
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, 2026

Commission File Number 001-16407

ZIMMER BIOMET HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13-415177
(IRS Employer
Identification No.)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	ZBH	New York Stock Exchange
2.425% Notes due 2026	ZBH 26	New York Stock Exchange
1.164% Notes due 2027	ZBH 27	New York Stock Exchange
3.518% Notes due 2032	ZBH 32	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 23, 2026, 193,462,482 shares of the registrant's \$.01 par value common stock were outstanding.

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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,	
	2026	2025
Net Sales	\$ 2,086.7	\$ 1,909.1
Cost of products sold, excluding intangible asset amortization	576.2	549.8
Intangible asset amortization	162.1	151.0
Research and development	103.4	110.6
Selling, general and administrative	849.9	758.8
Restructuring and other cost reduction initiatives	6.3	36.0
Acquisition, integration, divestiture and related	15.6	10.6
Operating expenses	1,713.5	1,616.8
Operating Profit	373.2	292.3
Other (expense) income, net	(3.0)	2.9
Interest expense, net	(68.8)	(66.2)
Earnings before income taxes	301.3	229.0
Provision for income taxes	63.0	46.5
Net Earnings	238.3	182.6
Less: Net earnings attributable to noncontrolling interest	0.2	0.6
Net Earnings of Zimmer Biomet Holdings, Inc.	\$ 238.1	\$ 182.0
Earnings Per Common Share		
Basic	\$ 1.22	\$ 0.92
Diluted	\$ 1.22	\$ 0.91
Weighted Average Common Shares Outstanding		
Basic	195.0	198.9
Diluted	195.8	199.7

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,	
	2026	2025
Net Earnings of Zimmer Biomet Holdings, Inc.	\$ 238.1	\$ 182.0
Other Comprehensive Income (Loss):		
Foreign currency cumulative translation adjustments, net of tax	0.3	24.8
Unrealized cash flow hedge gains (losses), net of tax	20.0	(32.1)
Reclassification adjustments on hedges, net of tax	(6.1)	(17.3)
Adjustments to prior service cost and unrecognized actuarial assumptions, net of tax	1.1	0.1
Total Other Comprehensive Income (Loss)	15.3	(24.5)
Comprehensive Income Attributable to		
Zimmer Biomet Holdings, Inc.	\$ 253.4	\$ 157.5

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, 2026	December 31, 2025
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 424.2	\$ 591.9
Accounts receivable, less allowance for credit losses	1,728.6	1,704.4
Inventories	2,246.8	2,286.4
Prepaid expenses and other current assets	562.9	537.3
Total Current Assets	4,962.5	5,119.9
Property, plant and equipment, net	2,211.7	2,207.1
Goodwill	9,931.8	9,947.1
Intangible assets, net	4,547.6	4,717.3
Other assets	1,067.9	1,100.3
Total Assets	\$ 22,721.6	\$ 23,091.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 361.2	\$ 303.0
Salaries, wages and benefits	293.9	477.1
Other current liabilities	1,033.3	1,216.5
Current portion of long-term debt	1,175.9	587.1
Total Current Liabilities	2,864.3	2,583.7
Deferred income taxes, net	249.9	244.1
Other long-term liabilities	630.7	626.1
Long-term debt	6,295.1	6,932.0
Total Liabilities	10,040.0	10,386.0
Commitments and Contingencies (Note 16)		
Stockholders' Equity:		
Zimmer Biomet Holdings, Inc. Stockholders' Equity:		
Common stock, \$0.01 par value, one billion shares authorized, 319.3 million shares as of March 31, 2026 (318.7 million as of December 31, 2025) issued	3.2	3.2
Paid-in capital	10,199.3	10,178.6
Retained earnings	11,802.5	11,611.0
Accumulated other comprehensive loss	(190.4)	(205.7)
Treasury stock, 125.9 million shares as of March 31, 2026 (123.2 million as of December 31, 2025)	(9,141.3)	(8,889.4)
Total Zimmer Biomet Holdings, Inc. stockholders' equity	12,673.3	12,697.7
Noncontrolling interest	8.2	8.1
Total Stockholders' Equity	12,681.6	12,705.8
Total Liabilities and Stockholders' Equity	\$ 22,721.6	\$ 23,091.7

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 Comprehensiv e (Loss) Income	Treasury Shares		Noncontrolling Interest	Total Stockholders' Equity	
	Number	Amount				Number	Amount		Number	Amount
Balance January 1, 2026	318.7	\$ 3.2	\$ 10,178.6	\$ 11,611.0	\$ (205.7)	(123.2)	\$ (8,889.4)	\$ 8.1	\$ 12,705.8	
Net earnings	-	-	-	238.1	-	-	-	0.2	238.3	
Other comprehensive income	-	-	-	-	15.3	-	-	-	15.3	
Cash dividends declared (\$0.24 per share)	-	-	-	(46.4)	-	-	-	-	(46.4)	
Stock compensation plans	0.6	-	20.7	(0.2)	-	-	0.4	-	20.9	
Share repurchases	-	-	-	-	-	(2.6)	(252.3)	-	(252.3)	
Balance March 31, 2026	<u>319.3</u>	<u>\$ 3.2</u>	<u>\$ 10,199.3</u>	<u>\$ 11,802.5</u>	<u>\$ (190.4)</u>	<u>(125.9)</u>	<u>\$ (9,141.3)</u>	<u>\$ 8.2</u>	<u>\$ 12,681.6</u>	
Balance January 1, 2025	317.5	\$ 3.2	\$ 10,038.1	\$ 11,095.3	\$ (262.8)	(118.4)	\$ (8,405.7)	\$ 8.1	\$ 12,476.2	
Net earnings	-	-	-	182.0	-	-	-	0.6	182.6	
Other comprehensive loss	-	-	-	-	(24.5)	-	-	-	(24.5)	
Cash dividends declared (\$0.24 per share)	-	-	-	(47.4)	-	-	-	-	(47.4)	
Stock compensation plans	0.6	-	20.7	(0.2)	-	-	0.5	-	21.0	
Embody, Inc. acquisition consideration	0.3	-	27.8	-	-	-	-	-	27.8	
Share repurchases	-	-	-	-	-	(2.1)	(231.9)	-	(231.9)	
Balance March 31, 2025	<u>318.4</u>	<u>\$ 3.2</u>	<u>\$ 10,086.6</u>	<u>\$ 11,229.7</u>	<u>\$ (287.3)</u>	<u>(120.5)</u>	<u>\$ (8,637.1)</u>	<u>\$ 8.7</u>	<u>\$ 12,403.8</u>	

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

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

	Three Months Ended March 31,	
	2026	2025
Cash flows provided by (used in) operating activities:		
Net earnings	\$ 238.3	\$ 182.6
Adjustments to reconcile net earnings to cash provided by operating activities:		
Depreciation and amortization	270.0	254.4
Share-based compensation	24.2	19.6
Changes in operating assets and liabilities, net of acquired assets and liabilities		
Income taxes	(7.4)	(15.6)
Receivables	14.5	(18.8)
Inventories	(20.9)	(3.0)
Accounts payable and accrued liabilities	(183.0)	(36.4)
Other assets and liabilities	23.5	(0.1)
Net cash provided by operating activities	<u>359.4</u>	<u>382.8</u>
Cash flows provided by (used in) investing activities:		
Additions to instruments	(77.2)	(59.7)
Additions to other property, plant and equipment	(36.3)	(44.6)
Net investment hedge settlements	(0.3)	1.0
Acquisition of intangible assets	(39.0)	(2.4)
Other investing activities	(6.2)	(0.3)
Net cash used in investing activities	<u>(159.0)</u>	<u>(106.0)</u>
Cash flows provided by (used in) financing activities:		
Proceeds from senior notes	-	1,748.1
Redemption of senior notes	-	(863.0)
Dividends paid to stockholders	(46.9)	(47.8)
Proceeds from employee stock compensation plans	12.3	16.7
Business combination contingent consideration payments	(69.0)	(17.4)
Debt issuance costs	-	(16.1)
Repurchase of common stock	(250.1)	(229.8)
Other financing activities	(15.6)	(15.2)
Net cash (used in) provided by financing activities	<u>(369.2)</u>	<u>575.4</u>
Effect of exchange rates on cash and cash equivalents	1.1	7.0
Change in cash and cash equivalents	<u>(167.7)</u>	<u>859.1</u>
Cash and cash equivalents, beginning of year	591.9	525.5
Cash and cash equivalents, end of period	<u>\$ 424.2</u>	<u>\$ 1,384.5</u>

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

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

1. Basis of Presentation

The financial data presented herein is unaudited and should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2025, filed on February 20, 2026.

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, 2025 condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America ("GAAP"). Results for interim periods should not be considered indicative of results for the full year.

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

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

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

2. Significant Accounting Policies

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

Accounting Pronouncements Not Yet Adopted - In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-03, Disaggregation of Income Statement Expenses, which is an amendment to ASC Topic 220 - Comprehensive Income. The ASU improves financial reporting by requiring disclosure of additional information about specific expense categories included in the expense captions presented on the income statement as well as disclosures about selling expenses. The ASU is effective for fiscal years beginning after December 15, 2026, and interim periods for fiscal years beginning after December 15, 2027. The guidance will be applied prospectively with an option to apply the guidance retrospectively. Early adoption of this ASU is permitted. We are currently evaluating the impact this ASU will have on our disclosures.

In September 2025, the FASB issued ASU 2025-06, Targeted Improvements to the Accounting for Internal-Use Software, which is an amendment to ASC Topic 350 - Intangibles - Goodwill and Other. The ASU amends the criteria and threshold for capitalizing software costs. The ASU removes the sequential software project stages from the previous guidance and will now require companies to capitalize internal-use software when: (1) management has authorized and committed to funding the software project, and (2) it is probable that the project will be completed and the software will be used to perform the function intended. The ASU is effective for fiscal years beginning after December 15, 2027, and interim periods within that reporting year. The guidance can be applied prospectively with an option to apply the guidance retrospectively or through a modified transition approach. Early adoption of this ASU is permitted. We are currently evaluating the impact this ASU will have on our consolidated financial statements.

In December 2025, the FASB issued ASU 2025-10, Accounting for Government Grants Received by Business Entities. The ASU establishes guidance on how to recognize, measure and present government grants, adopting certain principles from the grant accounting model in the International Accounting Standards 20, Accounting for Government Grants and Disclosure of Government Assistance. The ASU is effective for annual reporting periods beginning after December 15, 2028 and interim periods within those fiscal years. Entities may adopt the new guidance using a modified prospective, modified retrospective, or full retrospective approach. We are currently evaluating the impact ASU No. 2025-10 will have on our consolidated financial statements and related disclosures.

3. Revenue

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

	Three Months Ended March 31,			
	2026		2025	
United States	\$	1,209.4	\$	1,113.6
International		877.4		795.5
Total	\$	2,086.7	\$	1,909.1

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

	Three Months Ended March 31,			
	2026		2025	
Knees	\$	828.6	\$	792.9
Hips		524.1		495.8
S.E.T.		562.2		470.5
Technology & Data, Bone Cement and Surgical		171.8		149.9
Total	\$	2,086.7	\$	1,909.1

S.E.T. includes sales from our Sports Medicine, Upper Extremities, Foot and Ankle, Trauma, Craniomaxillofacial and Thoracic ("CMFT") product categories.

