNTS AND UNFUNDED NATURE OF THE PLAN

**4.1** **Deferral Accounts.** The Committee (or its designee) will establish and maintain a Deferral Account for each Participant under the Plan. As soon as administratively feasible after amounts are withheld and deferred from a Participant's Base Salary and/or Performance Bonus, the Committee (or its designee) will credit the Participant's Deferral Account with an amount equal to the Base Salary and/or Performance Bonus deferred by the Participant in accordance with the Participant's election(s) pursuant to Section 3.1.

**4.2** **Company Matching Contribution Accounts.** The Committee (or its designee) will establish and maintain a Company Matching Contribution Account for each Participant who is credited with a Company Matching Contribution Amount under Section 3.4. As soon as practicable after the end of a Plan Year (by the last day of January following such Plan Year), the Company Matching Contribution Amount, if any, credited to a Participant for that Plan Year will be credited to the Participant's Company Matching Contribution Account.

**4.3** **Adjustment for Earnings and Losses.** Pursuant to rules and procedures acceptable to the Committee, for each day on which the securities markets in the United States are open for trading, the Committee's designated record keeper for the Plan will adjust each Participant's Account(s) to reflect investment returns or losses of the Measurement Funds selected by the Participant pursuant to Section 3.4.

**4.4** **Accounts are Unfunded.** The Plan is unfunded. The maintenance of individual accounts is for bookkeeping purposes only. The Company is not obligated to acquire, segregate, or set aside, in trust or otherwise, any assets of any kind for the discharge of its obligations under the Plan, nor will any Participant have any property rights in any particular assets held by the Company, whether or not held for the purpose of funding the Company's obligations under the Plan.

## ARTICLE V. VESTING

**5.1** **Participant Contributions.** A Participant's interest in his or her Deferral Account will be 100% Vested at all times.

**5.2** **Company Contributions.** A Participant's interest in his or her Company Matching Contribution Account will become Vested in accordance with the following vesting schedule:

| Years of Service | Percentage Vested |
|---|---|
| Less than 1 | 0% |
| 1 | 25% |
| 2 | 50% |
| 3 | 75% |
| 4 or more | **100%** |

If a Participant has a Separation from Service before his or her Company Matching Contribution Account is fully Vested, the Participant will irrevocably forfeit the portion of his or her Company Matching Contribution Account that is not Vested, and in no event will a portion of a Participant's Company Matching Contribution Account be distributed before it is Vested. Any forfeitures of Company Matching Contribution Accounts will be retained by the Company.

Notwithstanding the foregoing, with respect to any Transferee Participant, the Transferee Participant will not be deemed to have a Separation from Service until the Participant has a Separation from Service from Zimmer Spine and all of its subsidiaries and all Years of Service with Zimmer Spine will be deemed to be Years of Service with the Company for purposes of this Section 5.2 with respect to such Transferee Participants.

**5.3.** **Termination for Cause.** Notwithstanding anything to the contrary in the Plan, if a Participant is terminated for "Cause," as defined below, or information is discovered after the Participant's separation that would have allowed the Company to terminate for Cause, then the Participant shall forfeit any and all amounts in his Company Matching Contribution Account. For purposes herein, "Cause" means (1) the willful and continued failure by the Participant to substantially perform the Participant's duties with the Company (other than any such failure resulting from the Participant's 's incapacity due to physical or mental illness) for a period of at least 30 consecutive days after a written demand for substantial performance is delivered to the Participant by the Board, which demand specifically identifies the manner in which the Board believes that the Participant has not substantially performed the Participant's duties; (2) the Participant willfully engages in conduct that is demonstrably and materially injurious to the Company or its subsidiaries, monetarily or otherwise; or (3) the Participant is convicted of, or has entered a plea of no contest to, a felony.

## ARTICLE VI. DISTRIBUTIONS

### 6.1. Distribution of Participant Accounts.

a. Distribution of Small Accounts Due to Separation from Service. In the case of a Participant who incurs a Distribution Event due to Separation from Service and has a total Vested Account balance less than the applicable dollar amount under Code section 402(g)(l)(B), the Distributable Amount will be paid to the Participant in a lump sum distribution on the Participant's Payment Date associated with the Separation from Service; provided, however, that no such acceleration will be permitted under this Section to the extent that (i) the payment would not otherwise result in the complete liquidation of the Participant's entire interest under the Plan, including all agreements, methods, programs or other arrangements with respect to which deferrals of compensation are treated as having been deferred under a single nonqualified deferred compensation plan under Treasury regulation section 1.409A-1(c)(2), and (ii) the sum of all such payments would exceed the applicable dollar amount under Code section 402(g)(l)(B).

b. Distribution Due to Separation from Service or Scheduled Withdrawal Payment Date.

   i. Distribution Event – Separation from Service. In the case of a Participant who incurs a Distribution Event due to Separation from Service and the distribution provision in

