
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 June 30, 2025

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)

13-4151777
(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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 July 31, 2025, 198,095,984 shares of the registrant’s \$.01 par value common stock were outstanding.

ZIMMER BIOMET HOLDINGS, INC.
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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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net Sales	\$ 2,077.3	\$ 1,942.0	\$ 3,986.4	\$ 3,831.2
Cost of products sold, excluding intangible asset amortization	592.2	553.6	1,142.0	1,065.9
Intangible asset amortization	160.6	144.0	311.6	286.1
Research and development	113.3	109.4	223.9	217.4
Selling, general and administrative	814.8	737.1	1,573.5	1,473.2
Restructuring and other cost reduction initiatives	17.5	41.5	53.5	165.9
Acquisition, integration, divestiture and related	78.9	5.2	89.5	5.5
Operating expenses	1,777.3	1,590.8	3,394.0	3,214.0
Operating Profit	300.0	351.3	592.3	617.2
Other income, net	3.9	2.0	6.9	1.9
Interest expense, net	(79.3)	(51.1)	(145.5)	(101.8)
Earnings before income taxes	224.6	302.2	453.6	517.3
Provision for income taxes	71.2	59.1	117.6	101.4
Net Earnings	153.4	243.1	336.0	415.9
Less: Net earnings attributable to noncontrolling interest	0.6	0.3	1.1	0.7
Net Earnings of Zimmer Biomet Holdings, Inc.	<u>\$ 152.8</u>	<u>\$ 242.8</u>	<u>\$ 334.9</u>	<u>\$ 415.2</u>
Earnings Per Common Share				
Basic	\$ 0.77	\$ 1.18	\$ 1.69	\$ 2.02
Diluted	\$ 0.77	\$ 1.18	\$ 1.68	\$ 2.01
Weighted Average Common Shares Outstanding				
Basic	197.9	205.7	198.4	205.4
Diluted	198.3	206.4	199.0	206.3

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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net Earnings of Zimmer Biomet Holdings, Inc.	\$ 152.8	\$ 242.8	\$ 334.9	\$ 415.2
Other Comprehensive Income (Loss):				
Foreign currency cumulative translation adjustments, net of tax	40.6	(4.0)	65.4	(39.9)
Unrealized cash flow hedge (losses) gains, net of tax	(23.3)	38.1	(55.4)	72.7
Reclassification adjustments on hedges, net of tax	(12.7)	(17.8)	(30.0)	(35.8)
Adjustments to prior service cost and unrecognized actuarial assumptions, net of tax	(1.9)	(0.2)	(1.7)	(1.2)
Total Other Comprehensive Income (Loss)	2.7	16.1	(21.7)	(4.2)
Comprehensive Income Attributable to Zimmer Biomet Holdings, Inc.	<u>\$ 155.5</u>	<u>\$ 258.9</u>	<u>\$ 313.2</u>	<u>\$ 411.0</u>

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)

	June 30, 2025	December 31, 2024
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 556.9	\$ 525.5
Accounts receivable, less allowance for credit losses	1,611.3	1,480.7
Inventories	2,454.2	2,235.3
Prepaid expenses and other current assets	431.4	430.1
Total Current Assets	5,053.9	4,671.5
Property, plant and equipment, net	2,175.7	2,048.8
Goodwill	9,709.5	8,951.1
Intangible assets, net	4,890.8	4,598.4
Other assets	1,035.2	1,095.5
Total Assets	\$ 22,865.1	\$ 21,365.3
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 348.7	\$ 194.6
Other current liabilities	1,530.8	1,393.3
Current portion of long-term debt	820.0	863.0
Total Current Liabilities	2,699.5	2,450.9
Other long-term liabilities	878.8	1,096.6
Long-term debt	6,752.5	5,341.6
Total Liabilities	10,330.8	8,889.1
Commitments and Contingencies (Note 15)		
Stockholders' Equity:		
Zimmer Biomet Holdings, Inc. Stockholders' Equity:		
Common stock, \$0.01 par value, one billion shares authorized, 318.4 million shares as of June 30, 2025 (317.5 million as of December 31, 2024) issued	3.2	3.2
Paid-in capital	10,108.1	10,038.1
Retained earnings	11,335.2	11,095.3
Accumulated other comprehensive loss	(284.5)	(262.8)
Treasury stock, 120.5 million shares as of June 30, 2025 (118.4 million as of December 31, 2024)	(8,637.0)	(8,405.7)
Total Zimmer Biomet Holdings, Inc. stockholders' equity	12,525.0	12,468.1
Noncontrolling interest	9.3	8.1
Total Stockholders' Equity	12,534.3	12,476.2
Total Liabilities and Stockholders' Equity	\$ 22,865.1	\$ 21,365.3

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

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

Zimmer Biomet Holdings, Inc. Stockholders									
	Common Shares		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Shares		Noncontrolling Interest	Total Stockholders' Equity
	Number	Amount				Number	Amount		
Balance April 1, 2025	318.4	\$ 3.2	\$ 10,086.6	\$ 11,229.7	\$ (287.3)	(120.5)	\$ (8,637.1)	\$ 8.7	\$ 12,403.8
Net earnings	-	-	-	152.8	-	-	-	0.6	153.4
Other comprehensive income	-	-	-	-	2.7	-	-	-	2.7
Cash dividends declared (\$0.24 per share)	-	-	-	(47.5)	-	-	-	-	(47.5)
Stock compensation plans	-	-	21.5	0.2	-	-	0.1	-	21.8
Balance June 30, 2025	<u>318.4</u>	<u>\$ 3.2</u>	<u>\$ 10,108.1</u>	<u>\$ 11,335.2</u>	<u>\$ (284.5)</u>	<u>(120.5)</u>	<u>\$ (8,637.0)</u>	<u>\$ 9.3</u>	<u>\$ 12,534.3</u>
Balance April 1, 2024	317.2	\$ 3.2	\$ 9,945.9	\$ 10,509.0	\$ (211.2)	(111.5)	\$ (7,648.9)	\$ 8.1	\$ 12,606.0
Net earnings	-	-	-	242.8	-	-	-	0.3	243.1
Other comprehensive income	-	-	-	-	16.1	-	-	-	16.1
Cash dividends declared (\$0.24 per share)	-	-	-	(49.3)	-	-	-	-	(49.3)
Stock compensation plans	-	-	29.0	-	-	-	-	-	29.0
Share repurchases	-	-	-	-	-	(0.9)	(95.4)	-	(95.4)
Balance June 30, 2024	<u>317.2</u>	<u>\$ 3.2</u>	<u>\$ 9,974.9</u>	<u>\$ 10,702.5</u>	<u>\$ (195.2)</u>	<u>(112.3)</u>	<u>\$ (7,744.3)</u>	<u>\$ 8.4</u>	<u>\$ 12,749.4</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	-	-	-	334.9	-	-	-	1.1	336.0
Other comprehensive loss	-	-	-	-	(21.7)	-	-	-	(21.7)
Cash dividends declared (\$0.48 per share)	-	-	-	(95.0)	-	-	-	-	(95.0)
Stock compensation plans	0.6	-	42.2	-	-	-	0.6	-	42.8
Embody, Inc. acquisition consideration	0.3	-	27.8	-	-	-	-	-	27.8
Share repurchases	-	-	-	-	-	(2.1)	(231.9)	-	(231.9)
Balance June 30, 2025	<u>318.4</u>	<u>\$ 3.2</u>	<u>\$ 10,108.1</u>	<u>\$ 11,335.2</u>	<u>\$ (284.5)</u>	<u>(120.5)</u>	<u>\$ (8,637.0)</u>	<u>\$ 9.3</u>	<u>\$ 12,534.3</u>
Balance January 1, 2024	316.2	\$ 3.2	\$ 9,846.1	\$ 10,384.5	\$ (191.0)	(110.6)	\$ (7,562.3)	\$ 7.7	\$ 12,488.1
Net earnings	-	-	-	415.2	-	-	-	0.7	415.9
Other comprehensive loss	-	-	-	-	(4.2)	-	-	-	(4.2)
Cash dividends declared (\$0.48 per share)	-	-	-	(98.6)	-	-	-	-	(98.6)
Stock compensation plans	0.8	-	105.4	1.4	-	-	1.4	-	108.2
Embody, Inc. acquisition consideration	0.2	-	23.4	-	-	-	-	-	23.4
Share repurchases	-	-	-	-	-	(1.7)	(183.4)	-	(183.4)
Balance June 30, 2024	<u>317.2</u>	<u>\$ 3.2</u>	<u>\$ 9,974.9</u>	<u>\$ 10,702.5</u>	<u>\$ (195.2)</u>	<u>(112.3)</u>	<u>\$ (7,744.3)</u>	<u>\$ 8.4</u>	<u>\$ 12,749.4</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)

