

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, 2020

or

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

For the transition period from _____ to _____

Commission File No. 001-35621

GLOBUS MEDICAL, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation or organization)

04-3744954

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

2560 General Armistead Avenue, Audubon, PA 19403

(Address of principal executive offices) (Zip Code)

(610) 930-1800

(Registrant's telephone number, including Area Code)

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

Title of each class	Trading Symbols	Name of exchange on which registered
Class A Common Stock, par value \$.001 per share	GMED	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files):

Yes No

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

Large Accelerated Filer Accelerated Filer Non-accelerated Filer Smaller Reporting Company Emerging Growth Company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes No

The number of shares outstanding of the issuer's common stock (par value \$0.001 per share) as of August 3, 2020 was 97,781,223 shares.

GLOBUS MEDICAL, INC. AND SUBSIDIARIES
TABLE OF CONTENTS

	Page
<u>PART I.</u>	<u>FINANCIAL INFORMATION</u>
<u>Item 1.</u>	<u>Financial Statements</u>
	<u>Condensed Consolidated Balance Sheets (Unaudited)</u> <u>June 30, 2020 and December 31, 2019</u>
	3
	<u>Condensed Consolidated Statements of Income (Unaudited)</u> <u>Three and six months ended June 30, 2020 and June 30, 2019</u>
	4
	<u>Condensed Consolidated Statements of Comprehensive Income (Unaudited)</u> <u>Three and six months ended June 30, 2020 and June 30, 2019</u>
	5
	<u>Condensed Consolidated Statements of Equity (Unaudited)</u> <u>Three and six months ended June 30, 2020 and June 30, 2019</u>
	6
	<u>Condensed Consolidated Statements of Cash Flows (Unaudited)</u> <u>Six months ended June 30, 2020 and June 30, 2019</u>
	7
	<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>
	8
<u>Item 2.</u>	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>
	23
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
	33
<u>Item 4.</u>	<u>Controls and Procedures</u>
	33
<u>PART II.</u>	<u>OTHER INFORMATION</u>
	34
<u>Item 1.</u>	<u>Legal Proceedings</u>
	34
<u>Item 1A.</u>	<u>Risk Factors</u>
	34
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>
	34
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>
	35
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>
	35
<u>Item 5.</u>	<u>Other Information</u>
	35
<u>Item 6.</u>	<u>Exhibits</u>
	35
	<u>SIGNATURES</u>
	37

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GLOBUS MEDICAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>(In thousands, except par value)</i>	June 30, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash, cash equivalents, and restricted cash	\$ 165,554	\$ 195,724
Short-term marketable securities	151,181	115,763
Accounts receivable, net of allowances of \$8,117 and \$5,599, respectively	132,092	154,326
Inventories	224,457	196,314
Prepaid expenses and other current assets	19,625	17,243
Income taxes receivable	3,982	8,098
Total current assets	696,891	687,468
Property and equipment, net of accumulated depreciation of \$257,885 and \$243,732, respectively	211,902	199,841
Long-term marketable securities	319,483	409,514
Intangible assets, net	85,226	78,812
Goodwill	129,184	128,775
Other assets	21,070	21,741
Deferred income taxes	2,046	5,926
Total assets	\$ 1,465,802	\$ 1,532,077
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 27,715	\$ 24,614
Accrued expenses	69,243	63,283
Income taxes payable	1,990	1,057
Business acquisition liabilities	665	6,727
Deferred revenue	6,513	5,402
Payable to broker	-	10,320
Total current liabilities	106,126	111,403
Business acquisition liabilities, net of current portion	3,551	2,822
Deferred income taxes	5,046	6,023
Other liabilities	14,164	9,377
Total liabilities	128,887	129,625
Commitments and contingencies (Note 12)		
Equity:		
Class A common stock; \$0.001 par value. Authorized 500,000 shares; issued and outstanding 75,327 and 77,395 shares at June 30, 2020 and December 31, 2019, respectively	75	77
Class B common stock; \$0.001 par value. Authorized 275,000 shares; issued and outstanding 22,430 and 22,430 shares at June 30, 2020 and December 31, 2019, respectively	22	22
Additional paid-in capital	387,611	357,320
Accumulated other comprehensive income (loss)	1,298	(2,898)
Retained earnings	947,909	1,047,931
Total equity	1,336,915	1,402,452
Total liabilities and equity	\$ 1,465,802	\$ 1,532,077

See accompanying notes to unaudited condensed consolidated financial statements.