Section 6.1(a) does not apply because the Participant has a Vested Account balance, including amounts deferred under all agreements, methods, programs or other arrangements with respect to which deferrals of compensation are treated as having been deferred under a single nonqualified deferred compensation plan under Treasury regulation section 1.409A-1(c)(2), of more than the applicable dollar amount under Code section 402(g)(1)(B), the Participant will receive, or will begin to receive if payable in installments, his or her Distributable Amount, in the form elected by the Participant as of his or her Payment Date associated with the Separation from Service.

ii. Distribution Event – Scheduled Withdrawal Payment Date. In the case of a Participant who incurs a Distribution Event due to a Scheduled Withdrawal Payment Date, the Participant will receive, or will begin to receive if payable in installments, his or her Distributable Amount, in the form elected by the Participant as of his or her Payment Date associated with the Scheduled Withdrawal Payment Date.

c. Distribution Due to Death. In the case of a Participant who dies before his or her Accounts have been distributed in full, the Participant's Beneficiary will receive the total undistributed Vested balance in the Participant's Accounts in a lump sum distribution within 90 days following the date of the Participant's death.

d. Distribution Due to Disability. In the case of a Participant who incurs a Distribution Event due to Disability, the Participant will receive the total undistributed Vested balance in the Participant's Accounts in a lump sum distribution within 90 days following the date on which the Committee (or its designee) determines that the Participant has incurred a Disability. The determination of Disability will be made in accordance with the Company's long-term disability plan in effect at the time of the Participant's claim of Disability, provided the definition of disability applied under that disability plan complies with this Plan's definition of Disability.

e. Earnings. A Participant's Accounts will continue to be adjusted for earnings and losses pursuant to Section 4.3 until all amounts credited to his or her Accounts under the Plan have been distributed.

**6.2. Designation of Beneficiary.** A Participant may, in a time and manner determined by the Committee, designate a Beneficiary (including one or more contingent Beneficiaries) to receive any benefits payable under the Plan in the event of the Participant's death. No Beneficiary designation with respect to the Plan will become effective until it is filed with the Committee (or its designee). Any Beneficiary designation will be revocable at any time through a written instrument filed by the Participant with the Committee (or its designee) with or without the consent of the previous Beneficiary. If a Participant fails to designate a Beneficiary or contingent Beneficiary, or if there is no surviving designated Beneficiary, then the Participant's estate will be the Participant's Beneficiary. If there is no surviving spouse to receive any benefits payable in accordance with the preceding sentence, then the Participant's estate will be the Participant's Beneficiary. Payment by the Company pursuant to any unrevoked Beneficiary designation, or to the Participant's estate if no such designation exists, of all benefits owed under the Plan will terminate any and all liability of the Company with respect to the deceased Participant.

**6.3.** **Hardship Distribution.** In the event of an Unforeseeable Emergency, a Participant will be permitted to elect a Hardship Distribution from his or her Vested Accounts prior to his or her Payment Date, subject to the following restrictions:

a. The election to take a Hardship Distribution must be made by filing a form (electronically or otherwise) provided by and filed with the Committee (or its designee) in the time and manner determined by the Committee (or its designee).

b. A Hardship Distribution may not be made unless the Committee (or its designee), in its discretion, determines that the distribution is necessary to alleviate an "Unforeseeable Emergency" within the meaning given to that term under Code section 409A and Treasury regulation section 409A-3(i)(3). In general, "Unforeseeable Emergency" means a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of his or her dependent (as defined in Code section 152(a)), loss of a Participant's property due to casualty, or other similar or extraordinary and unforeseeable circumstances arising as a result of events beyond the Participant's control. The circumstances that would constitute an
Unforeseeable Emergency will depend upon the facts of each case, but, in any case, a Hardship Distribution may not be made to the extent that the financial hardship resulting from the Unforeseeable Emergency is or may be relieved (1) through reimbursement or compensation by insurance or otherwise, (2) by liquidation of the Participant's assets, to the extent the liquidation of assets would not itself cause severe financial hardship, or (3) by cessation of Deferrals under this Plan.

c. The amount determined by the Committee (or its designee) as a Hardship Distribution will be paid in a single cash lump sum as soon as practicable after the end of the calendar month in which the Hardship Distribution is approved by the Committee (or its designee). The Hardship Distribution will be treated as taken pro rata from each of the Measurement Funds in which the Participant's Accounts are deemed invested under Section 3.4.

d. If a Participant receives a Hardship Distribution during a Plan Year, the Participant will be ineligible to defer Compensation under the Plan for the balance of the Plan Year and the following Plan Year.