	For the Six Months Ended June 30,	
	2025	2024
Cash flows provided by (used in) operating activities:		
Net earnings	\$ 336.0	\$ 415.9
Adjustments to reconcile net earnings to cash provided by operating activities:		
Depreciation and amortization	526.2	481.8
Share-based compensation	40.8	55.4
Changes in operating assets and liabilities, net of acquired assets and liabilities		
Income taxes	(132.0)	(104.5)
Receivables	(18.6)	(10.2)
Inventories	(40.2)	(41.8)
Accounts payable and accrued liabilities	40.4	(181.5)
Other assets and liabilities	8.3	(17.7)
Net cash provided by operating activities	<u>761.0</u>	<u>597.4</u>
Cash flows provided by (used in) investing activities:		
Additions to instruments	(140.2)	(147.2)
Additions to other property, plant and equipment	(94.7)	(107.8)
Net investment hedge settlements	3.5	16.5
Business combination investments, net of acquired cash	(1,226.3)	(66.5)
Acquisition of intangible assets	(32.4)	(97.3)
Other investing activities	(0.3)	(39.7)
Net cash used in investing activities	<u>(1,490.4)</u>	<u>(442.0)</u>
Cash flows provided by (used in) financing activities:		
Net proceeds from revolving facilities	220.0	115.0
Proceeds from senior notes	1,748.1	-
Redemption of senior notes	(863.0)	-
Dividends paid to stockholders	(95.3)	(98.8)
Proceeds from employee stock compensation plans	17.1	63.0
Business combination contingent consideration payments	(17.4)	(1.5)
Debt issuance costs	(17.3)	-
Repurchase of common stock	(237.0)	(199.5)
Other financing activities	(16.1)	(20.3)
Net cash provided by (used in) financing activities	<u>739.2</u>	<u>(142.0)</u>
Effect of exchange rates on cash and cash equivalents	21.6	(9.0)
Change in cash and cash equivalents	<u>31.4</u>	<u>4.4</u>
Cash and cash equivalents, beginning of year	525.5	415.8
Cash and cash equivalents, end of period	<u><u>\$ 556.9</u></u>	<u><u>\$ 420.1</u></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, 2024, filed on February 25, 2025.

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, 2024 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 December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures, which is an amendment to ASC Topic 740 - Income Taxes. The ASU improves the transparency of income tax disclosures by requiring greater disaggregated information about an entity’s effective tax rate reconciliation and requiring additional disclosures and disaggregation of income taxes, among other amendments to improve the effectiveness of income tax disclosures. The ASU is effective for fiscal years beginning after December 15, 2024. The guidance can be applied prospectively with an option to apply the guidance retrospectively. We will adopt this ASU for the fiscal year ending December 31, 2025. We are currently evaluating the impact this ASU will have on our disclosures.

In November 2024, the FASB issued 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.

3. Revenue

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
United States	\$ 1,173.8	\$ 1,106.2	\$ 2,287.4	\$ 2,205.4
International	903.5	835.8	1,699.0	1,625.8
Total	<u>\$ 2,077.3</u>	<u>\$ 1,942.0</u>	<u>\$ 3,986.4</u>	<u>\$ 3,831.2</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Knees	\$ 826.0	\$ 801.1	\$ 1,618.9	\$ 1,589.3
Hips	536.1	506.5	1,031.9	997.6
S.E.T.	550.6	469.5	1,021.1	922.1
Technology & Data, Bone Cement and Surgical	164.6	164.9	314.5	322.2
Total	<u>\$ 2,077.3</u>	<u>\$ 1,942.0</u>	<u>\$ 3,986.4</u>	<u>\$ 3,831.2</u>

S.E.T. includes sales from our Sports Medicine, Extremities, 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, 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 \$85 million by the end of 2027. The pre-tax restructuring charges consist of employee termination benefits and other charges. 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 June 30, 2025	\$ 3.7	\$ -	\$ 2.8	\$ 6.5
Balance, December 31, 2024	\$ -	\$ -	\$ -	\$ -
Expenses incurred in the six months ended June 30, 2025	26.9	-	2.9	29.8
Cash payments	(17.7)	-	(0.8)	(18.5)
Foreign currency exchange rate changes	0.1	-	-	0.1
Balance, June 30, 2025	<u>\$ 9.3</u>	<u>\$ -</u>	<u>\$ 2.1</u>	<u>\$ 11.4</u>
Expense incurred since the start of the 2025 Restructuring Plan	\$ 26.9	\$ -	\$ 2.9	\$ 29.8
Expense estimated to be recognized for the 2025 Restructuring Plan	\$ 75.0	\$ 2.0	\$ 8.0	\$ 85.0

In December 2023, our management approved a global restructuring program (the “2023 Restructuring Plan”) intended to optimize our cost structure and drive greater efficiencies throughout the company. The 2023 Restructuring Plan concluded in the first quarter of 2025 and resulted in total pre-tax restructuring charges of approximately \$117 million. The pre-tax restructuring charges consisted of employee termination benefits; contract terminations for sales agents; and other charges, such as consulting fees. The expenses incurred under our 2023 Restructuring Plan are reported in our “Restructuring and other cost reduction initiatives” financial statement line item. The following table summarizes the liabilities recognized related to the 2023 Restructuring Plan (in millions):

	Employee Termination Benefits	Contract Terminations	Other	Total
Expenses incurred in the three months ended June 30, 2025	\$ -	\$ 0.3	\$ (0.4)	\$ (0.1)
Balance, December 31, 2024	\$ 18.8	\$ 1.4	\$ 6.9	\$ 27.1
Expenses incurred in the six months ended June 30, 2025	(0.7)	2.8	1.5	3.6
Cash payments	(11.6)	(3.1)	(5.8)	(20.5)
Foreign currency exchange rate changes	1.3	-	0.4	1.7
Balance, June 30, 2025	<u>\$ 7.8</u>	<u>\$ 1.1</u>	<u>\$ 3.0</u>	<u>\$ 11.9</u>
Expense incurred since the start of the 2023 Restructuring Plan	\$ 93.1	\$ 5.9	\$ 18.1	\$ 117.1

In December 2019, our Board of Directors approved, and we initiated, a global restructuring program (the “2019 Restructuring Plan”) with an objective of reducing structural costs to allow us to further invest in higher priority growth opportunities. The 2019 Restructuring Plan is expected to result in total pre-tax restructuring charges of approximately \$400 million. The pre-tax restructuring charges consist of employee termination benefits; contract terminations for facilities and sales agents; and other charges, such as consulting fees, project management expenses and relocation costs, including costs to close a manufacturing facility. The remaining costs relate to the closure of a manufacturing facility, which is expected to be completed in 2025.

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

	Three Months Ended June 30, 2025			
	Employee Termination Benefits	Contract Terminations	Other	Total
Cost of products sold, excluding intangible asset amortization	\$ -	\$ -	\$ 1.5	\$ 1.5
Restructuring and other cost reduction initiatives	3.0	-	3.7	6.7
	<u>\$ 3.0</u>	<u>\$ -</u>	<u>\$ 5.2</u>	<u>\$ 8.2</u>
	Six Months Ended June 30, 2025			
	Employee Termination Benefits	Contract Terminations	Other	Total
Cost of products sold, excluding intangible asset amortization	\$ -	\$ -	\$ 3.4	\$ 3.4
Restructuring and other cost reduction initiatives	7.1	-	6.6	13.7
	<u>\$ 7.1</u>	<u>\$ -</u>	<u>\$ 10.0</u>	<u>\$ 17.1</u>

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

	Employee Termination Benefits	Contract Termination s	Other	Total
Balance, December 31, 2024	\$ 38.0	\$ 3.8	\$ 1.3	\$ 43.1
Expenses incurred in the six months ended June 30, 2025	7.1	-	10.0	17.1
Cash payments	(42.7)	(1.4)	(10.3)	(54.4)
Foreign currency exchange rate changes	3.4	-	-	3.4
Balance, June 30, 2025	<u>\$ 5.8</u>	<u>\$ 2.4</u>	<u>\$ 1.0</u>	<u>\$ 9.2</u>
Expense incurred since the start of the 2019 Restructuring Plan	\$ 159.2	\$ 35.0	\$ 190.4	\$ 384.6
Expense estimated to be recognized for the 2019 Restructuring Plan	\$ 160.0	\$ 35.0	\$ 205.0	\$ 400.0

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 initiative expenses are not considered restructuring, they have been excluded from the amounts presented in this note.

5. Inventories

	June 30, 2025	December 31, 2024
	(in millions)	
Finished goods	\$ 1,967.7	\$ 1,771.7
Work in progress	208.3	175.1
Raw materials	278.2	288.5
Inventories	<u>\$ 2,454.2</u>	<u>\$ 2,235.3</u>

6. Property, Plant and Equipment

	June 30, 2025	December 31, 2024
	(in millions)	
Land	\$ 22.6	\$ 18.5
Buildings and equipment	2,411.2	2,273.1
Capitalized software costs	606.1	575.1
Instruments	3,834.0	3,589.6
Construction in progress	271.6	233.9
	7,145.5	6,690.2
Accumulated depreciation	(4,969.8)	(4,641.4)
Property, plant and equipment, net	<u>\$ 2,175.7</u>	<u>\$ 2,048.8</u>

We had \$29.1 million and \$10.4 million of property, plant and equipment included in accounts payable as of June 30, 2025 and December 31, 2024, respectively.

7. Acquisitions

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 \$36.8 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. In addition, we incurred \$72.4 million of acquisition expenses in the three and six-month periods ended June 30, 2025, primarily consisting of compensation expense and investment banking fees that are included in "Acquisition, integration, divestiture and related" in our condensed consolidated statement of earnings. Compensation expense includes \$43.4 million related to the discretionary accelerated vesting of Paragon 28 unvested restricted stock units as agreed upon as part of the merger agreement.