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

4. Restructuring

In February 2025 and then as further expanded in December 2025, our management approved a new global restructuring program (the "2025 Restructuring Plan") intended to reduce costs and transform the way we operate. The 2025 Restructuring Plan is expected to result in total pre-tax restructuring charges of approximately \$155 million by the end of 2027. The pre-tax restructuring charges consist of employee termination benefits, contract terminations for sales agents and other charges, such as consulting fees. The expenses incurred under our 2025 Restructuring Plan are reported in our "Restructuring and other cost reduction initiatives" financial statement line item. The following table summarizes the liabilities recognized related to the 2025 Restructuring Plan (in millions):

	Employee Termination Benefits	Contract Terminations	Other	Total
Expenses incurred in the three months ended March 31, 2026	\$ 2.3	\$ 0.3	\$ 3.7	\$ 6.3
Balance, December 31, 2025	\$ 91.5	\$ 5.0	\$ 3.1	\$ 99.6
Expenses incurred in the three months ended March 31, 2026	2.3	0.3	3.7	6.3
Cash payments	(31.6)	(0.5)	(4.1)	(36.2)
Foreign currency exchange rate changes	(0.9)	-	-	(0.9)
Balance, March 31, 2026	\$ 61.3	\$ 4.8	\$ 2.7	\$ 68.8
Expense incurred since the start of the 2025 Restructuring Plan	\$ 123.6	\$ 7.6	\$ 11.9	\$ 143.1
Expense estimated to be recognized for the 2025 Restructuring Plan	\$ 130.0	\$ 10.0	\$ 15.0	\$ 155.0

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

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

5. Inventories

	March 31, 2026	December 31, 2025
	(in millions)	
Finished goods	\$ 1,779.3	\$ 1,832.2
Work in progress	182.0	181.0
Raw materials	285.5	273.2
Inventories	<u>\$ 2,246.8</u>	<u>\$ 2,286.4</u>

6. Property, Plant and Equipment

	March 31, 2026	December 31, 2025
	(in millions)	
Land	\$ 22.5	\$ 22.5
Buildings and equipment	2,428.7	2,419.8
Capitalized software costs	630.6	623.8
Instruments	3,964.9	3,905.0
Construction in progress	257.9	286.3
	<u>7,304.6</u>	<u>7,257.4</u>
Accumulated depreciation	(5,092.9)	(5,050.3)
Property, plant and equipment, net	<u>\$ 2,211.7</u>	<u>\$ 2,207.1</u>

We had \$24.5 million and \$11.7 million of property, plant and equipment included in accounts payable as of March 31, 2026 and December 31, 2025, respectively.

7. Acquisitions

Paragon 28, Inc.

On April 21, 2025, we completed the acquisition of all outstanding shares of Paragon 28, Inc. ("Paragon 28"). At the effective time of the acquisition, each outstanding share of Paragon 28 was automatically cancelled and retired and converted into the right to receive (i) \$13.00 in cash and (ii) a non-tradeable contingent value right ("CVR") entitling the holder to receive up to \$1.00 per share in cash if certain revenue milestones are achieved. Upon completion of the acquisition, Paragon 28 became a wholly-owned subsidiary of Zimmer Biomet. We accounted for the Paragon 28 acquisition as a business combination under the acquisition method of accounting.

Paragon 28 is a leading medical device company focused exclusively on the foot and ankle orthopedic segment. The acquisition increases our market share in the foot and ankle segment, which has been growing faster than some of the other segments in which we compete. We paid \$1,241.5 million in initial consideration utilizing cash on hand and borrowing \$400.0 million on our five-year credit agreement and \$150.0 million on our Uncommitted Credit Facility (as defined below). The CVRs issued to former Paragon 28 shareholders may result in up to approximately \$90.0 million in additional consideration if certain revenue milestones are achieved. We determined the fair value of the additional consideration to be \$35.0 million as of the acquisition date. The estimated fair value of this contingent consideration liability was calculated using a Black Scholes framework, utilizing strike prices at the maximum and minimum amount of the revenue that needs to be achieved to earn a payout, and discounting to present value the estimated payment.

As part of the Paragon 28 business combination, the fair value of acquired technology was estimated using the multi-period excess earnings method, which isolates the net earnings attributable to the asset being measured. Significant assumptions used in the valuation of technology included revenue growth rates, obsolescence rate, gross margin, operating expenses, and contributory asset charge rate.

The goodwill related to the Paragon 28 acquisition represents the excess of the consideration transferred over the fair value of the net assets acquired. The goodwill related to the acquisition is generated from the operational synergies, cross-selling opportunities and

future development we expect to achieve from the technologies acquired. The goodwill related to this acquisition is not expected to be deductible for tax purposes. See Note 8 for the allocation among operating segments.

The purchase price allocation for the Paragon 28 acquisition was preliminary as of March 31, 2026 as we needed additional time to finalize tax-related accounts and the estimated fair values of contingent assets and liabilities. There may be differences between the preliminary estimates of fair value and the final acquisition accounting. The final estimates of fair value are expected to be completed no later than one year after the acquisition date.

The following table summarizes the estimates of fair value of the assets acquired and liabilities assumed related to the Paragon 28 acquisition (in millions):

Cash consideration	\$	1,241.5
Contingent consideration		35.0
Fair value of consideration transferred	\$	<u>1,276.5</u>
Cash	\$	15.2
Accounts receivable, net		36.8
Inventories		152.6
Prepaid expenses and other current assets		5.6
Intangible assets subject to amortization:		
Technology		324.0
Trademarks and trade names		44.0
Customer relationships		91.5
Intangible assets not subject to amortization:		
In-process research and development (IPR&D)		103.0
Property, plant and equipment		68.0
Other assets		2.4
Current liabilities		(96.5)
Deferred income taxes		(87.7)
Other long-term liabilities		(1.9)
Total identifiable net assets	\$	<u>657.0</u>
Goodwill	\$	619.6

The weighted average amortization periods selected for technology, trademarks and trade names and customer relationships were 10 years, 15 years and 5 years, respectively. The IPR&D intangible assets relate to several projects that are expected to be commercialized from the acquisition date through 2027. Upon commercialization subsequent to the acquisition date, \$18.4 million of IPR&D was reclassified in 2025 to a definite-lived intangible asset and began amortizing over the applicable estimated useful life.

Monogram Technologies Inc.

On October 7, 2025, we completed the acquisition of all outstanding shares of Monogram Technologies Inc. (“Monogram”), an orthopedic robotics company. Monogram’s semi- and fully-autonomous robotic technologies are expected to add to our suite of orthopedic robotics, enabling solutions and analytics to address the needs of surgeons pre-, intra- and post-operatively. At the effective time of the acquisition, each outstanding common share of Monogram was automatically cancelled and retired and converted into the right to receive (i) \$4.04 in cash and (ii) a non-tradeable CVR entitling the holder to receive up to \$12.37 per share in cash if certain product development, regulatory and revenue milestones are achieved through 2030. Monogram also had outstanding shares of Series D preferred stock and Series E preferred stock, which were automatically cancelled and retired at the effective time of the acquisition. In the case of each share of Monogram’s Series D preferred stock, shareholders received \$2.25 in cash, without interest, plus an amount equal to any accrued but unpaid dividends, and in the case of each share of Monogram’s Series E preferred stock, shareholders received \$100.00 in cash, without interest. Upon completion of the acquisition, Monogram became a wholly-owned subsidiary of Zimmer Biomet.

We paid \$175.9 million in initial consideration. The CVRs issued to Monogram common stockholders may result in up to approximately \$570 million in additional consideration if certain product development, regulatory and revenue milestones are achieved through 2030. We estimated the contingent consideration liability to be \$211.3 million, of which \$201.6 million was allocated to additional consideration to acquire Monogram and \$9.7 million was allocated to the discretionary accelerated vesting of Monogram unvested stock options and expensed as an acquisition-related cost. Total acquisition-related costs were \$19.6 million. The estimated fair value of the contingent consideration liability related to the development and regulatory milestones was calculated based on the probability of achieving the specified milestones and considered the time value of money. The first development milestone was achieved in January 2026. The estimated fair value of the contingent consideration liability related to the revenue milestones is estimated using a Monte Carlo simulation method which models a range of potential revenue trajectories over the applicable milestone periods and estimates the expected milestone payments based on the probability of achieving the specified thresholds. Significant assumptions used in the valuation related to the Monte Carlo simulation included revenue growth rates and the appropriate discount rate to reflect the time value of money and risk associated with the obligation.

As part of the Monogram business combination, the fair value of the IPR&D was estimated using the multi-period excess earnings method, which isolates the net earnings attributable to the asset being measured. Significant assumptions used in the valuation of IPR&D included revenue growth rates, obsolescence rate, discount rate, and contributory asset charge rate.

The goodwill related to the Monogram acquisition represents the excess of the consideration transferred over the fair value of the net assets acquired. The goodwill related to the acquisition is generated from the cross-selling opportunities and future development we expect to achieve from the technologies acquired. No goodwill is expected to be deductible for income tax purposes. The goodwill related to the Monogram acquisition is included in the Americas operating segment and the Americas excluding CMFT and Foot and Ankle reporting unit.

The purchase price allocation for the Monogram acquisition is preliminary as of March 31, 2026. We need additional time to finalize tax-related accounts. There may be differences between the preliminary estimates of fair value and the final acquisition accounting. The final estimates of fair value are expected to be completed as soon as possible, but no later than one year after the acquisition date.

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

Cash consideration	\$	175.9
Contingent consideration		201.6
Fair value of consideration transferred	<u>\$</u>	<u>377.5</u>
Current assets	\$	9.4
Intangible assets not subject to amortization:		
In-process research and development (IPR&D)		131.5
Other assets		1.5
Current liabilities		(13.9)
Deferred income taxes		(13.9)
Other long-term liabilities		(0.1)
Total identifiable net assets	<u>\$</u>	<u>114.4</u>
Goodwill	\$	263.0

The Monogram robotic technologies are currently not commercialized and therefore have been recognized as an IPR&D intangible asset. The fully-autonomous robot is currently undergoing a clinical study. We expect commercialization to begin in 2027. Upon commercialization, the IPR&D will be reclassified to a definite-lived intangible asset and begin amortizing over the applicable estimated useful life.

In the three-month period ended March 31, 2026, the aggregate adjustments to the preliminary values of the Paragon 28 and Monogram acquisitions were not material compared to the preliminary values of either of the acquisitions.

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

In the three-month periods ended March 31, 2026 and 2025, we did not enter into any material agreements to acquire the ownership rights or gain access to various technologies. However, we did make \$37.5 million of payments in the three-month period ended March 31, 2026, primarily related to contractual obligations from similar agreements which were accrued for as of December 31, 2025. The contractual payments under these agreements are included in "Acquisition of intangible assets" in our condensed consolidated statements of cash flows.