6.4. Distribution Upon Adverse Finding by the Internal Revenue Service. If the Internal Revenue Service asserts that amounts deferred by a Participant pursuant to the Plan are included in the Participant's income for federal income taxes before distribution, the Committee (or its designee) will cause to be distributed to the Participant from his or her Vested Account an amount equal to all taxes, interest and penalties owed by the Participant as a result of that inclusion in taxable income.

**6.5.** **Inability to Locate Participant**. In the event that the Committee (or its designee) is unable to locate a Participant or Beneficiary within two (2) years following the required Payment Date, the amounts credited to the Participant's Accounts will be forfeited. If the Participant or Beneficiary later claims a benefit after it has been forfeited pursuant to the preceding sentence, the benefit will be reinstated without interest or earnings.

## ARTICLE VII. ADMINISTRATION

**7.1.** **Plan Administrator.** The Committee will be the administrator of the Plan and will have full discretionary power and authority to administer the Plan in all its details.

**7.2.** **Committee Action.** The Committee may act at meetings by affirmative vote of a majority of the members of the Committee. Any action permitted to be taken at a meeting may be taken without a meeting if, prior to the action, a written consent to the action is executed (manually or electronically) by all members of the Committee and filed with the minutes of the proceedings of the Committee. A member of the Committee cannot vote or act upon any matter that relates solely to himself or herself as a Participant. Any member or members of the Committee may execute any certificate or other written direction on behalf of the Committee.

**7.3.** **Powers of the Committee as Administrator.**

The Committee's powers as administrator of the Plan will include, but will not be limited to, the following:

a. To select the Measurement Funds in accordance with Section 3.4(b);

b. To construe and interpret the terms and provisions of the Plan and to decide any and all questions arising under the Plan, including, without limitation, the power to remedy possible ambiguities, inconsistencies, or omissions by a general rule or particular decision;

c. To determine the amounts to be distributed to any Participant or Beneficiary in accordance with the terms of the Plan and determine the person or persons to whom the amounts will be distributed;

d. To maintain all records that may be necessary for the administration of the Plan;

e. To provide for the disclosure of all information and the filing or provision of all reports and statements to Participants, Beneficiaries or governmental agencies as required by law;

f. To make, publish, and enforce such rules for the regulation of the Plan and procedures for the administration of the Plan that are not inconsistent with the written terms of the Plan, as the Committee deems necessary or advisable for the efficient administration of the Plan;

g. To allocate or delegate its powers to other persons;

h. To appoint persons to carry out administrative and recordkeeping functions with respect to the Plan; and

i. To take all other actions necessary for the administration of the Plan.

**7.4.** **Construction and Interpretation.** The Committee will have full discretionary authority to construe and interpret the terms and provisions of the Plan, and the Committee's interpretations or construction will be final and binding on all parties, including but not limited to the Company and any Participant or Beneficiary. The Committee will administer the Plan's terms and provisions

in a uniform and nondiscriminatory manner and in full accordance with any and all applicable laws.

**7.5.** **Information.** To enable the Committee to perform its functions, the Company will supply full and timely information to the Committee or its designee on all matters relating to the Compensation of all Participants, their death or other events that cause termination of their participation in this Plan, and such other pertinent facts as the Committee may require.

**7.6.** **Compensation, Expenses and Indemnity.**

a. The members of the Committee will serve without compensation for their services under the Plan.

b. The Committee is authorized at the expense of the Company to employ such legal counsel as it may deem advisable to assist in the performance of its duties with respect to the Plan. Expenses and fees in connection with the administration of the Plan will be paid by the Company.

c. To the extent permitted by applicable law, the Company will indemnify and hold harmless the Committee and each Committee member, the Board, and any delegate of the Committee who is an employee of the Company, against any and all expenses, liabilities and claims, including legal fees to defend against liabilities and claims arising out of their discharge in good faith of responsibilities under or incident to the Plan, other than expenses and liabilities arising out of willful misconduct. This indemnity will not preclude further indemnities that may be available under insurance purchased by the Company or provided by the Company under any bylaw, agreement or otherwise, as permitted under applicable law.

**7.7.** **Account Statements.** At least once each year, each Participant will be furnished (electronically or otherwise) a statement setting forth the value of his or her Accounts.

**7.8.** **Claims and Appeals Procedures.** Any person who believes that he or she is being denied a benefit to which he or she is entitled under the Plan must file a written claim for the benefit with the Committee (or its designee). If the Committee (or its designee) denies the claim in whole or in part, it will issue to the claimant a written notice explaining the reason(s) for the denial (with specific reference to the Plan provisions on which the denial is based), and describing any additional information or documentation that might enable the claimant to perfect his or her claim (with an explanation of why the information or documentation is necessary). The written notice will also include appropriate information as to the steps to be taken if the claimant wishes to request a review of the claim denial (including the time limits for requesting a review). Within sixty (60) days after receiving a written notice of denial, the claimant may submit a written request for a review of the initial denial to the Committee (or its designee), together with a written explanation of the basis for the request. The claimant or his or her duly authorized representative may, but need not, review pertinent documents and submit issues and comments in writing for consideration by the Committee (or its designee). If the claimant does not request a review within that sixty (60) day period, he or she will be barred from challenging the Committee's (or its designee's) determination. Within sixty (60) days after the Committee's (or its designee's) receipt of a request