GLOBUS MEDICAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

<i>(In thousands, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Sales	\$ 148,922	\$ 194,539	\$ 339,499	\$ 377,486
Cost of goods sold	<u>50,643</u>	<u>43,990</u>	<u>99,507</u>	<u>85,828</u>
Gross profit	<u>98,279</u>	<u>150,549</u>	<u>239,992</u>	<u>291,658</u>
Operating expenses:				
Research and development	39,455	15,746	54,857	30,069
Selling, general and administrative	80,019	88,379	173,558	174,163
Provision for litigation	197	—	197	—
Amortization of intangibles	4,115	3,449	7,891	6,792
Acquisition related costs	56	106	604	685
Total operating expenses	<u>123,842</u>	<u>107,680</u>	<u>237,107</u>	<u>211,709</u>
Operating income/(loss)	(25,563)	42,869	2,885	79,949
Other income, net				
Interest income/(expense), net	3,590	4,417	7,914	8,576
Foreign currency transaction gain/(loss)	(168)	(210)	(636)	(22)
Other income/(expense)	199	17	393	241
Total other income/(expense), net	<u>3,621</u>	<u>4,224</u>	<u>7,671</u>	<u>8,795</u>
Income/(loss) before income taxes	(21,942)	47,093	10,556	88,744
Income tax provision	<u>(1,105)</u>	<u>8,930</u>	<u>5,444</u>	<u>17,370</u>
Net income/(loss)	<u>\$ (20,837)</u>	<u>\$ 38,163</u>	<u>\$ 5,112</u>	<u>\$ 71,374</u>
Earnings per share:				
Basic	<u>\$ (0.21)</u>	<u>\$ 0.39</u>	<u>\$ 0.05</u>	<u>\$ 0.72</u>
Diluted	<u>\$ (0.21)</u>	<u>\$ 0.38</u>	<u>\$ 0.05</u>	<u>\$ 0.70</u>
Weighted average shares outstanding:				
Basic	97,509	99,023	98,572	98,875
Dilutive stock options	—	2,559	2,420	2,600
Diluted	<u>97,509</u>	<u>101,582</u>	<u>100,992</u>	<u>101,475</u>
Anti-dilutive stock options excluded from weighted average calculation	11,680	5,021	6,645	4,854

See accompanying notes to unaudited condensed consolidated financial statements.

GLOBUS MEDICAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

<i>(In thousands)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net income/(loss)	\$ (20,837)	\$ 38,163	\$ 5,112	\$ 71,374
Other comprehensive income/(loss):				
Unrealized gain/(loss) on marketable securities, net of tax	6,897	1,984	3,055	3,783
Foreign currency translation gain/(loss)	667	1,768	1,141	1,661
Total other comprehensive income/(loss)	<u>7,564</u>	<u>3,752</u>	<u>4,196</u>	<u>5,444</u>
Comprehensive income/(loss)	<u>\$ (13,273)</u>	<u>\$ 41,915</u>	<u>\$ 9,308</u>	<u>\$ 76,818</u>

See accompanying notes to unaudited condensed consolidated financial statements.