8. Goodwill

The following table summarizes the changes in the carrying amount of goodwill by reportable segment, including the effects of changes to our reportable segments (in millions):

	Americas	EMEA	Asia Pacific	Total
Balance at December 31, 2025				
Goodwill	\$ 9,256.4	\$ 1,405.4	\$ 619.8	\$ 11,281.6
Accumulated impairment losses	(7.7)	(1,326.8)	-	(1,334.5)
	<u>\$ 9,248.7</u>	<u>\$ 78.6</u>	<u>\$ 619.8</u>	<u>\$ 9,947.1</u>
Goodwill reportable segment change	19.9	(2.0)	(17.9)	-
Purchase accounting adjustments related to Paragon 28 acquisition	(0.5)	-	-	(0.5)
Currency translation	(16.5)	(0.8)	2.5	(14.8)
Balance at March 31, 2026				
Goodwill	\$ 9,259.3	\$ 1,402.6	\$ 604.4	\$ 11,266.3
Accumulated impairment losses	(7.7)	(1,326.8)	-	(1,334.5)
	<u>\$ 9,251.6</u>	<u>\$ 75.8</u>	<u>\$ 604.4</u>	<u>\$ 9,931.8</u>

As discussed further in Note 15, the composition of our operating segments and reportable segments have changed. Goodwill has been reallocated from our previous reportable segments to reflect the new structure. We now have five reporting units with goodwill assigned to them as follows: 1) Americas excluding CMFT and Foot and Ankle, 2) Americas CMFT, 3) Europe, Middle East and Africa ("EMEA") excluding Foot and Ankle, 4) Asia Pacific excluding Foot and Ankle, and 5) Global Foot and Ankle.

As of January 31, 2026, we estimated the fair value of all of our reporting units, except for Americas CMFT, in order to reallocate goodwill amongst our reportable segments and to test for impairment due to the change. The Americas CMFT reporting unit was not tested for impairment as it was not impacted by the reportable segment change and therefore will be tested as part of our annual goodwill impairment test in the fourth quarter of 2026. Goodwill was reallocated amongst the new reporting units using the relative fair method. The relative fair method reallocates the goodwill that existed prior to the change by comparing the fair value of the reporting unit prior to the change versus the fair value of the components that have changed.

We estimated the fair value of these reporting units based on income and market approaches. Fair value under the income approach was determined by discounting to present value the estimated future cash flows of the reporting unit. Fair value under the market approach utilized the guideline public company methodology, which uses valuation indicators from publicly-traded companies that are similar to our reporting units and considers differences between our reporting unit and the comparable companies. We also estimated the future cash flows of the reporting units utilizing risk-adjusted discount rates, which we also consider a significant assumption.

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

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

No impairment charges were required as a result of this testing. However, our Global Foot and Ankle reporting unit's estimated fair value only exceeded its carrying value by approximately 5 percent. The cash flows and assets for our Global Foot and Ankle reporting unit are practically all from our acquisition of Paragon 28 in April 2025. Since the assets of the Global Foot and Ankle reporting unit were recorded at fair value on the acquisition date, this narrow margin is expected. The other three reporting units we

tested for impairment had an estimated fair value that exceeded its carrying value by more than 20 percent.

We will continue to monitor the fair value of all our reporting units in our interim and annual reporting periods. If our estimated cash flows for these reporting units decrease, we may have to record impairment charges in the future. Factors that could result in our cash flows being lower than our current estimates include: 1) decreased revenues caused by unforeseen changes in the healthcare market, or our inability to generate new product revenue from our research and development activities, and 2) our inability to achieve the estimated operating margins in our forecasts due to unforeseen factors. Additionally, changes in the broader economic environment could cause changes to our estimated discount rates and comparable company valuation indicators, which may impact our estimated fair values.

9. Debt

Our debt consisted of the following (in millions):

	March 31, 2026	December 31, 2025
Current portion of long-term debt		
2.425% Euro Notes due 2026	\$ 575.9	\$ 587.1
4.700% Senior Notes due 2027	600.0	-
Total current portion of long-term debt	<u>\$ 1,175.9</u>	<u>\$ 587.1</u>
Long-term debt		
4.700% Senior Notes due 2027	\$ -	\$ 600.0
5.350% Senior Notes due 2028	500.0	500.0
5.050% Senior Notes due 2030	550.0	550.0
3.550% Senior Notes due 2030	257.5	257.5
2.600% Senior Notes due 2031	750.0	750.0
5.200% Senior Notes due 2034	700.0	700.0
5.500% Senior Notes due 2035	600.0	600.0
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
1.164% Euro Notes due 2027	575.9	587.1
3.518% Euro Notes due 2032	806.2	822.0
0.930% Swiss Notes due 2030	261.6	265.1
1.560% Swiss Notes due 2035	485.7	492.2
Debt discount and issuance costs	(44.2)	(46.1)
Adjustment related to interest rate swaps	(114.1)	(112.4)
Total long-term debt	<u>\$ 6,295.1</u>	<u>\$ 6,932.0</u>

In the three-month period ended March 31, 2025, we redeemed the \$863.0 million outstanding principal amount of our 3.550% Senior Notes due 2025.

On September 4, 2025, we issued two new series of senior unsecured debt securities denominated in Swiss francs, comprising CHF 210.0 million aggregate principal amount of our 0.930% Bonds (the "Swiss Notes due 2030") and CHF 390.0 million aggregate principal amount of our 1.560% Bonds (the "Swiss Notes due 2035" and together with the Swiss Notes due 2030, the "Swiss Notes"). Interest for these Swiss Notes is payable annually in arrears on September 4 of each year, commencing on September 4, 2026. We received proceeds of \$744.0 million from the Swiss Notes.

On February 19, 2025, we completed the offering of \$600.0 million aggregate principal amount of our 4.700% notes due February 19, 2027 (the "2027 Notes"), \$550.0 million aggregate principal amount of our 5.050% notes due February 19, 2030 (the "2030 Notes") and \$600.0 million aggregate principal amount of our 5.500% notes due February 19, 2035 (the "2035 Notes"). Interest for these notes is payable semi-annually in arrears on February 19 and August 19 of each year, commencing on August 19, 2025. We received proceeds of \$1,748.1 million from the 2027 Notes, 2030 Notes, and 2035 Notes.

On June 27, 2025, we entered into a new five-year revolving credit agreement (the “2025 Five-Year Credit Agreement”) and a new 364-day revolving credit agreement (the “2025 364-Day Revolving Credit Agreement”), as described below. Borrowings under these credit agreements will be used for general corporate purposes.

The 2025 Five-Year Credit Agreement contains a five-year unsecured revolving facility of \$1.5 billion (the “2025 Five-Year Revolving Facility”). The 2025 Five-Year Credit Agreement replaced the previous revolving credit agreement entered into on June 28, 2024 (the “2024 Five-Year Credit Agreement”), which contained a five-year unsecured revolving facility of \$1.5 billion (the “2024 Five-Year Revolving Facility”).

The 2025 Five-Year Credit Agreement will mature on June 27, 2030, with two one-year extensions exercisable at our discretion and subject to required lender consent. The 2025 Five-Year Credit Agreement also includes an uncommitted incremental feature allowing us to request an increase of the facility by an aggregate amount of up to \$500.0 million.

Borrowings under the 2025 Five-Year Credit Agreement bear interest at floating rates, based upon either an adjusted term secured overnight financing rate (“Term SOFR”) for the applicable interest period or an alternate base rate, in each case, plus an applicable margin determined by reference to our senior unsecured long-term debt credit rating. We pay a facility fee on the aggregate amount of the 2025 Five-Year Revolving Facility at a rate determined by reference to our senior unsecured long-term debt credit rating.

The 2025 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 2025 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 2025 Five-Year Credit Agreement as of March 31, 2026. As of March 31, 2026, there were no outstanding borrowings under the 2025 Five-Year Credit Agreement.

The 2025 364-Day Revolving Credit Agreement is an unsecured revolving credit facility in the principal amount of \$1.0 billion (the “2025 364-Day Revolving Facility”). The 2025 364-Day Revolving Credit Agreement replaced a credit agreement entered into on June 28, 2024, which was also a 364-day unsecured revolving credit facility of \$1.0 billion (the “2024 364-Day Revolving Facility”). There were no borrowings outstanding under the 2024 364-Day Revolving Facility when it was terminated.

The 2025 364-Day Revolving Facility will mature on June 26, 2026. Borrowings under the 2025 364-Day Revolving Credit Agreement bear interest at floating rates based upon either an adjusted Term SOFR for the applicable interest period or an alternate base rate, in each case, plus an applicable margin determined by reference to our senior unsecured long-term debt credit rating. We pay a facility fee on the aggregate amount of the 2025 364-Day Revolving Facility at a rate determined by reference to our senior unsecured long-term debt credit rating.

The 2025 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 2025 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 2025 364-Day Revolving Credit Agreement as of March 31, 2026. As of March 31, 2026, there were no outstanding borrowings under the 2025 364-Day Revolving Credit Agreement.

On August 28, 2023, we entered into an uncommitted revolving facility letter (the “Uncommitted Credit Facility”), which provides that from time to time, we may request, and the lender in its absolute and sole discretion may provide, short-term loans. Borrowings under the Uncommitted Credit Facility may be used only for general corporate and working capital purposes. The Uncommitted Credit Facility provides that the aggregate principal amount of outstanding borrowings at any time shall not exceed \$300.0 million. Each borrowing under the Uncommitted Credit Facility will mature on the maturity date specified by the lender at the time of the advance, which will be no more than 90 days following the date of the advance. The Uncommitted Credit Facility and borrowings thereunder are unsecured. Borrowings under the Uncommitted Credit Facility bear interest at floating rates, based upon either Term SOFR for the applicable interest period, the prime rate, or lender’s cost of funds, in each case, plus an applicable margin determined at the time of each borrowing. The Uncommitted Credit Facility includes customary affirmative and negative covenants and events of default for unsecured uncommitted financing arrangements. We were in compliance with all covenants under the Uncommitted Credit Facility as of March 31, 2026. As of March 31, 2026, there were no outstanding borrowings under the Uncommitted Credit Facility.

Borrowings under our revolving credit facilities have been executed with underlying notes that have maturities of three months or less. At maturity of the underlying note, we elect to either repay the note, borrow the same amount, or some combination thereof. On

our condensed consolidated statements of cash flows, we present the borrowings and repayments of these underlying notes as net cash inflows or outflows due to their short-term nature.

The estimated fair value of our senior notes, which includes our Euro notes and Swiss Notes, as of March 31, 2026, based on quoted prices for the specific securities from transactions in over-the-counter markets (Level 2), was \$7,468.2 million.