for review, the Committee (or its designee) will consider the request and provide the claimant with a written decision, which will include a written explanation of the reasons for the decision (with reference to the specific Plan provisions on which the decision is based). If special circumstances require an extension of the sixty (60) day time period for considering the claimant's request for review, the Committee (or its designee) may extend that period by up to an additional sixty (60) days by notifying the claimant in writing, before the end of the original sixty day decision period, of the extension, the reasons for it, and when a decision can be expected. All interpretations, determinations, and decisions of the Committee (or its designee) with respect to any claim will be final and conclusive in the absence of clear and convincing evidence that the interpretation, determination, or decision was made arbitrarily or capriciously. A Participant must use and exhaust the Plan's administrative claim and appeal procedure described above before filing a lawsuit or taking other legal action of any kind against the Plan. Further, no lawsuit or legal action related to a benefit decision may be filed in any court of law or any other forum unless it is commenced within two years of the Plan's final decision on the claim. If the Committee determines an appeal is untimely, the Plan's latest decision on the claim is the final decision date.

## ARTICLE VIII. MISCELLANEOUS

**8.1.** **Unsecured General Creditor.** Participants and their Beneficiaries, heirs, successors, and assigns will have no legal or equitable rights, claims, or interest in any specific property or assets of the Company. No assets of the Company will be held in any way as collateral security for fulfilling the Company's obligations under the Plan. Any and all of the Company's assets will be, and remain, the general unpledged, unrestricted assets of the Company. The Company's obligations under the Plan are merely an unfunded and unsecured promise of the Company to pay money in the future, and the rights of the Participants and Beneficiaries will be no greater than those of unsecured general creditors. It is the Company's intention the Plan be unfunded for purposes of the Code and for purposes of Title I of ERISA, and the Plan will be interpreted to effectuate this result.

**8.2.** **Restriction Against Assignment.** The Company will pay all amounts payable under the Plan only to the person or persons designated by the Plan and not to any other person or corporation. No part of a Participant's Accounts will be liable for the debts, contracts, or engagements of any Participant, his or her Beneficiary, or successors in interest, nor will a Participant's Accounts be subject to execution by levy, attachment, or garnishment or by any other legal or equitable proceeding, nor will any Participant or Beneficiary have any right to alienate, anticipate, sell, transfer, commute, pledge, encumber, or assign any benefits or payments under the Plan in any manner whatsoever (including, without limitation, under a domestic relations order). Any attempt to anticipate, alienate, sell, transfer, commute, assign, pledge, encumber or charge any distribution or payment from the Plan, voluntarily or involuntarily, will be null and void in all respects.

**8.3.** **Withholding.** Notwithstanding any other provision of the Plan to the contrary, all payments under the Plan will be subject to reduction for all applicable tax withholdings and other legally or contractually required withholdings. To the extent that amounts credited under the Plan are includable in "wages" for purposes of Chapter 21 of the Code, or are otherwise includable in taxable income, prior to distribution the Company may deduct the required withholding with respect to the wages or income from compensation currently payable to the Participant, or the

Committee or its designee may reduce the Participant's Accounts under the Plan or require the Participant to make other arrangements satisfactory to the Company for the satisfaction of the Company's withholding obligations.

**8.4.** **Amendment, Modification, Suspension or Termination.** The Board (or its designee), in its sole discretion, may amend or terminate the Plan at any time, in whole or in part, except that no amendment or termination will operate (a) to reduce or deprive a Participant or Beneficiary of any benefit accrued prior to the time of the amendment or termination, (b) to result in an acceleration of the distribution of benefits under the Plan (due to a termination of the Plan or any other reason), unless the acceleration complies with Code section 409A and its interpretive regulations, or (c) to cause any other violation of Code section 409A or the guidance thereunder. Notwithstanding anything in the Plan to the contrary or any election of a Participant to the contrary, in the event that the Company, by action of the Board or its designee, terminates the Plan and all other agreements, methods, programs, and other arrangements sponsored by the Company with respect to which deferrals of compensation are treated as having been deferred under a single plan with this Plan under Treasury regulation section 1.409A-1(c)(2), the Company will have the discretion to accelerate the time of payment under the Plan, provided that no payments occur within twelve (12) months of the termination of those plans or agreements (other than payments that would be payable under the plans or agreements absent termination), all payments are made within twenty-four (24) months of termination of the plans or agreements, and for three (3) years following the date of termination of the Plan the Company does not adopt a new plan or agreement that would be aggregated with the Plan if the same participants participated in the new plan or agreement.