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. The following table summarizes the changes in the carrying amount of goodwill by reportable segment (in millions):

	Americas	EMEA	Asia Pacific	Total
Balance at December 31, 2024				
Goodwill	\$ 8,376.8	\$ 1,370.5	\$ 538.3	\$ 10,285.6
Accumulated impairment losses	(7.7)	(1,326.8)	-	(1,334.5)
	\$ 8,369.1	\$ 43.7	\$ 538.3	\$ 8,951.1
Purchase accounting adjustments related to 2024 acquisitions	0.8	-	-	0.8
Paragon 28 acquisition	531.6	42.3	69.2	643.1
Currency translation	101.1	2.1	11.3	114.5
Balance at June 30, 2025				
Goodwill	\$ 9,010.3	\$ 1,414.9	\$ 618.8	\$ 11,044.0
Accumulated impairment losses	(7.7)	(1,326.8)	-	(1,334.5)
	\$ 9,002.6	\$ 88.1	\$ 618.8	\$ 9,709.5

The purchase price allocation for the Paragon 28 acquisition is preliminary as of June 30, 2025. We need additional time to refine the fair value of inventory and intangible assets acquired, finalize tax accounts and finalize the estimated fair values of contingent 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 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 Paragon 28 acquisition (in millions):

Cash consideration	\$	1,241.5
Contingent consideration		36.8
Fair value of consideration transferred	\$	<u>1,278.3</u>
Cash	\$	15.2
Accounts receivable, net		37.4
Inventories		151.0
Prepaid expenses and other current assets		5.6
Intangible assets subject to amortization:		
Technology		309.0
Trademarks and trade names		42.5
Customer relationships		90.5
Intangible assets not subject to amortization:		
In-process research and development (IPR&D)		98.0
Property, plant and equipment		68.0
Other assets		3.1
Current liabilities		(93.9)
Deferred income taxes		(89.5)
Other long-term liabilities		(1.8)
Total identifiable net assets	\$	<u>635.2</u>
Goodwill	\$	643.1

The 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 various R&D projects which are expected to be completed by the end of 2027 or earlier. Upon commercialization, the IPR&D will be reclassified to definite-lived intangible assets and amortized over the applicable estimated useful life. The fair values of the IPR&D intangible assets were determined using an income approach. Remaining costs to complete these projects are expected to be an immaterial amount of our total annual R&D spending.

On April 2, 2024, we completed the acquisition of all the outstanding shares of a third party orthopedics distributor in the Europe, Middle East and Africa ("EMEA") market. Prior to the acquisition, the distributor sold our products to its customers. The acquisition is expected to improve our margins and allow us to better serve the end customers.

On April 29, 2024, we completed the acquisition of all the outstanding shares of V.I.M.S. Vidéo Interventionnelle Médicale Scientifique, a privately-held medical device company based in France, which expands our portfolio in the sports medicine market.

On August 16, 2024, we completed the acquisition of all the outstanding shares of a privately-held medical device company based in the United States, which expands our portfolio in the CMFT market.

On October 11, 2024, we completed the acquisition of all the outstanding shares of OrthoGrid Systems, Inc. ("OrthoGrid"), a privately-held medical device technology company focused on artificial intelligence-driven surgical guidance for total hip replacement, which expands our portfolio in the hips market.

These four acquisitions are collectively referred to in this report as the "2024 acquisitions". Initial consideration related to the 2024 acquisitions was \$294.8 million, with additional consideration up to \$111.6 million, subject to the achievement of future regulatory milestones and commercial milestones. We determined the fair value of the additional consideration to be \$61.0 million as of the acquisition dates.

The goodwill related to the 2024 acquisitions represents the excess of the consideration transferred over the fair value of the net assets acquired. The goodwill related to these acquisitions is generated from the operational synergies, 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 two acquisitions that occurred in April of 2024 is included in the EMEA operating segment and reporting unit. The goodwill related to the acquisition that occurred in August of 2024 is included in the Americas operating segment and the Americas CMFT reporting unit. The goodwill related to the OrthoGrid acquisition is included in the Americas operating segment and the Americas Orthopedics reporting unit.

The purchase price allocations for the acquisitions which occurred in April and August of 2024 were final as of June 30, 2025. The purchase price allocation for the OrthoGrid acquisition is preliminary as of June 30, 2025. We need additional time to evaluate the tax attributes of the transaction, which may change the recognized tax 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 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 2024 acquisitions (in millions):

Cash consideration	\$	294.8
Contingent consideration		61.0
Fair value of consideration transferred	\$	<u>355.8</u>
Current assets	\$	24.9
Intangible assets subject to amortization:		
Technology		112.5
Trademarks and trade names		5.0
Customer relationships		40.8
Intangible assets not subject to amortization:		
In-process research and development (IPR&D)		7.0
Other assets		4.7
Current liabilities		(6.0)
Deferred income taxes		(33.9)
Other long-term liabilities		(0.5)
Total identifiable net assets	\$	<u>154.4</u>
Goodwill	\$	201.4

The weighted average amortization periods selected for technology, customer relationships and trademarks and trade names were 14 years, 9 years and 14 years, respectively. Upon receiving regulatory approval subsequent to the applicable acquisition date, the \$7.0 million of IPR&D was reclassified to a definite-lived intangible asset and began amortizing over the applicable estimated useful life.

In the three and six-month periods ended June 30, 2025, there were no material adjustments to the preliminary values of any of the acquisitions.

We have not included pro forma information and certain other information under GAAP for any 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 six-month period ended June 30, 2024, we recognized intangible assets of \$101.6 million related to agreements we entered into in order to acquire the ownership rights or gain access to various technologies. The weighted average amortization period selected for these intangible assets was 7 years. The contractual payments under these agreements are included in "Acquisition of intangible assets" in our condensed consolidated statements of cash flows. There were no material agreements of a similar nature entered into during the six-month period ended June 30, 2025. However, we did make \$32.4 million of payments in the six-month period ended June 30, 2025, related to contractual obligations from similar agreements which were accrued for as of December 31, 2024.

8. Debt

Our debt consisted of the following (in millions):

	June 30, 2025	December 31, 2024
Current portion of long-term debt		
Uncommitted Credit Facility	\$ 170.0	\$ -
2025 Five-Year Credit Agreement	50.0	-
3.550% Senior Notes due 2025	-	863.0
3.050% Senior Notes due 2026	600.0	-
Total current portion of long-term debt	<u>\$ 820.0</u>	<u>\$ 863.0</u>
Long-term debt		
3.050% Senior Notes due 2026	\$ -	\$ 600.0
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	-
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	-
4.250% Senior Notes due 2035	253.4	253.4
5.750% Senior Notes due 2039	317.8	317.8
4.450% Senior Notes due 2045	395.4	395.4
2.425% Euro Notes due 2026	586.7	517.7
1.164% Euro Notes due 2027	586.7	517.7
3.518% Euro Notes due 2032	821.4	724.8
Debt discount and issuance costs	(45.3)	(34.1)
Adjustment related to interest rate swaps	(121.1)	(158.6)
Total long-term debt	<u>\$ 6,752.5</u>	<u>\$ 5,341.6</u>

In the six-month period ended June 30, 2025, we redeemed the \$863.0 million outstanding principal amount of our 3.550% Senior Notes due 2025.

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 June 30, 2025.

On June 27, 2025, we borrowed \$50.0 million under the 2025 Five-Year Credit Agreement, replacing a portion of the borrowings outstanding as of such date under the 2024 Five-Year Credit Agreement. As of June 30, 2025, there was \$50.0 million of 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 June 30, 2025. As of June 30, 2025, 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 June 30, 2025. As of June 30, 2025, there was \$170 million of 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, as of June 30, 2025, based on quoted prices for the specific securities from transactions in over-the-counter markets (Level 2), was \$7,361.7 million. The carrying values of the outstanding \$50.0 million principal balance of the 2025 Five-Year Credit Agreement and \$170.0 million principal balance of the Uncommitted Credit Facility approximate their fair values as they bear interest at short-term market rates.

9. Accumulated Other Comprehensive Income

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

Our AOCI is comprised of foreign currency translation adjustments, unrealized gains and losses on cash flow hedges and unrecognized prior service costs and gains and losses in actuarial assumptions related to our defined benefit plans. Foreign currency translation adjustments are reclassified to net earnings upon sale or upon a complete or substantially complete liquidation of an investment in a foreign entity. Unrealized gains and losses on cash flow hedges are reclassified to net earnings when the hedged item affects net earnings. Amounts related to defined benefit plans that are in AOCI are reclassified over the service periods of employees in the plan.