10. 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. 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, net of tax (in millions):

	Foreign Currency Translation	Cash Flow Hedges	Defined Benefit Plan Items	Total AOCI
Balance at December 31, 2025	\$ (169.2)	\$ 36.6	\$ (73.1)	\$ (205.7)
AOCI before reclassifications	0.3	20.0	-	20.3
Reclassifications to statements of earnings	-	(6.1)	1.1	(5.0)
Balance at March 31, 2026	<u>\$ (168.9)</u>	<u>\$ 50.5</u>	<u>\$ (72.0)</u>	<u>\$ (190.4)</u>

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

Component of AOCI	Amount of Gain (Loss) Reclassified from AOCI		Location on Statements of Earnings
	Three Months Ended March 31,		
	2026	2025	
<i>Cash flow hedges</i>			
Foreign exchange forward contracts	\$ 7.8	\$ 21.0	Cost of products sold
Forward starting interest rate swaps	(0.2)	(0.2)	Interest expense, net
	7.6	20.8	Total before tax
	1.5	3.5	Provision for income taxes
	<u>\$ 6.1</u>	<u>\$ 17.3</u>	Net of tax
<i>Defined benefit plans</i>			
Prior service cost and unrecognized actuarial loss	\$ (1.3)	\$ (0.2)	Other (expense) income, net
	(0.2)	(0.1)	Provision for income taxes
	<u>\$ (1.1)</u>	<u>\$ (0.1)</u>	Net of tax
Total reclassifications	<u>\$ 5.0</u>	<u>\$ 17.2</u>	Net of tax

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

	Three Months Ended March 31, 2026		
	Before Tax	Tax	Net of Tax
Foreign currency cumulative translation adjustments	\$ 12.3	\$ 12.0	\$ 0.3
Unrealized cash flow hedge gains	23.6	3.6	20.0
Reclassification adjustments on cash flow hedges	(7.6)	(1.5)	(6.1)
Adjustments to prior service cost and unrecognized actuarial assumptions	1.3	0.2	1.1
Total Other Comprehensive Income	\$ 29.6	\$ 14.3	\$ 15.3

	Three Months Ended March 31, 2025		
	Before Tax	Tax	Net of Tax
Foreign currency cumulative translation adjustments	\$ 1.5	\$ (23.3)	\$ 24.8
Unrealized cash flow hedge losses	(32.8)	(0.7)	(32.1)
Reclassification adjustments on cash flow hedges	(20.8)	(3.5)	(17.3)
Adjustments to prior service cost and unrecognized actuarial assumptions	0.2	0.1	0.1
Total Other Comprehensive Loss	\$ (51.9)	\$ (27.4)	\$ (24.5)

11. Fair Value Measurement of Assets and Liabilities

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

Description	As of March 31, 2026			
	Recorded Balance	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Derivatives designated as hedges, current and long-term				
Foreign currency forward contracts	\$ 53.0	\$ -	\$ 53.0	\$ -
Cross-currency interest rate swaps	54.3	-	54.3	-
Total Assets	\$ 107.3	\$ -	\$ 107.3	\$ -
Liabilities				
Derivatives designated as hedges, current and long-term				
Foreign currency forward contracts	\$ 1.2	\$ -	\$ 1.2	\$ -
Cross-currency interest rate swaps	1.9	-	1.9	-
Interest rate swaps	114.1	-	114.1	-
Contingent payments related to acquisitions	233.4	-	-	233.4
Total Liabilities	\$ 350.6	\$ -	\$ 117.2	\$ 233.4

As of December 31, 2025				
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	\$ 41.4	\$ -	\$ 41.4	\$ -
Cross-currency interest rate swaps	49.7	-	49.7	-
Derivatives not designated as hedges, current and long-term				
Foreign currency forward contracts	4.0	-	4.0	-
Total Assets	\$ 95.1	\$ -	\$ 95.1	\$ -
Liabilities				
Derivatives designated as hedges, current and long-term				
Foreign currency forward contracts	\$ 4.8	\$ -	\$ 4.8	\$ -
Cross-currency interest rate swaps	9.4	-	9.4	-
Interest rate swaps	112.4	-	112.4	-
Derivatives not designated as hedges, current and long-term				
Foreign currency forward contracts	1.4	-	1.4	-
Contingent payments related to acquisitions	299.2	-	-	299.2
Total Liabilities	\$ 427.2	\$ -	\$ 128.0	\$ 299.2

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.

Contingent payments related to acquisitions consist of sales-based payments and development and regulatory milestones, and are valued using discounted cash flow techniques. The fair value of sales-based payments is based upon significant unobservable inputs such as probability-weighted future revenue estimates and simulating the numerous potential outcomes, and changes as revenue estimates increase or decrease. The fair value of the development and regulatory milestones is based on the probability of success in obtaining the specified development achievement or regulatory approval. The fair value of sales-based payments and development and regulatory milestones utilize significant unobservable inputs, which could reasonably change in future periods resulting in significantly higher or lower fair value measurements. If our estimates of future revenue or probability of achievement increase, the fair value measurements for these contingent payments will increase. Vice versa, if our estimates of future revenue or probability of achievement decrease, the fair value measurements for these contingent payments will decline. For each of our acquisitions that include contingent consideration, there is a maximum payout. Accordingly, the range of our potential contingent consideration payments are \$0 to \$720 million.

The following table provides a reconciliation of the beginning and ending balances for the three-month periods ended March 31, 2026 and 2025, of items measured at fair value on a recurring basis in the tables above that used significant unobservable inputs (Level 3) (in millions):

Level 3 - Liabilities	March 31, 2026	March 31, 2025
Contingent payments related to acquisitions		
Beginning balance	\$ 299.2	\$ 180.7
Change in estimates	8.1	1.7
Settlements	(73.9)	(45.2)
Foreign currency impact	-	0.6
Ending balance	<u>\$ 233.4</u>	<u>\$ 137.7</u>

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

12. 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, 2026 and December 31, 2025, the following amounts were recorded on our condensed consolidated balance sheets related to cumulative basis adjustments for fair value hedges (in millions):

Balance Sheet Line Item	Carrying Amount of the Hedged Liabilities		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Liabilities	
	March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025
Long-term debt	\$ 882.4	\$ 884.0	\$ (114.1)	\$ (112.4)

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, 2026, was \$22.3 million, which will be recognized using the effective interest rate method over the remaining maturity period of the hedged notes.

Foreign Currency Exchange Rate Risk

We operate on a global basis and are exposed to the risk that our financial condition, results of operations and cash flows could be adversely affected by changes in foreign currency exchange rates. To reduce the potential effects of foreign currency exchange rate movements on net earnings, we enter into derivative financial instruments in the form of foreign currency exchange forward contracts with major financial institutions. We also designated our Euro notes and Swiss notes as net investment hedges of investments in foreign subsidiaries. We are primarily exposed to foreign currency exchange rate risk with respect to transactions and net assets denominated in Euros, Swiss Francs, Japanese Yen, British Pounds, Chinese Renminbi, 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, November 2019 and November 2024 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. In September 2025, we issued

Swiss Franc notes and designated 100 percent of the Swiss Franc notes to hedge our net investment in certain wholly-owned foreign subsidiaries that have a functional currency of the Swiss Franc. 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, 2026, we had receive-fixed-rate, pay-fixed-rate cross-currency interest swaps with notional amounts outstanding of Japanese Yen 54.1 billion and Swiss Franc 290 million. These transactions further hedge our net investment in certain wholly-owned foreign subsidiaries that have a functional currency of 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 or paid 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, 2025, Euro 225 million of our cross-currency interest rate swaps matured at a loss of \$8.0 million. The settlement of this loss with the counterparties is reflected in investing cash flows in our condensed consolidated statements of cash flows and will remain in AOCI on our condensed consolidated balance sheet until the hedged net investment is sold or substantially liquidated. No cross-currency interest rate swaps matured in the three-month period ended March 31, 2026.

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, 2026, we had obligations to purchase U.S. Dollars and sell Euros, Japanese Yen, British Pounds, Canadian Dollars, Australian Dollars, Korean Won, Swedish Krona, Czech Koruna, Thai Baht, Taiwan Dollars, South African Rand, Indian Rupees, Polish Zloty, Danish Krone, and Norwegian Krone and obligations to purchase Swiss Francs and sell U.S. Dollars. These derivatives mature at dates ranging from April 2026 through August 2028. As of March 31, 2026, the notional amounts of outstanding forward contracts and options entered into with third parties to purchase U.S. Dollars were \$1,667.4 million. As of March 31, 2026, the notional amounts of outstanding forward contracts and options entered into with third parties to purchase Swiss Francs were \$427.7 million.

Derivatives Not Designated as Hedging Instruments

We enter into foreign currency forward exchange contracts with terms of one to three months to manage currency exposures for monetary assets and liabilities denominated in a currency other than an entity's functional currency. As a result, any foreign currency 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 income, net. Any outstanding contracts are recorded on the balance sheet at fair value as of the end of the reporting period. The notional amounts of these contracts are generally in a range of \$1.25 billion to \$1.75 billion per quarter.

Income Statement Presentation

Derivatives Designated as Cash Flow Hedges

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

Derivative Instrument	Amount of Gain (Loss) Recognized in AOCI		Location on Statements of Earnings	Amount of Gain (Loss) Reclassified from AOCI	
	Three Months Ended March 31,			Three Months Ended March 31,	
	2026	2025		2026	2025
Foreign exchange forward contracts	\$ 23.6	\$ (32.8)	Cost of products sold	\$ 7.8	\$ 21.0
Forward starting interest rate swaps	-	-	Interest expense, net	(0.2)	(0.2)
	<u>\$ 23.6</u>	<u>\$ (32.8)</u>		<u>\$ 7.6</u>	<u>\$ 20.8</u>

The fair value of outstanding derivative instruments designated as cash flow hedges and recorded on our condensed consolidated balance sheet at March 31, 2026, together with settled derivatives where the hedged item has not yet affected earnings, was a net unrealized gain of \$56.8 million, or a net unrealized gain of \$50.5 million after taxes, which is deferred in AOCI. A gain of \$43.1 million, or \$35.9 million after taxes, is expected to be reclassified to earnings in cost of products sold, and a loss of \$0.8 million, or \$0.6 million after taxes, is expected to be reclassified to earnings in interest expense, net over the next twelve months.