**8.5.** **Rules and Procedures Relating to Payments.** Any payment to a Participant or Beneficiary in accordance with the provisions of the Plan will, to the extent of that payment, be in full satisfaction of all claims against the Committee and the Company. The Committee (or its designee) may require a Participant or Beneficiary, as a condition precedent to payment, to execute a receipt and release to that effect; provided, however, that in the event any review and rescission period extends into a new calendar year, any distribution will not be made until the last business day of February of such new year or, if earlier, 90 days from the event giving rise to the distribution; provided, however, that this provision shall not modify the 6-month delay for payments upon Separation from Service required for Code section 409A compliance. Also, prior to paying any benefit under the Plan, the Committee (or its designee) may require a Participant or Beneficiary to provide such information or documentation as the Committee (or its designee), in its sole discretion, deems necessary for it to make any determination required under the Plan. To the extent permitted under Code section 409A, the Committee or its designee may delay payment until satisfied as to the correctness of the payment or the person to receive the payment or to allow the filing in any court of competent jurisdiction for a legal determination of the benefits to be paid and the person to receive them. The Committee specifically reserves the right to correct errors of every sort, and each Participant agrees, on his or her own behalf and on behalf of any Beneficiary, to any method of error correction specified by the Committee or its designee. The Committee is authorized to recover any payment made in error.

In the event that any amount becomes payable under the Plan to a minor or other person who, in the sole judgment of the Committee (or its designee), is considered by reason of physical or mental condition to be unable to give a valid receipt for the payment, the Committee (or its

designee) may direct that the payment be made to the person's spouse, parent, or other party found by the Committee (or its designee), in its sole judgment, to have assumed the care of the payee, unless a duly qualified guardian or other legal representative has been appointed, in which case payment will be made to that guardian or legal representative. Any payment made pursuant to the preceding sentence will constitute a full release and discharge of the Committee (or its designee) and the Company.

**8.6.** **Limitation of Rights and Employment Relationship.** Neither the establishment of the Plan, nor any amendment of it, nor the creating of any fund or account, nor the payment of any benefits will be construed as giving to any Participant, Beneficiary, or other person any legal or equitable right against the Company except as provided in the Plan; and in no event will the terms of employment of any employee or Participant be modified or in any way be affected by the provisions of the Plan.

**8.7.** **Code Section 409A.** The Company intends that all benefits and payments to be made to a Participant or Beneficiary under the Plan will be provided or paid in compliance with all applicable provisions of Code section 409A and its interpretive regulations, and the rulings, notices and other guidance issued by the Internal Revenue Service interpreting Code section 409A, and the Plan will be construed and administered in accordance with this intent. The Plan may be modified to the extent necessary to comply with all applicable requirements of, and to avoid the imposition of any additional tax, interest and penalties under, Code section 409A in connection with, or the benefits and payments to be provided or paid to a Participant or Beneficiary under, the Plan. Any such modification will maintain the original intent and benefit to the Company and the Participant of the applicable Plan provision, to the maximum extent possible without violating Code section 409A. All payments to be made upon a termination of employment under the Plan may only be made upon a "separation from service" under Code section 409A. Any payments that qualify for the "short-term deferral" exception or another exception under Code section 409A will be paid under the applicable exception. Further, for purposes of the limitations on nonqualified deferred compensation under Code section 409A, each payment of compensation under the Plan will be treated as a separate payment. In no event may a Participant, directly or indirectly, designate the calendar year of a payment. Although the Committee intends to administer the Plan in accordance with Code section 409A, the Company and the Committee make no guarantee of the tax consequences of participating in the Plan and will not be liable for income tax, interest, or additional taxes or penalties assessed against a Participant or Beneficiary for any reason.

Certified as Final:

By: /s/Suketu Upadhyay
Suketu Upadhyay
Executive Vice President and Chief Financial Officer

By: /s/Lori Winkler
Lori Winkler
Senior Vice President and Chief Human Resources Officer

**EXHIBIT 10.3**

**THIRD AMENDMENT AND LIMITED WAIVER** (the "Third Amendment"), dated as of January 19, 2022, between ZIMMER BIOMET G.K. (the "Borrower") and SUMITOMO MITSUI BANKING CORPORATION (the "Bank"), to the JP¥21,300,000,000 TERM LOAN AGREEMENT dated as of September 22, 2017, as amended by the First Amendment and Limited Waiver dated as of February 25, 2020 and the Second Amendment dated as of April 28, 2020 (as heretofore amended, the "Agreement"), between the Borrower and the Bank.

**W I T N E S S E T H**

The Borrower and the Bank wish to amend the Agreement in certain respects.