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

	Foreign Currency Translation	Cash Flow Hedges	Defined Benefit Plan Items	Total AOCI
Balance at December 31, 2024	\$ (239.0)	\$ 88.2	\$ (112.0)	\$ (262.8)
AOCI before reclassifications	65.4	(55.4)	-	10.0
Reclassifications to statements of earnings	-	(30.0)	(1.7)	(31.7)
Balance at June 30, 2025	<u>\$ (173.6)</u>	<u>\$ 2.8</u>	<u>\$ (113.7)</u>	<u>\$ (284.5)</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 June 30,		Six Months Ended June 30,		
	2025	2024	2025	2024	
<i>Cash flow hedges</i>					
Foreign exchange forward contracts	\$ 15.7	\$ 21.7	\$ 36.7	\$ 43.7	Cost of products sold
Forward starting interest rate swaps	(0.2)	(0.2)	(0.4)	(0.4)	Interest expense, net
	15.5	21.5	36.3	43.3	Total before tax
	2.8	3.7	6.3	7.5	Provision for income taxes
	<u>\$ 12.7</u>	<u>\$ 17.8</u>	<u>\$ 30.0</u>	<u>\$ 35.8</u>	Net of tax
<i>Defined benefit plans</i>					
Prior service cost and unrecognized actuarial loss	\$ 2.3	\$ 0.5	\$ 2.1	\$ 1.3	Other income, net
	0.4	0.3	0.4	0.1	Provision for income taxes
	<u>\$ 1.9</u>	<u>\$ 0.2</u>	<u>\$ 1.7</u>	<u>\$ 1.2</u>	Net of tax
Total reclassifications	\$ 14.6	\$ 18.0	\$ 31.7	\$ 37.0	Net of tax

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

	Three Months Ended June 30, 2025			Six Months Ended June 30, 2025		
	Before Tax	Tax	Net of Tax	Before Tax	Tax	Net of Tax
Foreign currency cumulative translation adjustments	\$ (3.7)	(44.3)	\$ 40.6	\$ (2.2)	(67.6)	\$ 65.4
Unrealized cash flow hedge gains	(34.2)	(10.9)	(23.3)	(67.0)	(11.6)	(55.4)
Reclassification adjustments on cash flow hedges	(15.5)	(2.8)	(12.7)	(36.3)	(6.3)	(30.0)
Adjustments to prior service cost and unrecognized actuarial assumptions	(2.3)	(0.4)	(1.9)	(2.1)	(0.4)	(1.7)
Total Other Comprehensive Income (Loss)	<u>\$ (55.7)</u>	<u>\$ (58.4)</u>	<u>\$ 2.7</u>	<u>\$ (107.6)</u>	<u>\$ (85.9)</u>	<u>\$ (21.7)</u>

	Three Months Ended June 30, 2024			Six Months Ended June 30, 2024		
	Before Tax	Tax	Net of Tax	Before Tax	Tax	Net of Tax
Foreign currency cumulative translation adjustments	\$ 4.0	\$ 8.0	\$ (4.0)	\$ (15.2)	\$ 24.7	\$ (39.9)
Unrealized cash flow hedge gains	44.1	6.0	38.1	87.5	14.8	72.7
Reclassification adjustments on cash flow hedges	(21.5)	(3.7)	(17.8)	(43.3)	(7.5)	(35.8)
Adjustments to prior service cost and unrecognized actuarial assumptions	(0.5)	(0.3)	(0.2)	(1.3)	(0.1)	(1.2)
Total Other Comprehensive Income (Loss)	<u>\$ 26.1</u>	<u>\$ 10.0</u>	<u>\$ 16.1</u>	<u>\$ 27.7</u>	<u>\$ 31.9</u>	<u>\$ (4.2)</u>

10. 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 June 30, 2025			
	Fair Value Measurements at Reporting Date Using:			
	Recorded Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Derivatives designated as hedges, current and long-term				
Foreign currency forward contracts	\$ 12.4	\$ -	\$ 12.4	\$ -
Cross-currency interest rate swaps	19.6	-	19.6	-
Total Assets	<u>\$ 32.0</u>	<u>\$ -</u>	<u>\$ 32.0</u>	<u>\$ -</u>
Liabilities				
Derivatives designated as hedges, current and long-term				
Foreign currency forward contracts	\$ 19.5	\$ -	\$ 19.5	\$ -
Cross-currency interest rate swaps	27.9	-	27.9	-
Interest rate swaps	121.1	-	121.1	-
Derivatives not designated as hedges, current and long-term				
Foreign currency forward contracts	11.1	-	11.1	-
Contingent payments related to acquisitions	166.7	-	-	166.7
Total Liabilities	<u>\$ 346.3</u>	<u>\$ -</u>	<u>\$ 179.6</u>	<u>\$ 166.7</u>

As of December 31, 2024				
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	\$ 89.5	\$ -	\$ 89.5	\$ -
Cross-currency interest rate swaps	50.3	-	50.3	-
Derivatives not designated as hedges, current and long-term				
Foreign currency forward contracts	1.8	-	1.8	-
Total Assets	<u>\$ 141.6</u>	<u>\$ -</u>	<u>\$ 141.6</u>	<u>\$ -</u>
Liabilities				
Derivatives designated as hedges, current and long-term				
Foreign currency forward contracts	\$ 1.8	\$ -	\$ 1.8	\$ -
Cross-currency interest rate swaps	14.2	-	14.2	-
Interest rate swaps	158.6	-	158.6	-
Derivatives not designated as hedges, current and long-term				
Foreign currency forward contracts	0.8	-	0.8	-
Contingent payments related to acquisitions	180.7	-	-	180.7
Total Liabilities	<u>\$ 356.1</u>	<u>\$ -</u>	<u>\$ 175.4</u>	<u>\$ 180.7</u>

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

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

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

Contingent payments related to our acquisition of Embody, Inc. ("Embody") are to be settled by issuance of our common stock and cash payments. During the six-month period ended June 30, 2025, we issued 0.3 million shares of our common stock valued at \$27.8 million and paid \$4.4 million of cash for a commercial milestone related to the Embody acquisition. The fair value of common stock was determined to be \$101.02 per share, which represented the average of our high and low stock prices on the settlement date.

See Note 7 for a description of the contingent consideration related to the Paragon 28 acquisition.

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

	Level 3 - Liabilities
Contingent payments related to acquisitions	
Beginning balance December 31, 2024	\$ 180.7
New contingent consideration related to Paragon 28 acquisition	36.8
Change in estimates	(7.7)
Settlements	(45.2)
Foreign currency impact	2.1
Ending balance June 30, 2025	\$ 166.7

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.

11. Derivative Instruments and Hedging Activities

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

Interest Rate Risk

Derivatives Designated as Fair Value Hedges

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

As of June 30, 2025 and December 31, 2024, 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	
	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
Long-term debt	\$ 875.2	\$ 837.6	\$ (121.1)	\$ (158.6)

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 June 30, 2025, was \$22.8 million, which will be recognized using the effective interest rate method over the remaining maturity period of the hedged notes.

Foreign Currency Exchange Rate Risk

We operate on a global basis and are exposed to the risk that our financial condition, results of operations and cash flows could be adversely affected by changes in foreign currency exchange rates. To reduce the potential effects of foreign currency exchange rate movements on net earnings, we enter into derivative financial instruments in the form of foreign currency exchange forward contracts with major financial institutions. We also designated our Euro notes as net investment hedges of investments in foreign subsidiaries. We are primarily exposed to foreign currency exchange rate risk with respect to transactions and net assets denominated in Euros, Swiss Francs, Japanese Yen, British Pounds, 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. 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 June 30, 2025, 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 235 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 six-month period ended June 30, 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.

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 June 30, 2025, 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 July 2025 through January 2028. As of June 30, 2025, the notional amounts of outstanding forward contracts and options entered into with third parties to purchase U.S. Dollars were \$1,511.9 million. As of June 30, 2025, the notional amounts of outstanding forward contracts and options entered into with third parties to purchase Swiss Francs were \$450.6 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 June 30,		Six Months Ended June 30,			Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024		2025	2024	2025	2024
Foreign exchange forward contracts	\$ (34.2)	\$ 44.1	\$ (67.0)	\$ 87.5	Cost of products sold	\$ 15.7	\$ 21.7	\$ 36.7	\$ 43.7
Forward starting interest rate swaps	-	-	-	-	Interest expense, net	(0.2)	(0.2)	(0.4)	(0.4)
	\$ (34.2)	\$ 44.1	\$ (67.0)	\$ 87.5		\$ 15.5	\$ 21.5	\$ 36.3	\$ 43.3

The fair value of outstanding derivative instruments designated as cash flow hedges and recorded on our condensed consolidated balance sheet at June 30, 2025, together with settled derivatives where the hedged item has not yet affected earnings, was a net unrealized loss of \$0.4 million, or a net unrealized gain of \$2.8 million after taxes, which is deferred in AOCI. A gain of \$23.8 million, or \$18.7 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 June 30, 2025		Three Months Ended June 30, 2024		Six Months Ended June 30, 2025		Six Months Ended June 30, 2024	
	Cost of Products Sold	Interest Expense, Net	Cost of Products Sold	Interest Expense, Net	Cost of Products Sold	Interest Expense, Net	Cost of Products Sold	Interest Expense, Net
Total amounts of income and expense line items presented in the statements of earnings in which the effects of fair value, cash flow and net investment hedges are recorded	\$ 592.2	\$ (79.3)	\$ 553.6	\$ (51.1)	\$ 1,142.0	\$ (145.5)	\$ 1,065.9	\$ (101.8)
The effects of fair value, cash flow and net investment hedging:								
Loss on fair value hedging relationships								
Interest rate swaps	-	(8.1)	-	(10.6)	-	(16.0)	-	(21.2)
Gain (loss) on cash flow hedging relationships								
Foreign exchange forward contracts	15.7	-	21.7	-	36.7	-	43.7	-
Forward starting interest rate swaps	-	(0.2)	-	(0.2)	-	(0.4)	-	(0.4)
Gain on net investment hedging relationships								
Cross-currency interest rate swaps	-	4.8	-	8.2	-	10.1	-	16.4