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

	Location and Amount of Gain (Loss) Recognized in Income on Fair Value, Cash Flow and Net Investment Hedging Relationships			
	Three Months Ended March 31, 2026		Three Months Ended March 31, 2025	
	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	\$ 576.2	\$ (68.8)	\$ 549.8	\$ (66.2)
The effects of fair value, cash flow and net investment hedging:				
Loss on fair value hedging relationships				
Interest rate swaps	-	(6.3)	-	(8.0)
Gain (loss) on cash flow hedging relationships				
Foreign exchange forward contracts	7.8	-	21.0	-
Forward starting interest rate swaps	-	(0.2)	-	(0.2)
Gain on net investment hedging relationships				
Cross-currency interest rate swaps	-	6.9	-	5.3

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,	
		2026	2025
Foreign exchange forward contracts	Other (expense) income, net	\$ (2.2)	\$ (2.6)

These losses do not reflect losses of \$5.1 million in the three-month period ended March 31, 2026, and gains of \$1.4 million in the three-month period ended March 31, 2025, recognized in other 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, 2026 and December 31, 2025, all derivatives designated as fair value hedges, cash flow hedges and net investment hedges are recorded at fair value on our condensed consolidated balance sheets. On our condensed consolidated balance sheets, we recognize individual forward contracts with the same counterparty on a net asset/liability basis if we have a master netting agreement with the counterparty. Under these master netting agreements, we are able to settle derivative instrument assets and liabilities with the same counterparty in a single transaction, instead of settling each derivative instrument separately. We have master netting agreements with substantially all of our counterparties. The fair value of derivative instruments on a gross basis is as follows (in millions):

	As of March 31, 2026		As of December 31, 2025	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Asset Derivatives Designated as Hedges				
Foreign exchange forward contracts	Other current assets	\$ 52.4	Other current assets	\$ 50.7
Cross-currency interest rate swaps	Other current assets	54.3	Other current assets	29.0
Foreign exchange forward contracts	Other assets	22.3	Other assets	18.7
Interest rate swaps	Other assets	-	Other assets	20.7
Total asset derivatives		<u>\$ 129.0</u>		<u>\$ 119.1</u>
Asset Derivatives Not Designated as Hedges				
Foreign exchange forward contracts	Other current assets	\$ -	Other current assets	\$ 5.2
Liability Derivatives Designated as Hedges				
Foreign exchange forward contracts	Other current liabilities	\$ 17.1	Other current liabilities	\$ 24.9
Cross-currency interest rate swaps	Other current liabilities	-	Other current liabilities	9.4
Foreign exchange forward contracts	Other long-term liabilities	5.8	Other long-term liabilities	7.9
Cross-currency interest rate swaps	Other long-term liabilities	1.9	Other long-term liabilities	-
Interest rate swaps	Other long-term liabilities	114.1	Other long-term liabilities	112.4
Total liability derivatives		<u>\$ 138.9</u>		<u>\$ 154.6</u>
Liability Derivatives Not Designated as Hedges				
Foreign exchange forward contracts	Other current liabilities	\$ -	Other current liabilities	\$ 2.6

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, 2026			As of December 31, 2025		
		Gross Amount	Offset	Net Amount in Balance Sheet	Gross Amount	Offset	Net Amount in Balance Sheet
Asset Derivatives							
Cash flow hedges	Other current assets	\$ 52.4	\$ 15.9	\$ 36.5	\$ 50.7	\$ 21.5	\$ 29.2
Cash flow hedges	Other assets	22.3	5.8	16.5	18.7	6.5	12.2
Derivatives Not Designated as Hedges	Other current assets	-	-	-	5.2	1.2	4.0
Liability Derivatives							
Cash flow hedges	Other current liabilities	17.1	15.9	1.2	24.9	21.5	3.4
Cash flow hedges	Other long-term liabilities	5.8	5.8	-	7.9	6.5	1.4
Derivatives Not Designated as Hedges	Other current liabilities	-	-	-	2.6	1.2	1.4

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

Derivative Instrument	Amount of Gain (Loss) Recognized in AOCI Three Months Ended March 31,	
	2026	2025
	Euro Notes	\$ 38.3
Swiss Notes	10.0	-
Cross-currency interest rate swaps	3.3	(22.6)
	<u>\$ 51.6</u>	<u>\$ (98.3)</u>

13. Income Taxes

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

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

In the three-month period ended March 31, 2026, our effective tax rate ("ETR") was 20.9 percent, compared to 20.3 percent in the three-month period ended March 31, 2025. The 20.9 percent and the 20.3 percent ETR in the three-month period ended March 31, 2026 and 2025, respectively, were primarily driven by our mix of earnings between U.S. and foreign locations. Absent discrete tax events, we expect our future ETR will be lower than the U.S. corporate income tax rate of 21.0 percent due to our mix of earnings between U.S. and foreign locations, which generally have lower corporate income tax rates. Our ETR in future periods could also potentially be impacted by: changes in our mix of pre-tax earnings; changes in tax rates, tax laws or their interpretation; the outcome of various federal, state and foreign audits, appeals, and litigation; and the expiration of certain statutes of limitations. Currently, we cannot reasonably estimate the impact of these items on our financial results.

14. 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,	
	2026	2025
Weighted average shares outstanding for basic net earnings per share	195.0	198.9
Effect of dilutive stock options and other equity awards	0.8	0.8
Weighted average shares outstanding for diluted net earnings per share	<u>195.8</u>	<u>199.7</u>

During the three-month periods ended March 31, 2026 and 2025, an average of 4.4 million options and 4.7 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.

15. Segment Information

We design, manufacture and market orthopedic reconstructive products; sports medicine, biologics, extremities and trauma products; CMFT; surgical products; and a suite of integrated digital and robotic technologies that leverage data, data analytics and artificial intelligence. Our chief operating decision maker (“CODM”) is our Chairman, President and Chief Executive Officer. Our 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.

In the three-month period ended March 31, 2026, the responsibilities of certain senior leaders who report to the CODM and the related operating profit information these leaders present to the CODM has changed. The changes were primarily: 1) results related to our Foot and Ankle business in EMEA and Asia Pacific are now included in the results of the Americas, and 2) certain product category expenses, such as centralized R&D and global marketing, are included in the results of the Americas. Prior period reportable segment financial information has been recast to conform to the current period presentation.

Our CODM evaluates performance based upon segment operating profit exclusive of operating expenses and income pertaining to certain inventory and manufacturing-related charges, intangible asset amortization, goodwill and intangible asset impairment, restructuring and other cost reduction initiatives, acquisition, integration, divestiture and related, certain litigation, certain European Union Medical Device Regulation expenses, other charges and corporate functions (collectively referred to as “Corporate items”). Corporate functions include corporate legal, finance, information technology, human resources and other corporate departments as well as stock-based compensation and certain operations, distribution and quality assurance. Intercompany transactions have been eliminated from segment operating profit. In addition to evaluating performance on a monthly basis, the CODM uses sales and operating profit information to manage the business, including identifying areas of focus and growth, reviewing operating trends and allocating resources. Starting in 2026, our CODM no longer reviews segment asset information.

Our Americas operating segment is comprised principally of the U.S. and includes other North, Central and South American markets. Our Americas operating segment also includes the results of our Foot and Ankle business in EMEA and Asia Pacific and certain product category expenses, such as centralized R&D and global marketing. Our EMEA operating segment is comprised principally of the commercial operations in Europe and includes the Middle East and African markets. Our Asia Pacific operating segment is comprised principally of the commercial operations in Japan, China and Australia and includes other Asian and Pacific markets. Since the Americas includes additional costs related to many centralized global product category expenses, profitability metrics in this operating segment are not comparable to the EMEA and Asia Pacific operating segments.

Segment operating profit measures by segment are as follows (in millions):

	Americas		EMEA		Asia Pacific		Total	
	Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
	2026	2025	2026	2025	2026	2025	2026	2025
Net Sales	\$ 1,324.5	\$ 1,206.9	\$ 489.9	\$ 441.7	\$ 272.3	\$ 260.5	\$ 2,086.7	\$ 1,909.1
Cost of products sold, excluding intangible asset amortization	297.8	267.6	186.4	165.8	88.0	83.3		
Selling, general and administrative	425.6	359.6	149.5	123.3	88.0	85.1		
Research and development	71.9	71.1	1.7	2.1	3.3	3.3		
Segment profit	\$ 529.3	\$ 508.5	\$ 152.2	\$ 150.5	\$ 93.0	\$ 88.8	\$ 774.5	\$ 747.8
Corporate items							239.3	304.5
Intangible asset amortization							162.1	151.0
Other income, net							3.0	(2.9)
Interest expense, net							68.8	66.2
Earnings before income taxes							\$ 301.3	\$ 229.0

Depreciation and amortization included in segment profit is as follows (in millions):

	Three Months Ended March 31,	
	2026	2025
Americas	\$ 44.9	\$ 40.7
EMEA	16.5	15.6
Asia Pacific	15.3	15.2
Corporate items	31.2	31.9
Intangible asset amortization	162.1	151.0
Total	\$ 270.0	\$ 254.4

16. Commitments and Contingencies

Litigation

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

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

We recognize litigation-related charges and gains in Selling, general and administrative expense on our condensed consolidated statement of earnings. During the three-month periods ended March 31, 2026 and 2025, we recognized \$5.0 million and \$2.1 million, respectively, of net litigation-related charges. At March 31, 2026 and December 31, 2025, accrued litigation liabilities were \$133.1 million and \$136.2 million, respectively. These litigation-related charges and accrued liabilities reflect all of our litigation-related contingencies and not just the claims discussed below. We have also succeeded to Paragon 28's existing litigation matters as a result of the Paragon 28 acquisition. We have evaluated these litigation matters and have recognized immaterial related liabilities as part of the assets and liabilities acquired on the acquisition date. 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.

In connection with our ongoing efforts to transform our sales and distribution strategies and go-to-market model in China, including making significant changes across our independent distributor network, some of the displaced or impacted distributors in China have formally and informally raised legal claims against us. Additional claims may come from these and other parties in the future. Based on currently known information and our legal assessment of these lawsuits and other claims in China, we cannot reasonably estimate the possible loss or range of loss that may result from these claims in excess of the losses we have accrued. The changes in go-to-market model and commercial strategies in China, the outcome of existing litigation and the potential for additional litigation could have a material adverse impact on our results of operations in China.

Other Contingencies

Contractual obligations: We have entered into development, distribution, investment and other contractual arrangements, such as the one described below, not accounted for as business combinations that may result in future payments dependent upon various events such as a capital call, 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 \$525 million.

In the three-month period ended March 31, 2026, we executed a commitment letter to invest in an investment fund with a capital commitment of up to \$300 million, which is expected to become callable over a four-year period. The investment fund intends to invest in healthcare companies and assets, with a primary focus on transformative healthcare innovations that address musculoskeletal and rheumatologic conditions, enabling improved human mobility and performance, primarily through privately negotiated investments in healthcare enterprises and assets. We expect that the investment fund will commence in the second half of 2026, at which time we will begin making investments.

U.S. Tariffs: On February 20, 2026, the U.S. Supreme Court ruled the International Emergency Economic Powers Act ("IEEPA") does not authorize the President to impose tariffs, effectively invalidating IEEPA-based tariffs that had been in effect since February 2025. However, the ruling did not invalidate any other tariffs. In addition, immediately following the IEEPA decision, the U.S. government initiated new tariffs under alternative authorities. Following the Supreme Court ruling, on March 4, 2026, the Court of International Trade issued an order directing Customs and Border Protection ("CBP") to begin paying refunds immediately. The CBP has begun developing a new system to process the unprecedented volume of IEEPA tariff refunds. Prior to the Supreme Court ruling, we had paid IEEPA tariffs of approximately \$77 million. We believe it is probable that we will recover the full amount of the IEEPA tariffs paid and therefore have recognized a receivable under the loss recovery accounting model. As a result, during the three-month period ended March 31, 2026, we reduced cost of products sold by approximately \$30 million, representing the amount of inventory we previously sold to customers upon which we had recognized expense for tariffs. In addition, during the three-month period ended March 31, 2026, we reduced inventory and property, plant and equipment by \$39 million and \$8 million, respectively, for tariffs that had been capitalized as part of the cost of inventory and instruments.