The Borrower has requested that the Bank agree to waive the covenant in Section 8.03(c) of the Reference Agreement (as such term is defined in the Agreement before giving effect to this Third Amendment) to the extent that the covenant required the Borrower to deliver a certificate of a Financial Officer together with the financial statements delivered on June 30, 2021.

Unless otherwise defined in this Third Amendment, capitalized terms used herein shall have the meanings ascribed to such terms in the Agreement.

Accordingly, in consideration of the premises contained herein and for other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

**Section 1. Amendments.**

(a) In Section 1.01 of the Agreement (captioned, "Defined Terms"), each of the terms "Letter of Guarantee" and "Reference Agreement" is hereby amended and restated in its entirety to read as follows:

> ***"Letter of Guarantee" means the guarantee provided by the Guarantor in favor of the Bank in support of the Borrower's indebtedness hereunder and under the Note, to be delivered to the Bank pursuant to Section 3.01(b)(iii) as a condition to the making of the Loan.***
>
> ***"Reference Agreement" means the Five-Year Revolving Credit Agreement dated as of August 20, 2021 among Zimmer Biomet Holdings, Inc., the Lenders named therein, JPMorgan Chase Bank, N.A. as general administrative agent for the Lenders, a copy of which is attached hereto as Exhibit B, as such agreement is in effect on November 4, 2021 and as such agreement may be amended from time to time.***

(b) Exhibit B to the Agreement is hereby deleted and replaced with the attachment to this Third Amendment marked as Exhibit B.

**Section 2. Limited Waiver.** The Bank hereby waives the covenant in Section 8.03(c) of the Reference Agreement (as such term is defined in the Agreement before giving effect to this Third Amendment), with retroactive effect as of June 30, 2021, to the extent that the covenant required the Borrower to deliver a certificate of a Financial Officer together with the financial statements delivered on June 30, 2021. Except as expressly provided herein, this Third Amendment shall not

limit or otherwise adversely affect the rights of the Bank under the Agreement. The Bank reserves the right to insist on strict compliance with the terms of the Agreement, and the Borrower expressly acknowledges such reservation of rights. The execution of this Third Amendment will not, either alone or taken with other waivers of provisions of the Agreement, be deemed to create or be evidence of a course of conduct. Any future or additional waiver of any provision of the Agreement shall be effective only if set forth in a writing separate and distinct from this Third Amendment. Except as expressly provided herein, the Agreement shall remain in full force and effect, without further amendment or modification.

**Section 3. Effectiveness.** Conditioned on the truth and accuracy of the representations made in Section 4 hereof, this Third Amendment shall become effective as of the date hereof (except that the waiver granted in Section 2 will be deemed effective as of June 30, 2021) when the Bank shall have received a copy of this Third Amendment, duly executed by Borrower.

**Section 4. Representations.** The Borrower reaffirms the representations and warranties in the Agreement as made as of the date hereof and confirms that both before and after giving effect to this Third Amendment there is and will be no Event of Default under the Agreement. The Borrower makes the representations and warranties in the Agreement with respect to its execution and delivery as to the execution and delivery of this Third Amendment.

**Section 5. Ratification.** The Agreement shall remain in full force and effect in its original form, without novation, when this Third Amendment shall become effective, except as heretofore amended and as the Agreement is specifically amended by the terms of this Third Amendment.

**Section 6. Cross-references.** Upon the effectiveness of this Third Amendment, any reference to the Agreement shall mean the Agreement as amended hereby.

**Section 7. Governing Law.** This Third Amendment shall be considered an agreement under the laws in effect in the State of New York and for all purposes shall be construed in accordance with such laws without giving effect to the conflict of laws provisions contained therein.

[*signature page follows*]

**IN WITNESS WHEREOF,** the parties hereto have caused this Third Amendment to be duly executed and delivered by their respective duly authorized officers as of the date first written above.

ZIMMER BIOMET G.K.

By: /s/ Chad F. Phipps
Name: Chad F. Phipps
Title: Executive Officer

SUMITOMO MITSUIBANKING CORPORATION

By: /s/ Chad F. Phipps
Name: Chad F. Phipps
Title: Executive Officer

**FOURTH AMENDMENT AND LIMITED WAIVER** (the "Fourth Amendment"), dated as of January 19, 2022, between ZIMMER BIOMET G.K. (the "Borrower") and SUMITOMO MITSUI BANKING CORPORATION (the "Bank"), to the JP¥11,700,000,000 AMENDED AND RESTATED TERM LOAN AGREEMENT dated as of September 22, 2017, as amended by the First Amendment dated as of January 10, 2018, the Second Amendment and Limited Waiver dated as of February 25, 2020, and the Third Amendment dated as of April 28, 2020 (as heretofore amended, the "Agreement"), between the Borrower and the Bank.

**W I T N E S S E T H**

The Borrower and the Bank wish to amend the Agreement in certain respects.