Derivatives Not Designated as Hedging Instruments

The following gains (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 June 30,		Six Months Ended June 30,	
		2025	2024	2025	2024
Foreign exchange forward contracts	Other income, net	\$ (8.8)	\$ 12.9	\$ (11.4)	\$ 21.3

These gains (losses) do not reflect offsetting gains of \$6.8 million in the three-month period ended June 30, 2025, offsetting losses of \$12.0 million in the three-month period ended June 30, 2024, offsetting gains of \$8.2 million in the six-month period ended June 30, 2025, and offsetting losses of \$24.2 million in the six-month period ended June 30, 2024, 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 June 30, 2025 and December 31, 2024, 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 June 30, 2025		As of December 31, 2024	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
<i>Asset Derivatives Designated as Hedges</i>				
Foreign exchange forward contracts	Other current assets	\$ 34.1	Other current assets	\$ 82.3
Cross-currency interest rate swaps	Other current assets	-	Other current assets	1.6
Foreign exchange forward contracts	Other assets	12.6	Other assets	24.5
Cross-currency interest rate swaps	Other assets	19.6	Other assets	48.7
Total asset derivatives		<u>\$ 66.3</u>		<u>\$ 157.1</u>
<i>Asset Derivatives Not Designated as Hedges</i>				
Foreign exchange forward contracts	Other current assets	\$ 1.8	Other current assets	\$ 7.1
<i>Liability Derivatives Designated as Hedges</i>				
Foreign exchange forward contracts	Other current liabilities	\$ 32.7	Other current liabilities	\$ 13.8
Cross-currency interest rate swaps	Other current liabilities	27.9	Other current liabilities	12.0
Foreign exchange forward contracts	Other long-term liabilities	21.1	Other long-term liabilities	5.3
Cross-currency interest rate swaps	Other long-term liabilities	-	Other long-term liabilities	2.2
Interest rate swaps	Other long-term liabilities	121.1	Other long-term liabilities	158.6
Total liability derivatives		<u>\$ 202.8</u>		<u>\$ 191.9</u>
<i>Liability Derivatives Not Designated as Hedges</i>				
Foreign exchange forward contracts	Other current liabilities	\$ 12.9	Other current liabilities	\$ 6.1

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

		As of June 30, 2025			As of December 31, 2024		
Description	Location			Net Amount			Net Amount
		Gross Amount	Offset	in Balance Sheet	Gross Amount	Offset	in Balance Sheet
Asset Derivatives							
Cash flow hedges	Other current assets	\$ 34.1	\$ 22.5	\$ 11.6	\$ 82.3	\$ 12.6	\$ 69.7
Cash flow hedges	Other assets	12.6	11.8	0.8	24.5	4.7	19.8
Derivatives Not Designated as Hedges	Other current assets	1.8	1.8	-	7.1	5.3	1.8
Liability Derivatives							
Cash flow hedges	Other current liabilities	32.7	22.5	10.2	13.8	12.6	1.2
Cash flow hedges	Other long-term liabilities	21.1	11.8	9.3	5.3	4.7	0.6
Derivatives Not Designated as Hedges	Other current liabilities	12.9	1.8	11.1	6.1	5.3	0.8

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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Euro Notes	\$ (158.8)	\$ 8.5	\$ (234.5)	\$ 32.9
Cross-currency interest rate swaps	(29.8)	25.3	(52.4)	71.4
	<u>\$ (188.6)</u>	<u>\$ 33.8</u>	<u>\$ (286.9)</u>	<u>\$ 104.3</u>

12. Income Taxes

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

The IRS has proposed adjustments for tax years 2013-2015, primarily related to transfer pricing involving our cost sharing agreement between the U.S. and Switzerland affiliated companies and the reallocation of profits between certain of our U.S. and foreign subsidiaries. We intend to continue to vigorously contest the adjustment, and we will pursue all available administrative and, if necessary, judicial remedies. If we pursue judicial remedies in the U.S. Tax Court for years 2013-2015, a number of years will likely elapse before such matters are finally resolved. No payment of any amount related to this matter is required to be made, if at all, until all applicable proceedings have been completed.

The IRS has proposed adjustments for tax years 2016-2019, primarily related to the U.S. taxation of foreign earnings and profits, which could result in additional material tax expense if we are unsuccessful in defending our position. This includes a proposed increase to our U.S. federal taxable income, which would result in additional tax expense of approximately \$312 million, subject to interest. We strongly believe that the position of the IRS, with regard to this matter, is inconsistent with the applicable U.S. Treasury

Regulations. We intend to continue to vigorously contest the adjustment, and we will pursue all available administrative and, if necessary, judicial remedies. If we pursue judicial remedies in the U.S. Tax Court for years 2016-2019, a number of years will likely elapse before such matters are finally resolved. No payment of any amount related to this matter is required to be made, if at all, until all applicable proceedings have been completed.

In the three and six-month periods ended June 30, 2025, our effective tax rate (“ETR”) was 31.7 percent and 25.9 percent, respectively, compared to 19.6 percent in each of the three and six-month periods ended June 30, 2024. The 31.7 percent and the 25.9 percent ETR in the three and six-month periods ended June 30, 2025, respectively, were primarily driven by our mix of earnings between U.S. and foreign locations and in part due to a change in our assertion regarding the indefinite reinvestment of earnings of certain foreign subsidiaries. The 19.6 percent ETR in each of the three and six-month periods ended June 30, 2024, 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.

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was signed into law and includes a broad range of U.S. tax reform provisions. We are currently evaluating the impact of this legislation on our financial statements and disclosures.

13. Earnings Per Share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Weighted average shares outstanding for basic net earnings per share	197.9	205.7	198.4	205.4
Effect of dilutive stock options and other equity awards	0.4	0.7	0.6	0.9
Weighted average shares outstanding for diluted net earnings per share	198.3	206.4	199.0	206.3

During the three and six-month periods ended June 30, 2025, an average of 4.8 million options for each period to purchase shares of common stock were not included in the computation of diluted earnings per share because the effect would have been antidilutive. During the three and six-month periods ended June 30, 2024, an average of 2.9 million options and 2.3 million options, respectively, to purchase shares of common stock were not included for the same reason.

14. 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 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.

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 (“EU MDR”) expenses, other charges and corporate functions (collectively referred to as “Corporate items”). Corporate functions include corporate legal, finance, information technology, human resources and other corporate departments as well as stock-based compensation and certain operations, distribution, quality assurance, regulatory expenses, research and development and marketing expenses. 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. Our CODM reviews accounts receivables and inventory assets (“Segment Assets”) as part of operating segment performance.

Our Americas operating segment is comprised principally of the U.S. and includes other North, Central and South American markets. Our EMEA operating segment is comprised principally of Europe and includes the Middle East and African markets. Our Asia Pacific operating segment is comprised principally of Japan, China and Australia and includes other Asian and Pacific markets. The Americas, EMEA and Asia Pacific operating segments include the commercial operations as well as regional headquarter

expenses to operate in those markets. Our operating segments do not include many centralized, product category expenses such as R&D and global marketing that benefit all regions.

We reclassified certain immaterial prior period expenses to conform to the current period presentation.

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

	Americas		EMEA		Asia Pacific		Total	
	Three Months Ended June 30,		Three Months Ended June 30,		Three Months Ended June 30,		Three Months Ended June 30,	
	2025	2024	2025	2024	2025	2024	2025	2024
Net Sales	\$ 1,273.8	\$ 1,199.3	\$ 467.5	\$ 432.4	\$ 336.1	\$ 310.3	\$ 2,077.3	\$ 1,942.0
Cost of products sold, excluding intangible asset amortization	281.1	248.7	169.8	150.7	118.6	99.7		
Selling, general and administrative	339.1	313.2	136.6	128.0	91.0	85.1		
Research and development	0.7	0.6	2.5	2.0	3.5	3.3		
Segment profit	\$ 652.8	\$ 636.8	\$ 158.5	\$ 151.6	\$ 122.9	\$ 122.2	\$ 934.2	\$ 910.6
Corporate items							473.6	415.3
Intangible asset amortization							160.6	144.0
Other income, net							(3.9)	(2.0)
Interest expense, net							79.3	51.1
Earnings before income taxes							\$ 224.6	\$ 302.2

	Americas		EMEA		Asia Pacific		Total	
	Six Months Ended June 30,		Six Months Ended June 30,		Six Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024	2025	2024	2025	2024
Net Sales	\$ 2,478.1	\$ 2,385.8	\$ 910.6	\$ 877.2	\$ 597.8	\$ 568.3	\$ 3,986.4	\$ 3,831.2
Cost of products sold, excluding intangible asset amortization	547.4	485.7	337.5	305.5	202.4	174.8		
Selling, general and administrative	652.5	622.3	260.6	261.2	176.4	170.3		
Research and development	1.7	1.8	5.3	4.0	6.8	6.6		
Segment profit	\$ 1,276.4	\$ 1,276.0	\$ 307.1	\$ 306.4	\$ 212.2	\$ 216.5	\$ 1,795.7	\$ 1,798.9
Corporate items							891.9	895.6
Intangible asset amortization							311.6	286.1
Other income, net							(6.9)	(1.9)
Interest expense, net							145.5	101.8
Earnings before income taxes							\$ 453.6	\$ 517.3

Other segment information is as follows (in millions):