GLOBUS MEDICAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)

<i>(In thousands)</i>	Class A Common Stock		Class B Common Stock		Additional paid-in capital	Accumulated other comprehensive income/(loss)	Retained earnings	Total
	Shares	\$	Shares	\$				
Balance at December 31, 2019	77,394	\$ 77	22,431	\$ 22	\$ 357,320	\$ (2,898)	\$ 1,047,931	\$ 1,402,452
Cumulative effects of adoption of accounting standards	—	—	—	—	—	—	(468)	(468)
Stock-based compensation	—	—	—	—	6,902	—	—	6,902
Exercise of stock options	190	1	—	—	5,762	—	—	5,763
Comprehensive income/(loss)	—	—	—	—	—	(3,368)	25,949	22,581
Repurchase and retirement of common stock	(1,920)	(2)	—	—	—	—	(73,862)	(73,864)
Balance at March 31, 2020	75,664	\$ 76	22,431	\$ 22	\$ 369,984	\$ (6,266)	\$ 999,550	\$ 1,363,366
Stock-based compensation	—	—	—	—	7,426	—	—	7,426
Exercise of stock options	434	—	(1)	—	10,201	—	—	10,201
Comprehensive income/(loss)	—	—	—	—	—	7,564	(20,837)	(13,273)
Repurchase and retirement of common stock	(771)	(1)	—	—	—	—	(30,804)	(30,805)
Balance at June 30, 2020	75,327	\$ 75	22,430	\$ 22	\$ 387,611	\$ 1,298	\$ 947,909	\$ 1,336,915

<i>(In thousands)</i>	Class A Common Stock		Class B Common Stock		Additional paid-in capital	Accumulated other comprehensive income/(loss)	Retained earnings	Total
	Shares	\$	Shares	\$				
Balance at December 31, 2018	76,144	\$ 76	22,431	\$ 22	\$ 299,869	\$ (7,172)	\$ 892,721	\$ 1,185,516
Stock-based compensation	—	—	—	—	6,541	—	—	6,541
Exercise of stock options	407	1	—	—	10,255	—	(1)	10,255
Comprehensive income/(loss)	—	—	—	—	—	1,692	33,210	34,902
Balance at March 31, 2019	76,551	\$ 77	22,431	\$ 22	\$ 316,665	\$ (5,480)	\$ 925,930	\$ 1,237,214
Stock-based compensation	—	—	—	—	6,381	—	—	6,381
Exercise of stock options	96	—	—	—	2,015	—	1	2,016
Comprehensive income/(loss)	—	—	—	—	—	3,752	38,163	41,915
Balance at June 30, 2019	76,647	\$ 77	22,431	\$ 22	\$ 325,061	\$ (1,728)	\$ 964,094	\$ 1,287,526

See accompanying notes to unaudited condensed consolidated financial statements.

GLOBUS MEDICAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<i>(In thousands)</i>	Six Months Ended	
	June 30,	
	2020	2019
Cash flows from operating activities:		
Net income	\$ 5,112	\$ 71,374
Adjustments to reconcile net income to net cash provided by operating activities:		
Acquired in-process research and development	24,418	—
Depreciation and amortization	29,669	25,113
Amortization of premium (discount) on marketable securities	104	(736)
Write-down for excess and obsolete inventories	7,216	2,468
Stock-based compensation expense	14,118	12,749
Allowance for doubtful accounts	2,455	1,229
Change in fair value of business acquisition liabilities	463	579
Change in deferred income taxes	(1,127)	1,424
(Gain)/loss on disposal of assets, net	625	295
(Increase)/decrease in:		
Accounts receivable	19,306	(6,532)
Inventories	(34,371)	(28,094)
Prepaid expenses and other assets	(2,875)	(2,933)
Increase/(decrease) in:		
Accounts payable	2,974	(901)
Accrued expenses and other liabilities	(7,756)	(8,744)
Income taxes payable/receivable	5,030	(5,491)
Net cash provided by operating activities	65,361	61,800
Cash flows from investing activities:		
Purchases of marketable securities	(57,418)	(210,606)
Maturities of marketable securities	88,383	161,568
Sales of marketable securities	17,405	25,490
Purchases of property and equipment	(32,270)	(42,895)
Acquisition of businesses, net of cash acquired and purchases of intangible and other assets	(21,991)	(24,135)
Net cash used in investing activities	(5,891)	(90,578)
Cash flows from financing activities:		
Payment of business acquisition liabilities	(853)	(5,633)
Proceeds from exercise of stock options	15,964	12,268
Repurchase of common stock	(104,669)	—
Net cash used in/provided by financing activities	(89,558)	6,635
Effect of foreign exchange rate on cash	(82)	186
Net increase/(decrease) in cash, cash equivalents, and restricted cash	(30,170)	(21,957)
Cash, cash equivalents, and restricted cash at beginning of period	195,724	139,747
Cash, cash equivalents, and restricted cash at end of period	\$ 165,554	\$ 117,790
Supplemental disclosures of cash flow information:		
Interest paid	7	4
Income taxes paid	\$ 2,147	\$ 23,975