The Borrower has requested that the Bank agree to waive the covenant in Section 8.03(c) of the Reference Agreement (as such term is defined in the Agreement before giving effect to this Fourth Amendment) to the extent that the covenant required the Borrower to deliver a certificate of a Financial Officer together with the financial statements delivered on June 30, 2021.

Unless otherwise defined in this Fourth Amendment, capitalized terms used herein shall have the meanings ascribed to such terms in the Agreement.

Accordingly, in consideration of the premises contained herein and for other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

**Section 1. Amendments.**

(a) In Section 1.01 of the Agreement (captioned, "Defined Terms"), each of the terms "Letter of Guarantee" and "Reference Agreement" is hereby amended and restated in its entirety to read as follows:

> ***"Letter of Guarantee" means the guarantee provided by the Guarantor in favor of the Bank in support of the Borrower's indebtedness hereunder and under the Note, to be delivered to the Bank pursuant to Section 3.01(b)(iii) as a condition to the making of the Loan.***
>
> ***"Reference Agreement" means the Five-Year Revolving Credit Agreement dated as of August 20, 2021 among Zimmer Biomet Holdings, Inc., the Lenders named therein, JPMorgan Chase Bank, N.A. as general administrative agent for the Lenders, a copy of which is attached hereto as Exhibit B, as such agreement is in effect on November 4, 2021 and as such agreement may be amended from time to time.***

(b) Exhibit B to the Agreement is hereby deleted and replaced with the attachment to this Fourth Amendment marked as Exhibit B.

**Section 2. Limited Waiver.** The Bank hereby waives the covenant in Section 8.03(c) of the Reference Agreement (as such term is defined in the Agreement before giving effect to this Fourth Amendment), with retroactive effect as of June 30, 2021, to the extent that the covenant required the Borrower to deliver a certificate of a Financial Officer together with the financial statements

delivered on June 30, 2021. Except as expressly provided herein, this Fourth Amendment shall not limit or otherwise adversely affect the rights of the Bank under the Agreement. The Bank reserves the right to insist on strict compliance with the terms of the Agreement, and the Borrower expressly acknowledges such reservation of rights. The execution of this Fourth Amendment will not, either alone or taken with other waivers of provisions of the Agreement, be deemed to create or be evidence of a course of conduct. Any future or additional waiver of any provision of the Agreement shall be effective only if set forth in a writing separate and distinct from this Fourth Amendment. Except as expressly provided herein, the Agreement shall remain in full force and effect, without further amendment or modification.

**Section 3.** **Effectiveness.** Conditioned on the truth and accuracy of the representations made in Section 4 hereof, this Fourth Amendment shall become effective as of the date hereof (except that the waiver granted in Section 2 will be deemed effective as of June 30, 2021) when the Bank shall have received a copy of this Fourth Amendment, duly executed by Borrower.

**Section 4.** **Representations.** The Borrower reaffirms the representations and warranties in the Agreement as made as of the date hereof and confirms that both before and after giving effect to this Fourth Amendment there is and will be no Event of Default under the Agreement. The Borrower makes the representations and warranties in the Agreement with respect to its execution and delivery as to the execution and delivery of this Fourth Amendment.

**Section 5.** **Ratification.** The Agreement shall remain in full force and effect in its original form, without novation, when this Fourth Amendment shall become effective, except as heretofore amended and as the Agreement is specifically amended by the terms of this Fourth Amendment.

**Section 6.** **Cross-references.** Upon the effectiveness of this Fourth Amendment, any reference to the Agreement shall mean the Agreement as amended hereby.

**Section 7.** **Governing Law.** This Fourth Amendment shall be considered an agreement under the laws in effect in the State of New York and for all purposes shall be construed in accordance with such laws without giving effect to the conflict of laws provisions contained therein.

[*signature page follows*]

**IN WITNESS WHEREOF,** the parties hereto have caused this Fourth Amendment to be duly executed and delivered by their respective duly authorized officers as of the date first written above.

ZIMMER BIOMET G.K.