	Depreciation and Amortization				Segment Assets	
	Three Months Ended June 30,		Six Months Ended June 30,		As of	
	2025	2024	2025	2024	June 30, 2025	December 31, 2024
Americas	\$ 39.8	\$ 37.1	\$ 77.3	\$ 73.5	\$ 1,351.0	\$ 1,344.0
EMEA	16.6	16.9	32.4	33.6	748.0	655.0
Asia Pacific	15.2	15.1	30.5	30.5	362.0	311.0
Corporate items	39.6	30.2	74.4	58.1	1,604.5	1,406.0
Intangible asset amortization	160.6	144.0	311.6	286.1	-	-
Total	\$ 271.8	\$ 243.3	\$ 526.2	\$ 481.8	\$ 4,065.5	\$ 3,716.0

15. 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. These include, among others,

product liability claims relating to the Durom Cup, Zimmer M/L Taper, M/L Taper with Kinectiv Technology, Versys Femoral Head and the M2a-Magnum hip system. 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 and six-month periods ended June 30, 2025, we recognized \$5.3 million and \$7.3 million, respectively, of net litigation-related charges. During the three and six-month periods ended June 30, 2024, we recognized \$3.4 million and \$4.4 million, respectively, of net litigation-related charges. At June 30, 2025 and December 31, 2024, accrued litigation liabilities were \$156.8 million and \$156.4 million, respectively. These litigation-related charges and accrued liabilities reflect all of our litigation-related contingencies. 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 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.

Other Contingencies

Contractual obligations: We have entered into development, distribution and other contractual arrangements that may result in future payments dependent upon various events such as the achievement of certain product R&D milestones, sales milestones, or, at our discretion, maintenance of exclusive rights to distribute a product. Since there is uncertainty on the timing or whether such payments will have to be made, they have not been recognized on our condensed consolidated balance sheets. These estimated payments could range from \$0 to approximately \$325 million.

16. Subsequent Event

On July 11, 2025, we entered into a definitive agreement to acquire 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. Initial consideration of approximately \$180 million will be paid at closing. Monogram common stockholders will also receive a non-tradeable contingent value right that may result in up to approximately \$570 million in additional consideration if certain product development, regulatory and revenue milestones are achieved through 2030. We expect to fund the proposed transaction through a combination of cash on hand and other available debt financing sources. Closing of the proposed transaction is subject to the receipt of required regulatory approvals, approval by Monogram's common stockholders and other customary closing conditions, and is anticipated to close in the second half of 2025.

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 and Six-Month Periods ended June 30, 2025

In the three and six-month periods ended June 30, 2025, our net sales increased 7.0 percent and 4.0 percent when compared to the same prior year period. Net sales growth was driven by a combination of our Paragon 28 acquisition, market growth, new product introductions and commercial execution across the organization. Paragon 28 had a positive impact on our net sales of 2.6 percent and 1.4 percent in the three and six-month periods ended June 30, 2025, respectively. Additionally, our net sales experienced a positive effect of 1.6 percent and 0.1 percent from changes in foreign currency exchange rates in the three and six-month periods ended June 30, 2025, respectively.

Our net earnings were \$152.8 million and \$334.9 million in the three and six-month periods ended June 30, 2025, compared to \$242.8 million and \$415.2 million in the same prior year periods. The decreases in earnings were primarily due to costs related to the Paragon 28 acquisition, including acquisition-related costs and higher interest expense incurred for debt borrowed for the acquisition; higher cost of products sold due to sales volumes increases and higher manufacturing costs due to inflation; and investments made to direct-to-patient marketing and information technology. These increased costs were partially offset by lower restructuring costs due to the timing of our restructuring programs.

2025 Outlook

We expect 2025 full year-over-year revenue growth of 6.7 percent to 7.7 percent in 2025, driven by a combination of Paragon 28 net sales, market growth, new product introductions and commercial execution. We estimate the Paragon 28 acquisition will contribute 2.7 percent to the year-over-year net sales growth. Based on recent foreign currency exchange rates, we expect foreign currency to positively affect year-over-year net sales by 0.5 percent. We estimate net earnings will decrease in 2025 when compared to 2024 due to higher acquisition and integration costs, operating expenses and intangible asset amortization related to the Paragon 28 acquisition, higher manufacturing costs caused by inflation, tariffs, higher net interest expense due to higher interest rates and increased borrowings and a higher estimated effective tax rate due to favorable 2024 adjustments that are not expected to recur. These unfavorable items are expected to be partially offset by higher net sales, leverage from fixed operating expenses, ongoing savings from our restructuring plans and lower employee termination and other charges from our restructuring plans.

The ultimate impact that tariffs will have on our net earnings is difficult to predict due to their fluid nature. We account for tariffs as part of the cost of our inventory or instruments and recognize the expense in cost of products sold when the related inventory is sold to a customer, or depreciate the additional cost of the instrument in selling, general and administrative expense. Based upon current tariff rates and our efforts to mitigate our exposure, we anticipate recognizing approximately \$40 million of additional expenses related to tariffs in the full year 2025. Since we capitalize tariffs as part of the cost of our inventory and instruments, the impact in 2025 will be more significant in the second half of the year.

Results of Operations

We review sales by two geographies, the United States and International, and by the following product categories: Knees; Hips; S.E.T. (Sports Medicine, Extremities, Trauma, Craniomaxillofacial and Thoracic); and 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.

Net Sales by Geography

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

	Three Months Ended June 30,		% Inc	
	2025	2024		
United States	\$ 1,173.8	\$ 1,106.2	6.1	%
International	903.5	835.8	8.1	
Total	\$ 2,077.3	\$ 1,942.0	7.0	

	Six Months Ended June 30,		% Inc	
	2025	2024		
United States	\$ 2,287.4	\$ 2,205.4	3.7	%
International	1,699.0	1,625.8	4.5	
Total	\$ 3,986.4	\$ 3,831.2	4.0	

Net Sales by Product Category

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

	Three Months Ended June 30,		% Inc / (Dec)	
	2025	2024		
Knees	\$ 826.0	\$ 801.1	3.1	%
Hips	536.1	506.5	5.8	
S.E.T.	550.6	469.5	17.3	
Technology & Data, Bone Cement and Surgical	164.6	164.9	(0.2)	
Total	\$ 2,077.3	\$ 1,942.0	7.0	

	Six Months Ended June 30,		% Inc / (Dec)	
	2025	2024		
Knees	\$ 1,618.9	\$ 1,589.3	1.9	%
Hips	1,031.9	997.6	3.4	
S.E.T.	1,021.1	922.1	10.7	
Other	314.5	322.2	(2.4)	
Total	\$ 3,986.4	\$ 3,831.2	4.0	

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

	Three Months Ended June 30,				Six Months Ended June 30,		
	2025	2024	% Inc		2025	2024	% Inc
Knees							
United States	\$ 448.7	\$ 441.2	1.7 %		\$ 907.8	\$ 899.3	0.9 %
International	377.3	359.9	4.8		711.2	690.0	3.1
Total	\$ 826.0	\$ 801.1	3.1		\$ 1,618.9	\$ 1,589.3	1.9
Hips							
United States	\$ 272.5	\$ 259.0	5.2 %		\$ 536.7	\$ 513.8	4.5 %
International	263.6	247.5	6.5		495.2	483.8	2.3
Total	\$ 536.1	\$ 506.5	5.8		\$ 1,031.9	\$ 997.6	3.4

Demand (Volume and Mix) Trends

Changes in volume and mix of product sales had a positive effect of 5.2 percent and 3.7 percent on year-over-year sales during the three and six-month periods ended June 30, 2025, respectively. The Paragon 28 acquisition contributed 2.6 percent and 1.4 percent to volume growth in the three and six-month periods ended June 30, 2025, respectively. In addition, market growth and new product introductions contributed positively to volume and mix trends.

Pricing Trends

Global selling prices had a positive effect of 0.2 percent on year-over-year sales during each of the three and six-month periods ended June 30, 2025. 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 and six-month periods ended June 30, 2025, changes in foreign currency exchange rates had a positive effect of 1.6 percent and 0.1 percent on year-over-year sales, respectively. If foreign currency exchange rates remain at levels consistent with recent rates, we estimate there will be a positive impact of 0.5 percent on full-year 2025 sales.

Geography

The 6.1 percent and 3.7 percent net sales growth in the U.S. in the three and six-month periods ended June 30, 2025, respectively, was driven by the Paragon 28 acquisition and market growth in our Knees, Hips and S.E.T. product categories. The Paragon 28 acquisition contributed 3.8 percent and 1.9 percent to U.S. net sales growth in the three and six-month periods ended June 30, 2025, respectively. Internationally, net sales increased by 8.1 percent and 4.5 percent during the three and six-month periods ended June 30, 2025, respectively, when compared to the same prior year periods. These increases were driven by the Paragon 28 acquisition, market growth in most of our international markets, a reduction in estimated liabilities owed to certain public healthcare agencies and changes in foreign currency exchange rates. These favorable increases were partially offset by certain export sales that were made in the three and six-month periods ended June 30, 2024, that did not recur in 2025. The Paragon 28 acquisition contributed 1.2 percent and 0.6 percent to International net sales growth in the three and six-month periods ended June 30, 2025, respectively. Our International sales were positively affected by 3.5 percent and 0.4 percent due to changes in foreign currency exchange rates in the three and six-month periods ended June 30, 2025, respectively.