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

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

Executive Level Overview

Results for the Three-Month Period ended March 31, 2026

In the three-month period ended March 31, 2026, our net sales increased 9.3 percent when compared to the same prior year period. Net sales growth was driven by a combination of our Paragon 28 acquisition, positive effects of changes in foreign currency exchange rates, opportunistic end-of-quarter customer purchases, timing of ROSA[®] Robot and bone cement sales, market growth and new product introductions. Paragon 28 had a positive impact on our net sales of 3.9 percent in the three-month period ended March 31, 2026. Additionally, our net sales experienced a positive effect of 2.5 percent from changes in foreign currency exchange rates in the three-month period ended March 31, 2026.

Our net earnings were \$238.1 million in the three-month period ended March 31, 2026, compared to \$182.0 million in the same prior year period. The increase in net earnings was primarily due to increased net sales, a favorable adjustment of approximately \$30 million related to probable U.S. tariff refunds, lower restructuring charges, lower spending on R&D projects and savings from our restructuring programs.

2026 Outlook

We expect year-over-year net sales growth of 2.5 percent to 4.5 percent in 2026 to be driven by a combination of market growth, new product introductions, the Paragon 28 acquisition and positive effects of changes in foreign currency exchange rates, partially offset by the expected impact from changes to our go-to-market strategy and execution in the U.S. and certain other international markets, as well as price declines. These expected impacts, combined with the uncertain timing of incentivized stocking orders and capital sales, could cause fluctuations in our quarterly results. We estimate that the Paragon 28 acquisition will contribute an additional 1.0 percent to the year-over-year net sales growth for the period up until the one-year anniversary of the deal closing in April 2026. Based on foreign currency exchange rates at the end of 2025, we expect foreign currency to have a 0.5 percent positive impact on year-over-year net sales growth. We estimate operating profit will increase in 2026 when compared to 2025 due to higher net sales, leverage from fixed operating expenses, the expected refund from U.S. tariffs paid in 2025, ongoing savings from our restructuring plans, non-recurrence of inventory and instrument charges related to certain product lines we expect to discontinue and lower employee termination and other charges from our restructuring plans. However, we expect that these favorable items may be partially offset by the impact from inflation, investments in our U.S. commercial sales channel, higher net interest expense and a higher estimated effective tax rate due to favorable 2025 adjustments that are not expected to recur.

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, Upper Extremities, Foot and Ankle; Trauma, Craniomaxillofacial and Thoracic); and Technology & Data, Bone Cement and Surgical. 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. Additionally, with sales to customers where title to product passes upon shipment, these customers may purchase items in large quantities if incentives are offered or if there are new product offerings in a market, which could cause period-to-period differences in sales.

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,		% Inc	
	2026	2025		
United States	\$ 1,209.4	\$ 1,113.6	8.6	%
International	877.4	795.5	10.3	
Total	\$ 2,086.7	\$ 1,909.1	9.3	

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,		% Inc	
	2026	2025		
Knees	\$ 828.6	\$ 792.9	4.5	%
Hips	524.1	495.8	5.7	
S.E.T.	562.2	470.5	19.5	
Technology & Data, Bone Cement and Surgical	171.8	149.9	14.6	
Total	\$ 2,086.7	\$ 1,909.1	9.3	

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

	Three Months Ended March 31,		% Inc	
	2026	2025		
Knees				
United States	\$ 469.2	\$ 459.0	2.2	%
International	359.4	333.9	7.6	
Total	\$ 828.6	\$ 792.9	4.5	
Hips				
United States	\$ 277.5	\$ 264.3	5.0	%
International	246.6	231.5	6.5	
Total	\$ 524.1	\$ 495.8	5.7	

Demand (Volume and Mix) Trends

Changes in volume and mix of product sales had a positive effect of 7.2 percent on year-over-year sales during the three-month period ended March 31, 2026. The Paragon 28 acquisition contributed 3.9 percent to volume growth in the three-month period ended March 31, 2026. In addition, opportunistic end-of-quarter customer purchases, timing of ROSA[®] Robot and bone cement sales, market growth and new product introductions contributed positively to volume and mix trends.

Pricing Trends

Global selling prices had a negative effect of 0.4 percent on year-over-year sales during the three-month period ended March 31, 2026. The majority of countries in which we operate continue to experience pricing pressure from local hospitals, health systems, and governmental healthcare cost containment efforts. However, we have had success in offsetting negative effects of pricing pressure due to internal initiatives and being able to pass some inflationary impacts on to customers.

Foreign Currency Exchange Rates

For the three-month period ended March 31, 2026, changes in foreign currency exchange rates had a positive effect of 2.5 percent on year-over-year sales. If foreign currency exchange rates remain at levels consistent with recent rates, we estimate there will be a positive impact of approximately 0.5 percent on full-year 2026 sales.

Geography

The 8.6 percent net sales growth in the U.S. in the three-month period ended March 31, 2026 was driven by the Paragon 28 acquisition, opportunistic end-of-quarter customer purchases, timing of ROSA[®] Robot sales and market growth in our Hips and S.E.T. product categories. The Paragon 28 acquisition contributed 5.4 percent to U.S. net sales growth in the three-month period ended March 31, 2026. Internationally, net sales increased by 10.3 percent during the three-month period ended March 31, 2026 when compared to the same prior year period. This increase was driven by the Paragon 28 acquisition, timing of bone cement sales, market growth in most of our international markets and changes in foreign currency exchange rates. The Paragon 28 acquisition contributed 1.9 percent to International net sales growth in the three-month period ended March 31, 2026. Our International sales were positively affected by 6.1 percent due to changes in foreign currency exchange rates in the three-month period ended March 31, 2026.

Product Categories

Knees and Hips net sales benefited from opportunistic end-of-quarter customer purchases, market growth and new product introductions in the three-month period ended March 31, 2026. Changes in foreign currency exchange rates had positive effects of 2.7 percent and 2.5 percent on Knees and Hips net sales, respectively, in the three-month period ended March 31, 2026. The S.E.T. net sales increase in the three-month period ended March 31, 2026, was primarily the result of the Paragon 28 acquisition and growth in our upper extremities and craniomaxillofacial and thoracic products. The Paragon 28 acquisition contributed 16.0 percent to S.E.T. net sales growth in the three-month period ended March 31, 2026. Technology & Data, Bone Cement and Surgical net sales increased 14.6 percent in the three-month period ended March 31, 2026, primarily due to strong net sales of our ROSA[®] Robot and bone cement products.

Expenses as a Percentage of Net Sales

	Three Months Ended		% Inc / (Dec)
	March 31,		
	2026	2025	
Cost of products sold, excluding intangible asset amortization	27.6 %	28.8 %	(1.2) %
Intangible asset amortization	7.8	7.9	(0.1)
Research and development	5.0	5.8	(0.8)
Selling, general and administrative	40.7	39.7	1.0
Restructuring and other cost reduction initiatives	0.3	1.9	(1.6)
Acquisition, integration, divestiture and related	0.7	0.6	0.1
Operating profit	17.9	15.3	2.6

Cost of products sold, excluding intangible asset amortization, increased in amount but decreased as a percentage of net sales in the three-month period ended March 31, 2026, when compared to the same prior year period. A favorable adjustment of approximately \$30 million related to probable U.S. tariff refunds, lower excess and obsolete inventory charges due to more efficient use of our inventory and a favorable mix of products being sold contributed to the decline as a percentage of net sales. However, this was partially offset by incremental expense of approximately \$12 million related to Paragon 28 inventory sold being stepped-up to fair value on the acquisition date.

Intangible asset amortization expense increased in amount but decreased as a percentage of net sales in the three-month period ended March 31, 2026 compared to the same prior year period due to the Paragon 28 acquisition.

R&D expenses decreased in amount and as a percentage of net sales in the three-month period ended March 31, 2026, when compared to the same prior year period. The decreases were driven by completion of our spending on our initial compliance with the European Union Medical Device Regulation at the end of 2025, decreases in spending on certain projects and savings from our 2025 Restructuring Plan. These favorable items were partially offset by Paragon 28 and Monogram-related R&D expenses.

Selling, general and administrative (“SG&A”) expenses increased in amount and as a percentage of net sales in the three-month period ended March 31, 2026, when compared to the same prior year period. The increases were driven by variable selling expenses from higher net sales, Paragon 28-related expenses and investments made in our sales force and other areas.

In February 2025 and then as further expanded in December 2025, and in December of each of 2023, 2021 and 2019, we initiated global restructuring programs. We also have other cost reduction and optimization initiatives that have the goal of reducing costs across the organization. We recognized expenses of \$6.3 million in the three-month period ended March 31, 2026 compared to \$36.0 million in the same prior year period related to these programs and initiatives. These expenses were primarily related to employee termination benefits, sales agent contract terminations, and consulting and project management expenses associated with these programs, as well as expenses related to other optimization initiatives. The expenses were lower in the 2026 period when compared to the 2025 period due to the completion of the 2023, 2021 and 2019 plans by the end of 2025 as well as a majority of expense related to the 2025 Restructuring Plan having already been incurred by the end of 2025. For more information regarding these expenses, see Note 4 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report.

Acquisition, integration, divestiture and related expenses increased in amount and as a percentage of net sales in the three-month period ended March 31, 2026, when compared to the same prior year period. The increase was primarily driven by Paragon 28 and Monogram-related integration costs.

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

In the three-month period ended March 31, 2026, we recognized \$3.0 million of expense in our other (expense) income, net financial statement line item compared to \$2.9 million of income in the same prior year period. Our other (expense) income, net financial statement line item is primarily composed of pension-related gains, changes in the value of our investments, and foreign currency exchange rate-related gains and losses and can vary based upon market conditions.

Interest expense, net, increased in the three-month period March 31, 2026, when compared to the same prior year period. The increased interest expense was due to higher average debt balances outstanding related to the Paragon 28 acquisition.

In the three-month period ended March 31, 2026, our effective tax rate (“ETR”) was 20.9 percent, compared to 20.3 percent in the three-month period ended March 31, 2025. The 20.9 percent and the 20.3 percent ETR in the three-month period ended March 31, 2026 and 2025, respectively, were primarily driven by our mix of earnings between U.S. and foreign locations.

Segment Operating Profit

	Net Sales		Operating Profit		Operating Profit as a Percentage of Net Sales	
	Three Months Ended		Three Months Ended		Three Months Ended	
	March 31,		March 31,		March 31,	
(dollars in millions)	2026	2025	2026	2025	2026	2025
Americas	\$ 1,324.5	\$ 1,206.9	\$ 529.3	\$ 508.5	40.0 %	42.1 %
EMEA	489.9	441.7	152.2	150.5	31.1	34.1
Asia Pacific	272.3	260.5	93.0	88.8	34.2	34.1

Americas

In the Americas, operating profit increased while operating profit as a percentage of net sales decreased in the three-month period ended March 31, 2026, when compared to the same prior year period. Operating profit increased primarily due to the acquisition of Paragon 28. Operating profit as a percentage of net sales decreased due to the fact that the operating profit contributed by Paragon 28 is at a lower operating profit margin as well as investments we have made in our sales force.