See accompanying notes to unaudited condensed consolidated financial statements.

GLOBUS MEDICAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) The Company

Globus Medical, Inc., together with its subsidiaries, is a medical device company that develops and commercializes healthcare solutions whose mission is to improve the quality of life of patients with musculoskeletal disorders. We are primarily focused on implants that promote healing in patients with musculoskeletal disorders, including the use of a robotic guidance and navigation system and products to treat patients who have experienced orthopedic traumas.

We are an engineering-driven company with a history of rapidly developing and commercializing advanced products and procedures to assist surgeons in effectively treating their patients and address new treatment options. With over 210 products on the market, we offer a comprehensive portfolio of innovative and differentiated technologies that address a variety of musculoskeletal pathologies, anatomies, and surgical approaches.

We are headquartered in Audubon, Pennsylvania, and market and sell our products through our exclusive sales force in the United States, as well as within North, Central & South America, Europe, Asia, Africa and Australia. The sales force consists of direct sales representatives and distributor sales representatives employed by exclusive independent distributors.

The terms the “Company,” “Globus,” “we,” “us” and “our” refer to Globus Medical, Inc. and, where applicable, our consolidated subsidiaries.

(b) COVID-19 Pandemic Impact

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. The pandemic has significantly impacted the economic conditions in the U.S. and globally as federal, state and local governments react to the public health crisis, creating significant uncertainties in the economy. While emergency and time-sensitive surgical procedures continue, as of the date of this filing, the Company has been impacted by temporary postponement of elective surgeries in hospitals and surgical facilities worldwide.

The Company cannot reasonably estimate the length or severity of this pandemic, however, as a result of these developments the Company expects a material adverse impact on its sales, results of operations, and cash flows in the remainder of fiscal 2020, and potentially fiscal 2021.

In response to these developments, the Company will continue to monitor liquidity and cash flow.

(c) Basis of Presentation

The accompanying interim unaudited condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial statements and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain information and footnote disclosures normally included in complete financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). As such, the information included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying footnotes included in our Annual Report on Form 10-K for the year ended December 31, 2019.

In the opinion of management, the statements include all adjustments necessary, which are of a normal and recurring nature, for the fair presentation of our financial position and of the results for the three and six month periods presented. The results of operations for any interim period are not indicative of results for the full year.

(d) Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of Globus and its wholly-owned subsidiaries. All intercompany balances and transactions are eliminated in consolidation.

GLOBUS MEDICAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

(e) Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. We base our estimates, in part, on historical experience that management believes to be reasonable under the circumstances. Actual results could differ from those estimates. Estimates and assumptions are periodically reviewed and the effects of revisions are reflected in the condensed consolidated financial statements in the period they are determined to be necessary.

Significant areas that require management's estimates include intangible assets, business acquisition liabilities, stock-based compensation, write-down for excess and obsolete inventory, useful lives of assets, the outcome of litigation, recoverability of intangible assets and income taxes. We are subject to risks and uncertainties due to changes in the healthcare environment, regulatory oversight, competition, and legislation that may cause actual results to differ from estimated results.