Product Categories

Knees and Hips net sales benefited from market growth and new product introductions in the three and six-month periods ended June 30, 2025. Changes in foreign currency exchange rates had positive effects of 1.3 percent and 0.1 percent on Knees net sales in the three and six-month periods ended June 30, 2025, respectively. Changes in foreign currency exchange rates had positive effects of 1.8 percent and 0.2 percent on Hips net sales in the three and six-month periods ended June 30, 2025, respectively. The S.E.T. net sales increases in the three and six-month periods ended June 30, 2025, were primarily the result of the Paragon 28 acquisition and growth in our sports medicine, upper extremities, and craniomaxillofacial and thoracic products. The Paragon 28 acquisition contributed 11.1 percent and 5.7 percent to S.E.T. net sales growth in the three and six-month periods ended June 30, 2025,

respectively. Technology & Data, Bone Cement and Surgical net sales declined in the three and six-month periods ended June 30, 2025, due to lower net sales of our ROSA® Robot.

Expenses as a Percentage of Net Sales

	Three Months Ended June 30,		% Inc / (Dec)	Six Months Ended June 30,		% Inc / (Dec)
	2025	2024		2025	2024	
Cost of products sold, excluding intangible asset amortization	28.5 %	28.5 %	- %	28.6 %	27.8 %	0.8 %
Intangible asset amortization	7.7	7.4	0.3	7.8	7.5	0.3
Research and development	5.5	5.6	(0.1)	5.6	5.7	(0.1)
Selling, general and administrative	39.2	38.0	1.2	39.5	38.5	1.0
Restructuring and other cost reduction initiatives	0.8	2.1	(1.3)	1.3	4.3	(3.0)
Acquisition, integration, divestiture and related	3.8	0.3	3.5	2.2	0.1	2.1
Operating profit	14.4	18.1	(3.7)	14.9	16.1	(1.2)

Cost of products sold, excluding intangible asset amortization, increased in amount and was flat as a percentage of net sales in the three-month period ended June 30, 2025, when compared to the same prior year period. Higher manufacturing costs caused by inflation and the selling of Paragon 28 inventory at its stepped-up fair value caused an increase in costs. However, this was offset by lower excess and obsolete inventory charges due to more efficient use of our inventory and a favorable mix of products being sold. In the six-month period ended June 30, 2025, cost of products sold, excluding intangible asset amortization, increased in amount and as a percentage of net sales. The increases were for similar reasons as in the three-month period; however, the year-over-year reduction in excess and obsolete inventory charges was not as pronounced in the six-month period.

Intangible asset amortization expense increased in amount and as a percentage of net sales in the three and six-month periods ended June 30, 2025 compared to the same prior year periods due to the Paragon 28 acquisition and other acquisitions and technology-based asset purchases we made in 2024.

R&D expenses increased in amount, but decreased as a percentage of net sales in the three and six-month periods ended June 30, 2025, when compared to the same prior year periods. The increases in amount were driven by Paragon 28-related R&D expenses and higher spending on certain technology-based projects, but were partially offset by lower spending on our initial compliance with the European Union Medical Device Regulation as we continue to make progress on the approvals of our products. The decreases in R&D expenses as a percentage of net sales was due to controlling spend as net sales increased.

Selling, general and administrative (“SG&A”) expenses increased in amount and as a percentage of net sales in the three and six-month periods ended June 30, 2025, when compared to the same prior year periods. The increases were driven by Paragon 28 expenses, investments made to direct-to-patient marketing, information technology and medical education events and higher estimated performance-related compensation. These unfavorable items were partially offset by lower bad debt expense as the prior year periods featured a bankruptcy at a significant U.S. healthcare system and lower share-based payment expenses due to forfeitures and the delay of 2025 performance-based awards until after the Paragon 28 acquisition was completed.

In February 2025 and 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 \$17.5 million and \$53.5 million in the three and six-month periods ended June 30, 2025, respectively, and \$41.5 million and \$165.9 million in the three and six-month periods ended June 30, 2024, respectively, 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 higher in the 2024 period when compared to the 2025 period primarily due to expenses related to the 2023 Restructuring Plan that had just been initiated at the end of 2023 and was larger in scope than the 2025 Restructuring Plan, and lower expenses related to our U.S. and Canada ERP implementation and other initiatives as those are completed. 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 and six-month periods ended June 30, 2025, when compared to the same prior year period, primarily due to the acquisition of Paragon 28. See

Note 7 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report for additional information on significant expenses incurred.

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

In the three and six-month periods ended June 30, 2025, we recognized \$3.9 million and \$6.9 million, respectively, in our other income, net financial statement line item compared to \$2.0 million and \$1.9 million in the same prior year periods, respectively. The increased income was primarily due to losses recognized on investments in the prior year periods that did not recur in the current year.

Interest expense, net, increased in the three and six-month periods June 30, 2025, when compared to the same prior year periods. The increased interest expense was due to higher average debt balances outstanding related to the Paragon 28 acquisition and new borrowings in 2024 that replaced debt with lower interest rates.

In the three and six-month periods ended June 30, 2025, our effective tax rate (“ETR”) was 31.7 percent and 25.9 percent, respectively, compared to 19.6 percent in each of the three and six-month periods ended June 30, 2024. The 31.7 percent and the 25.9 percent ETR in the three and six-month periods ended June 30, 2025, respectively, were primarily driven by our mix of earnings between U.S. and foreign locations and in part due to a change in our assertion regarding the indefinite reinvestment of earnings of certain foreign subsidiaries. The 19.6 percent ETR in each of the three and six-month periods ended June 30, 2024, 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.

Segment Operating Profit

(dollars in millions)	Net Sales		Operating Profit		Operating Profit as a Percentage of Net Sales	
	Three Months Ended		Three Months Ended		Three Months Ended	
	June 30,		June 30,		June 30,	
	2025	2024	2025	2024	2025	2024
Americas	\$ 1,273.8	\$ 1,199.3	\$ 652.8	\$ 636.8	51.2 %	53.1 %
EMEA	467.5	432.4	158.5	151.6	33.9	35.1
Asia Pacific	336.1	310.3	122.9	122.2	36.6	39.4

(dollars in millions)	Net Sales		Operating Profit		Operating Profit as a Percentage of Net Sales	
	Six Months Ended		Six Months Ended		Six Months Ended	
	June 30,		June 30,		June 30,	
	2025	2024	2025	2024	2025	2024
Americas	\$ 2,478.1	\$ 2,385.8	\$ 1,276.4	\$ 1,276.0	51.5 %	53.5 %
EMEA	910.6	877.2	307.1	306.4	33.7	34.9
Asia Pacific	597.8	568.3	212.2	216.5	35.5	38.1

Americas

In the Americas, operating profit increased while operating profit as a percentage of net sales decreased in the three and six-month periods ended June 30, 2025, when compared to the same prior year periods. Operating profit increased due to the acquisition of Paragon 28 and lower bad debt expense, which were partially offset by higher manufacturing costs. Operating profit as a percentage of net sales decreased because of the higher manufacturing costs as well as the fact that the operating profit contributed by Paragon 28 is at a lower operating profit margin.

EMEA

In EMEA, operating profit increased while operating profit as a percentage of net sales decreased in the three and six-month periods ended June 30, 2025, when compared to the same prior year periods. Operating profit increased due to the acquisition of Paragon 28 and savings from our restructuring plans, which were partially offset by higher manufacturing costs. Operating profit as a percentage of net sales decreased because of the higher manufacturing costs as well as the fact that the operating profit contributed by Paragon 28 is at a lower operating profit margin.

Asia Pacific

In Asia Pacific, operating profit increased in the three-month period ended June 30, 2025 and decreased in the six-month period ended June 30, 2025, while operating profit as a percentage of net sales decreased in the three and six-month periods ended June 30, 2025, when compared to the same prior year periods, due to net sales increases being largely offset by higher manufacturing costs.

Liquidity and Capital Resources

As of June 30, 2025, we had \$556.9 million in cash and cash equivalents. In addition, we had \$1.0 billion available to borrow under our 2025 364-Day Credit Agreement, and \$1.45 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 8 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report.

We believe that cash flows from operations, our cash and cash equivalents on hand, and available borrowings under our revolving credit facilities will be sufficient to meet our ongoing liquidity requirements for at least the next twelve months. 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 \$761.0 million in the six-month period ended June 30, 2025, compared to \$597.4 million in the same prior year period. The 2025 period featured lower bonus payments and favorable timing of accounts payable payments relative to the 2024 period. These favorable items were partially offset by costs related to the closing of the Paragon 28 acquisition and higher tax-related payments.

Cash flows used in investing activities were \$1,490.4 million in the six-month period ended June 30, 2025, compared to \$442.0 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. The decline in property, plant and equipment additions was driven by lower enterprise resource planning software spend as that project was implemented in the second half of 2024. In the six-month period ended June 30, 2025, we paid \$1,226.3 million, net of cash acquired, for the acquisition of Paragon 28, as well as paid \$32.4 million related to the ownership rights to a technology that was recognized as an intangible asset. In the six-month period ended June 30, 2024, we entered into agreements to acquire the ownership rights or gain access to various technologies that were recognized as intangible assets and invested in a debt security.