EMEA

In EMEA, operating profit increased while operating profit as a percentage of net sales decreased in the three-month period ended March 31, 2026, when compared to the same prior year period. The increase in operating profit was primarily due to higher sales. The decrease in operating profit as a percentage of sales was primarily due to investments in our sales force as well as higher bad debt charges.

Asia Pacific

In Asia Pacific, operating profit and operating profit as a percentage of net sales increased in the three-month period ended March 31, 2026, when compared to the same prior year period. The increases were due to higher net sales, savings from our 2025 Restructuring Plan and lower bad debt charges.

Liquidity and Capital Resources

As of March 31, 2026, we had \$424.2 million in cash and cash equivalents. In addition, we had \$1.0 billion available to borrow under our 2025 364-Day Credit Agreement, and \$1.5 billion available under our 2025 Five-Year Revolving Facility. The terms of the 2025 364-Day Credit Agreement and the 2025 Five-Year Revolving Facility are described further in Note 9 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report.

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

Sources of Liquidity

Cash flows provided by operating activities were \$359.4 million in the three-month period ended March 31, 2026, compared to \$382.8 million in the same prior year period. The decline in operating cash flows was due to higher bonus payments and unfavorable timing of accounts payable payments relative to the 2025 period.

Cash flows used in investing activities were \$159.0 million in the three-month period ended March 31, 2026, compared to \$106.0 million in the same prior year period. Instrument and property, plant and equipment additions reflected ongoing investments in our product portfolio, including new product introductions and optimization of our manufacturing and logistics networks. In the three-month period ended March 31, 2026, we paid \$39.0 million related to the ownership rights or to gain access to various technologies that were recognized as intangible assets.

Cash flows used in financing activities were \$369.2 million in the three-month period ended March 31, 2026, compared to cash flows provided by financing activities of \$575.4 million in the same prior year period. In the 2026 period, we repurchased \$250.1 million of our common stock using cash on hand. In the 2025 period, we issued senior notes for proceeds of \$1,748.1 million and used the proceeds, along with cash on hand, to redeem \$863.0 million of senior notes that were to mature on April 1, 2025, and to repurchase \$229.8 million of our common stock.

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, 2026, \$326.2 million of our cash and cash equivalents were held in jurisdictions outside of the U.S. Of this amount, \$69.2 million is denominated in U.S. Dollars and, therefore, bears no foreign currency translation risk. The remaining amount is denominated in currencies of the various countries where we operate. We generally intend to limit distributions from foreign subsidiaries earnings that were previously taxed in the U.S. These previously taxed earnings would not be subject to further U.S. federal tax.

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

Material Cash Requirements from Known Contractual and Other Obligations

At March 31, 2026, we had outstanding debt of \$7,471.0 million, of which \$1,175.9 million was classified as current debt. Our current debt consists of \$575.9 million of senior notes that mature on December 13, 2026 and \$600.0 million of senior notes that mature on February 19, 2027. We believe we can satisfy these debt obligations with cash on hand, cash generated from our operations, by issuing new debt and/or by borrowing on our committed revolving credit facilities.

For additional information on our debt, including types of debt, maturity dates, interest rates, debt covenants and available revolving credit facilities, see Note 9 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report.

In February 2026, 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.

On February 9, 2026, our Board of Directors authorized a \$1.5 billion share repurchase program effective immediately, with no expiration date. As of March 31, 2026, \$1,250.0 million remained authorized under the program.

As discussed in Note 4 to our interim condensed consolidated financial statements in Part I, Item 1 of this report, we are executing on a 2025 Restructuring Plan. The 2025 Restructuring Plan is expected to result in total pre-tax charges of approximately \$155 million by the end of 2027, of which approximately \$143 million was incurred through March 31, 2026. We expect to reduce gross annual pre-tax operating expenses by approximately \$175 million relative to the 2024 baseline expenses by the end of 2027 as program benefits under the 2025 Restructuring Plan are realized.

As discussed in Note 13 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report, the IRS has issued proposed adjustments for years 2013 through 2015 and for years 2016 through 2019. We have disputed these proposed adjustments and intend to continue to vigorously defend our positions. Although the ultimate timing for resolution of the disputed tax issues is uncertain, future payments may be significant to our operating cash flows.

As discussed in Note 16 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 \$133.1 million as of March 31, 2026. However, litigation is inherently uncertain, and upon resolution of any of these uncertainties, we may incur charges in excess of these estimates, and may in the future incur other material judgments or enter into other material settlements of claims. We expect to pay these liabilities over the next few years. Additionally, we have entered into development, distribution, investment and other contractual arrangements that may result in future payments dependent upon various events such as a capital call, 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 \$525 million. Included in that estimate is the amount under a commitment letter we executed in the three-month period ended March 31, 2026, to invest in an investment fund with a capital commitment of up to \$300 million, which is expected to become callable over a four year period. The investment fund intends to invest in healthcare companies and assets, with a primary focus on transformative healthcare innovations that address musculoskeletal and rheumatologic conditions, enabling improved human mobility and performance, primarily through privately negotiated investments in healthcare enterprises and assets. We estimate the investment fund will commence in the second half of 2026, at which time we will begin making investments.

For each of our acquisitions that include contingent consideration, there is a maximum payout. Accordingly, the range of our potential contingent consideration payments are \$0 to \$720 million as of March 31, 2026, that may be paid out through 2031.

Recent Accounting Pronouncements

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

Critical Accounting Estimates

The preparation of our financial statements is affected by the selection and application of accounting policies and methods, and also requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Critical accounting estimates are those that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition and results of operations. There were no changes in the three-month period ended March 31, 2026 to our critical accounting estimates as described in our Annual Report on Form 10-K for the year ended December 31, 2025.

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

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

- competition;
- pricing pressures;
- dependence on new product development, technological advances and innovation;
- changes in customer demand for our products and services caused by demographic changes, obsolescence, development of different therapies or other factors;
- our ability to attract, retain, develop and maintain adequate succession plans for the highly skilled employees, senior management, independent agents and distributors we need to support our business;
- the transformation of our sales and distribution network in the U.S. and other markets;
- shifts in the product category or regional sales mix of our products and services;
- the risks and uncertainties related to our ability to successfully execute our restructuring plans;
- risks and uncertainties relating to our ability to successfully execute on our product portfolio rationalization plans;
- control of costs and expenses;
- risks related to the ability to realize the anticipated benefits of our acquisitions, including the possibility that the expected benefits from such transactions will not be realized or will not be realized within the expected time period;
- the risk that acquired businesses will not be integrated successfully;
- the effects of business disruptions affecting us, our suppliers, customers or payors, either alone or in combination with other risks on our business and operations;
- the risks and uncertainties related to our ability to successfully integrate the operations, products, service providers, agents, employees, sales representatives 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;
- unplanned delays, disruptions and expenses attributable to our enterprise resource planning and other system updates;
- the ability to form and implement alliances;
- dependence on a limited number of suppliers for key raw materials and other inputs and for outsourced activities;
- the risk of disruptions in the supply of materials and components used in manufacturing or sterilizing our products;
- breaches or failures of our (or of our business partners’ or other third parties’) information technology systems or products, including by cyber attack, unauthorized access or theft;
- the outcome of government investigations;
- the impact of healthcare reform and cost containment measures, including efforts sponsored by government agencies, legislative bodies, the private sector and healthcare purchasing organizations, through reductions in reimbursement levels, repayment demands and otherwise;
- the effects of natural disasters, or of legal, regulatory or market measures to address natural disasters;
- the effects of our commitments, goals and disclosures relating to corporate responsibility matters;
- the impact of substantial indebtedness on our ability to service our debt obligations and/or refinance amounts outstanding under our debt obligations at maturity on terms favorable to us, or at all;

- changes in tax obligations arising from examinations by tax authorities and from changes in tax laws in jurisdictions where we do business, including as a result of the “base erosion and profit shifting” project undertaken by the Organisation for Economic Co-operation and Development and otherwise;
- challenges to the tax-free nature of the ZimVie Inc. spinoff transaction and the subsequent liquidation of our retained interest in ZimVie Inc.;
- the risk of additional tax liability due to the recategorization of our independent agents and distributors to employees;
- changes in tariffs relating to imports to the U.S. and other countries;
- the risk that material impairment of the carrying value of our intangible assets, including goodwill, could negatively affect our operating results;
- changes in general domestic and international economic conditions, including interest rate and currency exchange rate fluctuations;
- changes in general industry and market conditions, including domestic and international growth, inflation and currency exchange rates;
- the domestic and international business impact of political, social and economic instability, tariffs, trade restrictions and embargoes, sanctions, wars, disputes and other conflicts, including on our ability to operate in, export from or collect accounts receivable in affected countries;
- challenges relating to changes in and compliance with governmental laws and regulations affecting our U.S. and international businesses, including regulations of the U.S. Food and Drug Administration ("FDA") and other government regulators relating to medical products, healthcare fraud and abuse laws and data privacy and cybersecurity laws;
- the success of our quality and operational excellence initiatives;
- the ability to remediate matters identified in inspectional observations issued by the FDA and other regulators, while continuing to satisfy the demand for our products;
- product liability, intellectual property and commercial litigation losses; and
- the ability to obtain and maintain adequate intellectual property protection.

Our Annual Report on Form 10-K for the year ended December 31, 2025 contains detailed discussions of these and other important factors under the heading “Risk Factors.” You should understand that it is not possible to predict or identify all factors that could cause actual results to differ materially from forward-looking statements. Consequently, you should not consider any list or discussion of such factors to be a complete set of all potential risks or uncertainties.

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

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes from the information provided in our Annual Report on Form 10-K for the year ended December 31, 2025.

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 Securities and Exchange Commission's ("SEC") 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, 2026 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 16 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, 2025 (“2025 Form 10-K”), which could materially affect our business, financial condition and results of operations. The risks described in our 2025 Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or results of operations.

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

Issuer Purchases of Equity Securities

The following table summarizes repurchases of common stock settled during the three-month period ended March 31, 2026:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as a Part of Publicly Announced Program ⁽¹⁾	Maximum Approximate Dollar Value of Shares that may yet be Purchased Under the Program ⁽¹⁾
January 1-31, 2026	-	\$ -	-	\$ 1,500,000,000
February 1-28, 2026	1,100,000	98.56	1,100,000	1,391,587,220
March 1-31, 2026	1,517,159	93.32	1,517,159	1,250,000,030
Total	<u>2,617,159</u>	\$ 95.52	<u>2,617,159</u>	\$ 1,250,000,030

(1) In February 2026, our Board of Directors authorized a \$1.5 billion share repurchase program with no expiration date.

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, 2026, no members of our Board of Directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, amended or terminated any contract, instruction or written plan for the purchase or sale of our securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any non-Rule 10b5-1 trading arrangement, as defined in rules of the SEC.