By: /s/ Chad F. Phipps
Name: Chad F. Phipps
Title: Executive Officer

SUMITOMO MITSUI BANKING CORPORATION

By: /s/ Gail Motonaga
Name: Gail Motonaga
Title: Executive Director

**Subsidiaries of Zimmer Biomet Holdings, Inc.**
**As of March 31, 2022**

| **Name of Subsidiary**[1] | **Jurisdiction of Formation** |
|---|---|
| **Domestic subsidiaries:** | |
| A&E Advanced Closure Systems, LLC | Delaware |
| A&E Medical Corp. | New Jersey |
| Alto Development Corp. | New Jersey |
| Biomet Biologics, LLC | Indiana |
| Biomet CV Holdings, LLC | Delaware |
| Biomet Fair Lawn LLC | Indiana |
| Biomet International Orthopedics, LLC | Delaware |
| 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 *(Forced)* | |
| Biomet Trauma, LLC | Indiana |
| Biomet U.S. Reconstruction, LLC | Indiana |
| Biomet, Inc. | Indiana |
| dba Zimmer Biomet | |
| Cayenne Medical, Inc. | Delaware |
| CD Diagnostics, Inc. | Delaware |
| CD Laboratories, Inc. | Maryland |
| Citra Labs, LLC | Indiana |
| dba Biomet Citra Labs, LLC (*Forced*) | |
| Dornoch Medical Systems, Inc. | Illinois |
| 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 | |
| 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 COOP LLC | Delaware |
| ZB EMEA US UK LLC | Delaware |
| ZB Manufacturing, LLC | Delaware |
| Zimmer Biomet Distribution LLC | Delaware |
| Zimmer Caribe, LLC | Delaware |
| Zimmer CEP USA, Inc. | Delaware |
| Zimmer Co-op Holdings, LLC | Delaware |
| Zimmer CV, Inc. | Delaware |

| **Name of Subsidiary**[1] | **Jurisdiction of Formation** |
|---|---|
| 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 (*Forced*) | |
| dba Z Hotel | |
| dba CD Diagnostics | |
| dba CD Laboratories | |
| **Foreign subsidiaries:** | |
| Biomet Argentina SA | Argentina |
| Biomet Australia Pty. Ltd. | 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 BVBA | 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 |
| ZB Cayman Island CBT 2 Ltd. | Cayman Islands |
| Zimmer Cayman Islands Holding Co. 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 Biomet Colombia SAS | Colombia |
| Zimmer Biomet Centroamerica SA | Costa Rica |
| Zimmer Czech sro | Czech Republic |

| Name of Subsidiary[1] | Jurisdiction of Formation |
|---|---|
| Zimmer Biomet Denmark ApS | Denmark |
| Zimmer Biomet Finland Oy | Finland |
| Biomet France Sarl | France |
| Medtech SA | France |
| Zimmer Biomet France SAS | France |
| Zimmer Biomet France Holdings SAS | France |
| Zimmer France Manufacturing Sarl | France |
| Biomet Deutschland GmbH | Germany |
| Biomet Deutschland Holding GmbH | Germany |
| 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 Limited | Ireland |
| Zimmer Orthopedics Manufacturing Limited | Ireland |
| D.S. Comp Ltd. | Israel |
| Zimmer Biomet Comp Ltd. | Israel |
| Zimmer Biomet Italia Srl | Italy |
| Zimmer Biomet GK | Japan |
| Zimmer Biomet Kikaku G.K. | Japan |
| Zimmer Biomet Korea Ltd. | Korea |
| Zimmer Biomet OUS Holdings AG | Liechtenstein |
| 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 |
| Biomet Microfixation B.V. | Netherlands |
| Medical Concepts Europe BV | Netherlands |
| Medical Concepts Holding B.V. | Netherlands |
| Medical Concepts Patents 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 |
| Zimmer Netherlands Cooperatief U.A. | Netherlands |
| Zimmer Biomet New Zealand Company | 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 |

| Name of Subsidiary[1] | Jurisdiction of Formation |
|---|---|
| Zimmer Biomet Romania S.R.L. | Romania |
| Zimmer CIS Ltd. | Russia |
| Zimmer Biomet Asel Alarabiya Limited Company | 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 GmbH | Switzerland |
| Zimmer GmbH Euro IP Branch (branch) | Switzerland |
| Zimmer GmbH, Winterthur 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 Acquisitions (Unlimited) | United Kingdom |
| 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 EMEA Finance UK 4 Ltd. | United Kingdom |
| ZB UK Group Holdings Limited | United Kingdom |
| Zimmer Biomet UK Ltd. | United Kingdom |
| Zimmer Trustee Ltd. | United Kingdom |
| Zimmer UK Limited | United Kingdom |
| Zimmer Pte. Ltd. (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.

**EXHIBIT 31.1**

**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, Bryan C. Hanson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Zimmer Biomet Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

/s/ Bryan C. Hanson

Bryan C. Hanson
*Chairman, President and Chief Executive Officer*

**EXHIBIT 31.2**

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

I, Suketu Upadhyay, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Zimmer Biomet Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

/s/ Suketu Upadhyay

Suketu Upadhyay

*Executive Vice President and Chief Financial Officer*

**Exhibit 32**

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

In connection with the Quarterly Report on Form 10-Q of Zimmer Biomet Holdings, Inc. (the "Company") for the period ended March 31, 2022 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/ Bryan C. Hanson
Bryan C. Hanson
*Chairman, President and Chief Executive Officer*
May 5, 2022

/s/ Suketu Upadhyay
Suketu Upadhyay
*Executive Vice President and Chief Financial Officer*
May 5, 2022