Cash flows provided by financing activities were \$739.2 million in the six-month period ended June 30, 2025, compared to cash flows used in financing activities of \$142.0 million in the same prior year period. In the 2025 period, we issued senior notes for proceeds of \$1,748.1 million and had net borrowings of \$220.0 million on our revolving credit facilities. We used these proceeds, along with cash on hand, for the acquisition of Paragon 28, to redeem \$863.0 million of senior notes that were to mature on April 1, 2025, and to repurchase \$237.0 million of our common stock. In the 2024 period, we borrowed a net \$115.0 million under our Uncommitted Credit Facility and used those proceeds, along with cash on hand, to repurchase \$199.5 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 June 30, 2025, \$484.6 million of our cash and cash equivalents were held in jurisdictions outside of the U.S. Of this amount, \$55.9 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., as a result of the transition tax or tax on Global Intangible Low-Taxed Income ("GILTI"). These previously taxed earnings would not be subject to further U.S. federal tax.

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 June 30, 2025, we had outstanding debt of \$7,572.5 million, of which \$820.0 million was classified as current debt. Our current debt consists of \$600.0 million of senior notes that mature on January 15, 2026 and \$220.0 million outstanding on our revolving credit facilities which we expect to repay within the next year. We believe we can satisfy these debt obligations with cash generated from our operations, by issuing new debt and/or by borrowing on our committed revolving credit facilities.

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

In February and May 2025, our Board of Directors declared a quarterly cash dividend of \$0.24 per share. We expect to continue paying cash dividends on a quarterly basis; however, future dividends are subject to approval of the Board of Directors and may be adjusted as business needs or market conditions change.

In May 2024, our Board of Directors authorized a \$2.0 billion share repurchase program with no expiration date. As of June 30, 2025, \$1,020.2 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, a 2023 Restructuring Plan and a 2019 Restructuring Plan. The 2025 Restructuring Plan is expected to result in total pre-tax charges of approximately \$85 million by the end of 2027, of which approximately \$30 million was incurred through June 30, 2025. We expect to reduce gross annual pre-tax operating expenses by approximately \$95 million relative to the 2024 baseline expenses by the end of 2027 as program benefits under the 2025 Restructuring Plan are realized. The 2023 Restructuring Plan, which was completed as of March 31, 2025, resulted in total pre-tax charges of approximately \$117 million. We expect to reduce gross annual pre-tax operating expenses by \$175 million to \$200 million relative to the 2023 baseline expenses by the end of 2025 as program benefits under the 2023 Restructuring Plan are realized. The 2019 Restructuring Plan is expected to result in total pre-tax restructuring charges of approximately \$400 million by the end of 2025, of which approximately \$385 million was incurred through June 30, 2025. In our original estimates, we expected to reduce gross annual pre-tax operating expenses by approximately \$180 million to \$280 million relative to the 2019 baseline expenses by the end of 2023 as benefits under the 2019 Restructuring Plan were realized. Our latest estimates indicate that we will be near the low end of that range, and the full benefits will not be realized until we complete the closure of a manufacturing facility, which is expected to occur in 2025.

As discussed in Note 12 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report, the IRS has issued proposed adjustments for years 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 15 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report, we are involved in various litigation matters. We estimate the total liabilities for all litigation matters was \$156.8 million as of June 30, 2025. 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 and other contractual arrangements that may result in future payments dependent upon various events such as the achievement of certain product R&D milestones, sales milestones, or, at our discretion, maintenance of exclusive rights to distribute a product. Since there is uncertainty on the timing or whether such payments will have to be made, they have not been recognized on our condensed consolidated balance sheets. These estimated payments could range from \$0 to approximately \$325 million.

On July 11, 2025, we entered into a definitive agreement to acquire all outstanding shares of Monogram, an orthopedic robotics company. Initial consideration of approximately \$180 million will be paid at closing. Monogram common stockholders will also receive a non-tradeable contingent value right that may result in up to approximately \$570 million in additional consideration if certain product development, regulatory and revenue milestones are achieved through 2030. We expect to fund the proposed transaction through a combination of cash on hand and other available debt financing sources. Closing of the proposed transaction is

subject to the receipt of required regulatory approvals, approval by Monogram's common stockholders and other customary closing conditions, and is anticipated to close in the second half of 2025.

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 June 30, 2025 to our critical accounting estimates as described in our Annual Report on Form 10-K for the year ended December 31, 2024.

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;
- 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;
- control of costs and expenses;
- risks related to the ability to realize the anticipated benefits of the acquisition of Paragon 28, including the possibility that the expected benefits from the transaction will not be realized or will not be realized within the expected time period;
- the risk that the businesses of Paragon 28 will not be integrated successfully;
- disruption from the Paragon 28 acquisition making it more difficult to maintain business and operational relationships, including with customers, vendors, service providers, independent sales representatives, agents or agencies;
- 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, employees and distributors of acquired companies;
- the effect of the potential disruption of management’s attention from ongoing business operations due to integration matters related to mergers and acquisitions;
- the effect of mergers and acquisitions on our relationships with customers, suppliers and lenders and on our operating results and businesses generally;
- 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 cyberattack, 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 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, 2024 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, 2024.

Item 4. Controls and Procedures

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

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

Changes in Internal Control Over Financial Reporting. There were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As part of the integration process of Paragon 28, we have begun to transition Paragon 28 to our accounting policies and processes. As part of this transition, we are enhancing the internal controls of Paragon 28 to align with our framework of internal controls over financial reporting.

Part II – Other Information

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

You should carefully consider the factors discussed in Part I, Item 1A “*Risk Factors*” of our Annual Report on Form 10-K for the year ended December 31, 2024 (“2024 Form 10-K”), which could materially affect our business, financial condition and results of operations. The risks described in our 2024 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

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

During the three-month period ended June 30, 2025, no members of our Board of Directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, amended or terminated any contract, instruction or written plan for the purchase or sale of our securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any non-Rule 10b5-1 trading arrangement, as defined in rules of the Securities and Exchange Commission.

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 \(incorporated by reference to Exhibit 3.2 to the Registrant's Annual Report on Form 10-K filed February 24, 2023\)](#)
- 10.1* [Offer Letter, dated as of May 20, 2025, by and between Zimmer Biomet Holdings, Inc. and Kevin Thornal \(incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed May 27, 2025\)](#)
- 10.2* [Employee Non-Disclosure, Trade Secret and Intellectual Property Agreement, dated as of May 24, 2025, by and between Zimmer Biomet Holdings, Inc. and Kevin Thornal \(incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed May 27, 2025\)](#)
- 10.3* [Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan \(as amended on May 29, 2025\) \(incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on June 3, 2025\)](#)
- 10.4 [Five-Year Revolving Credit Agreement, dated as of June 27, 2025, among Zimmer Biomet Holdings, Inc., the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent \(incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on June 30, 2025\)](#)
- 10.5 [364-Day Revolving Credit Agreement, dated as of June 27, 2025, among Zimmer Biomet Holdings, Inc., the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent \(incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on June 30, 2025\)](#)
- 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
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

+ 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 Securities Exchange Act of 1934, as amended, for any document so furnished.

* Management contract or compensatory plan or arrangement.

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: August 7, 2025

By: /s/ Suketu Upadhyay
Suketu Upadhyay
Chief Financial Officer and Executive Vice President - Finance,
Operations and Supply Chain
(Principal Financial Officer)

Date: August 7, 2025

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

**Subsidiaries of Zimmer Biomet Holdings, Inc.
As of June 30, 2025**

<u>Name of Subsidiary</u>¹	<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
OrthoGrid Systems, Inc.	Delaware
Paragon 28, Inc.	Delaware
Paragon Advanced Technologies, Inc.	Delaware
Medtech Surgical, Inc.	Delaware
ReLign Corporation	Delaware
Saphena Medical, Inc.	Delaware
ZB Manufacturing, 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:

Biomet Argentina SA	Argentina
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
3102910623 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	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 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 Comp Ltd.	Israel
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 Kikaku G.K.	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. (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.	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 Ltd.	United Kingdom
Paragon 28 UK, LTD	United Kingdom
ZB EMEA Finance UK 1 Ltd.	United Kingdom
ZB EMEA Finance UK 2 Ltd.	United Kingdom
ZB EMEA Finance UK 3 Ltd.	United Kingdom
ZB UK Group Holdings Limited	United Kingdom
ZB UK Plant Holdings Limited	United Kingdom
Zimmer Biomet UK Ltd.	United Kingdom
Zimmer Trustee Ltd.	United Kingdom
Zimmer Pte. Ltd., The Representative Office of Zimmer Pte. Ltd. in Hanoi City (branch)	Vietnam

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

**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: August 7, 2025

/s/ Ivan Tornos

Ivan Tornos

President and Chief Executive Officer

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

I, Suketu Upadhyay, certify that:

1. I have reviewed this 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: August 7, 2025

/s/ Suketu Upadhyay

Suketu Upadhyay

*Chief Financial Officer and Executive Vice President -
Finance, Operations and Supply Chain*

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

In connection with the Quarterly Report on Form 10-Q of Zimmer Biomet Holdings, Inc. (the "Company") for the period ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Ivan Tornos

Ivan Tornos

President and Chief Executive Officer

August 7, 2025

/s/ Suketu Upadhyay

Suketu Upadhyay

*Chief Financial Officer and Executive Vice President -
Finance, Operations and Supply Chain*

August 7, 2025