Item 6. Exhibits

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

- 2.1+ [Agreement and Plan of Merger, dated as of January 28, 2025, by and among Zimmer, Inc., Gazelle Merger Sub I, Inc., Paragon 28, Inc. and Zimmer Biomet Holdings, Inc. \(incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed January 29, 2025\)](#)
- 3.1 [Restated Certificate of Incorporation of Zimmer Biomet Holdings, Inc., dated May 29, 2025 \(incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on June 3, 2025\)](#)
- 3.2 [Restated Bylaws of Zimmer Biomet Holdings, Inc., effective December 14, 2022 \(incorporated by reference to Exhibit 3.2 to the Registrant's Annual Report on Form 10-K filed February 24, 2023\)](#)
- 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

The Registrant agrees, pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, to furnish to the SEC, upon request, a copy of each instrument with respect to long-term debt of the Registrant or its consolidated subsidiaries.

+ Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule or exhibit will be furnished supplementally to the SEC upon request; provided, however, that the parties may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any document so furnished.

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 1, 2026

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

**Subsidiaries of Zimmer Biomet Holdings, Inc.
As of March 31, 2026**

<u>Name of Subsidiary¹</u>	<u>Jurisdiction of Formation</u>
<u>Domestic subsidiaries:</u>	
A&E Medical Corp.	New Jersey
Alto Development Corp.	New Jersey
Avitus Orthopaedics, Inc.	Delaware
Biomet Biologics, LLC	Indiana
Biomet CV Holdings, LLC	Delaware
Biomet Fair Lawn LLC	Indiana
Biomet International, Inc.	Delaware
Biomet Manufacturing, LLC	Indiana
Biomet Microfixation, LLC	Florida
dba Zimmer Biomet CMF and Thoracic	
Biomet Orthopedics, LLC	Indiana
Biomet Sports Medicine, LLC	Indiana
dba Biomet Sports Medicine Limited Liability Company (<i>Forced</i>)	
Biomet Trauma, LLC	Indiana
Biomet U.S. Reconstruction, LLC	Indiana
Biomet, Inc.	Indiana
dba Zimmer Biomet	
Cayenne Medical, Inc.	Delaware
CD Diagnostics, Inc.	Delaware
CD Laboratories, Inc.	Maryland
Citra Labs, LLC	Indiana
dba Biomet Citra Labs, LLC (<i>Forced</i>)	
Dornoch Medical Systems, Inc.	Illinois
Embody, Inc.	Virginia
ETEX Corporation	Massachusetts
dba Zimmer ETEX	
dba Zimmer Biomet ETEX	
ETEX Holdings, Inc.	Delaware
dba Zimmer ETEX	
dba Zimmer Biomet ETEX	
Interpore Cross International, LLC	California
dba Zimmer Biomet Irvine	
LVB Acquisition, Inc.	Delaware
Medtech Surgical, Inc.	Delaware
Monogram Technologies, LLC	Delaware
OrthoGrid Systems, Inc.	Delaware
Paragon 28, Inc.	Delaware
ReLign Corporation	Delaware
ZB Manufacturing, LLC	Delaware
Zimmer Biomet CMFT Holdings, LLC	Delaware
Zimmer Biomet Contract Solutions, LLC	Delaware
dba ZTECH	
dba ZTECH LLC	
Zimmer Biomet Integrations LLC	Delaware
Zimmer Biomet Leasing LLC	Delaware

Zimmer Caribe, LLC	Delaware
Zimmer Co-op Holdings, LLC	Delaware
Zimmer CV, Inc.	Delaware
Zimmer Knee Creations, Inc.	Delaware
Zimmer Orthobiologics, Inc.	New Jersey
Zimmer Production, Inc.	Delaware
Zimmer Surgical, Inc.	Delaware
Zimmer Trabecular Metal Technology, Inc.	New Jersey
Zimmer US, Inc.	Delaware
dba Zimmer Biomet	
dba Zimmer Biomet Bay Area	
dba Zimmer Biomet Mid-Atlantic	
dba Zimmer Biomet North Texas	
dba Zimmer Biomet Southern California	
dba Zimmer US Cooperative	
dba Compression Therapy Concepts	
dba CTC Inc.	
Zimmer, Inc.	Delaware
dba Zimmer Biomet	
dba Zimmer Biomet Corporate Services (<i>Forced</i>)	
dba Z Hotel	
dba CD Diagnostics	
dba CD Laboratories	

Foreign subsidiaries:

Paragon 28 Australia PTY LTD	Australia
Zimmer Australia Holding Pty. Ltd.	Australia
Zimmer Biomet Pty. Ltd.	Australia
Zimmer Biomet Austria GmbH	Austria
Zimmer Biomet Finance Srl	Barbados
Zimmer Biomet BV	Belgium
WM World Medical Importacao e Exportacao Ltda.	Brazil
Zimmer Biomet Brasil Ltda.	Brazil
ORTHOsoft ULC	Canada
dba Zimmer CAS	
Zimmer Biomet Canada, Inc.	Canada
ZB Cayman (Asia) Holding Ltd.	Cayman Islands
Biomet Chile SA	Chile
Beijing Montagne Medical Device Co., Ltd.	China
Biomet China Co., Ltd.	China
Changzhou Biomet Medical Devices Co., Ltd.	China
Shanghai Biomet Business Consulting Co., Ltd.	China
Zhejiang Biomet Medical Products Co., Ltd.	China
Zimmer Biomet CBT	China
Zimmer (Shanghai) Medical International Trading Co., Ltd.	China
Zimmer (Shanghai) Medical International Trading Co., Ltd. - Beijing Branch (branch)	China
Zimmer Biomet Colombia SAS	Colombia
3-102-910623 Sociedad de Responsabilidad Limitada	Costa Rica
Zimmer Biomet Centroamerica SA	Costa Rica
Zimmer Czech sro	Czech Republic
Zimmer Biomet Denmark ApS	Denmark
Disior Oy	Finland
Zimmer Biomet Finland Oy	Finland
Biomet France Sarl	France
Medtech SAS	France

Neosteo SAS	France
OrthoGrid Systems SAS	France
V.I.M.S. VIDEO INTERVENTIONNELLE MEDICALE SCIENTIFIQUE SA	France
Zimmer Biomet France SAS	France
Zimmer Biomet France Holdings SAS	France
Biomet Deutschland GmbH	Germany
Paragon 28 DE GmbH	Germany
Zimmer Biomet Healthcare Management GmbH	Germany
Zimmer Biomet Deutschland GmbH	Germany
Zimmer Germany Holdings GmbH	Germany
Zimmer International Logistics GmbH	Germany
Zimmer Biomet Hellas SA	Greece
Biomet Hong Kong Holding Ltd.	Hong Kong
ZB Hong Kong Holding Ltd.	Hong Kong
ZB Hong Kong Ltd.	Hong Kong
Zimmer Asia (HK) Ltd.	Hong Kong
Zimmer Biomet Global Services India Private Limited	India
Zimmer India Private Ltd.	India
Paragon 28 Medical Devices Trading Limited	Ireland
Zimmer Biomet Ireland Holdings Limited	Ireland
Zimmer Biomet Ireland Limited	Ireland
Zimmer Orthopedics Manufacturing Limited	Ireland
Zimmer Biomet Medical Israel Ltd.	Israel
Paragon 28 Italia SRL	Italy
Zimmer Biomet Italia Srl	Italy
Paragon 28 Japan K.K.	Japan
Zimmer Biomet GK	Japan
Zimmer Biomet Korea Ltd.	Korea
Zimmer GmbH, Representative Office Lebanon (branch)	Lebanon
Zimmer Biomet OUS Holdings GmbH	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
Biomet C.V.	Netherlands
Biomet Global Supply Chain Center B.V.	Netherlands
Biomet Holdings B.V.	Netherlands
ZB COOP C.V.	Netherlands
Zimmer Biomet Asia Holding B.V.	Netherlands
Zimmer Biomet Nederland B.V.	Netherlands
Zimmer Manufacturing B.V.	Netherlands
OSSIS Corporation	New Zealand
Zimmer Biomet New Zealand Company	New Zealand
Zimmer Biomet NZ Holdings Corporation	New Zealand
Zimmer Biomet Norway AS	Norway
Zimmer Biomet Polska Sp. z.o.o	Poland
Zimmer Biomet Portugal Unipessoal, Lda	Portugal
Zimmer Manufacturing B.V. (Puerto Rico Branch)	Puerto Rico
Zimmer Biomet Romania S.R.L.	Romania
Zimmer CIS Ltd.	Russia
Zimmer Biomet Asel Alarabiya Limited Company	Saudi Arabia
Zimmer GmbH, Zimmer Biomet Regional Headquarters (branch)	Saudi Arabia
Zimmer Biomet Asia Holdings Pte. Ltd.	Singapore
Zimmer Pte. Ltd.	Singapore

Zimmer Slovakia sro	Slovakia
Paragon 28 Medical Devices Trading Limited, Cape Town Branch (branch)	South Africa
Zimmer Biomet South Africa (Pty) Ltd.	South Africa
Biomet Spain Orthopaedics S.L.U.	Spain
Zimmer Biomet Spain S.L.U.	Spain
Zimmer Biomet Sweden AB	Sweden
Zimmer Biomet Global Holdings Switzerland GmbH	Switzerland
Zimmer Biomet OUS Holdings 1 GmbH	Switzerland
Zimmer GmbH	Switzerland
Zimmer GmbH, Euro IP Branch (branch)	Switzerland
Zimmer GmbH, Distribution (branch)	Switzerland
Zimmer GmbH, Zug Branch (branch)	Switzerland
Zimmer Surgical SA	Switzerland
Zimmer Switzerland Holdings LLC	Switzerland
Zimmer Switzerland Manufacturing GmbH	Switzerland
Zimmer Biomet Taiwan Co., Ltd.	Taiwan
Zimmer Biomet (Thailand) Co., Ltd.	Thailand
Zimmer Biomet Tibbi Cihazlar Sanayi ve Ticaret Anonim Sirketi	Turkey
Zimmer Gulf FZ LLC	United Arab Emirates
Biomet UK Ltd.	United Kingdom
Biomet UK Healthcare Limited	United Kingdom
Paragon 28 UK, LTD	United Kingdom
ZB EMEA Finance UK 1 Ltd.	United Kingdom
ZB UK Group Holdings Limited	United Kingdom
ZB UK Plant Holdings Limited	United Kingdom
Zimmer Biomet UK Limited	United Kingdom
Zimmer Trustee Limited	United Kingdom
Zimmer Pte. Ltd., The Representative Office of Zimmer Pte. Ltd. in Hanoi City (branch)	Vietnam

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

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

I, Ivan Tornos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Zimmer Biomet Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, 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 1, 2026

/s/ Ivan Tornos

Ivan Tornos

Chairman, President and Chief Executive Officer

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

I, Paul Stellato, 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 1, 2026

/s/ Paul Stellato

Paul Stellato

Interim Chief Financial Officer; Vice President, Controller and Chief Accounting Officer

**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, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Ivan Tornos

Ivan Tornos
Chairman, President and Chief Executive Officer
May 1, 2026

/s/ Paul Stellato

Paul Stellato
*Interim Chief Financial Officer; Vice President, Controller and
Chief Accounting Officer*
May 1, 2026