(f) Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows

<i>(In thousands)</i>	June 30, 2020	December 31, 2019	June 30, 2019	December 31, 2018
Cash and cash equivalents	\$ 165,554	\$ 195,474	\$ 117,790	\$ 139,647
Restricted cash	—	250	—	100
Total cash, cash equivalents, and restricted cash as presented in the condensed consolidated statement of cash flows	<u>\$ 165,554</u>	<u>\$ 195,724</u>	<u>\$ 117,790</u>	<u>\$ 139,747</u>

(g) Marketable Securities

Our marketable securities include municipal bonds, corporate debt securities, commercial paper, securities of government, federal agency, and other sovereign obligations, and asset-backed securities, and are classified as available-for-sale as of June 30, 2020 and December 31, 2019. Available-for-sale securities are recorded at fair value in both short-term and long-term marketable securities on our condensed consolidated balance sheets. The change in fair value for available-for-sale securities, that do not result in recognition or reversal of an allowance for credit loss or write-down, is recorded, net of taxes, as a component of accumulated other comprehensive income or loss on our condensed consolidated balance sheets. Premiums and discounts are recognized over the life of the related security as an adjustment to yield using the straight-line method. Realized gains or losses from the sale of our marketable securities are determined on a specific identification basis. Realized gains and losses, along with interest income and the amortization/accretion of premiums/discounts are included as a component of other income/(expense), on our condensed consolidated statements of income. Interest receivable is recorded as a component of prepaid expenses and other current assets on our condensed consolidated balance sheets.

We maintain a portfolio of various holdings, types and maturities, though most of the securities in our portfolio could be liquidated at minimal cost at any time. We invest in securities that meet or exceed standards as defined in our investment policy. Our policy also limits the amount of credit exposure to any one issue, issuer or type of security. We review our securities for other-than-temporary impairment at each reporting period. If an unrealized loss for any security is expected, the loss will be recognized on an allowance basis, consistent with ASC 326-30, in our condensed consolidated statement of income in the period the determination is made.

(h) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a first-in, first-out basis. The majority of our inventories are finished goods and we utilize both in-house manufacturing and third-party suppliers to source our products. We periodically evaluate the carrying value of our inventories in relation to our estimated forecast of product demand, which takes into consideration the estimated life cycle of product releases. When quantities on hand exceed estimated sales forecasts, we record a write-down for such excess inventories. Once inventory has been written down, it creates a new cost basis for inventory that is not subsequently written up.

GLOBUS MEDICAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

During the three months ended June 30, 2020 and 2019, net adjustments to cost of sales related to excess and obsolete inventory were \$6.5 million and \$0.3 million, respectively. The net adjustments for the three months ended June 30, 2020 and 2019 reflect a combination of additional expense for excess and obsolete related provisions (\$8.5 million and \$3.9 million, respectively) offset by sales and disposals (\$2.0 million and \$3.6 million, respectively) of inventory for which an excess and obsolete provision was provided previously through expense recognized in prior periods.

During the six months ended June 30, 2020 and 2019, net adjustments to cost of sales related to excess and obsolete inventory were \$7.2 million and \$2.5 million, respectively. The net adjustments for the six months ended June 30, 2020 and 2019 reflect a combination of additional expense for excess and obsolete related provisions (\$10.9 million and \$6.6 million, respectively) offset by sales and disposals (\$3.7 million and \$4.1 million, respectively) of inventory for which an excess and obsolete provision was provided previously through expense recognized in prior periods.

(i) Property and Equipment

Purchases of property and equipment included in accounts payable and accrued expenses were \$6.2 million and \$4.8 million as of June 30, 2020 and 2019, respectively.

(j) Revenue Recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. Sales and other taxes we collect concurrent with revenue-producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contract are recognized as expense. For purposes of disclosing disaggregated revenue, we disaggregate our revenue into two categories, Musculoskeletal Solutions and Enabling Technologies. Our Musculoskeletal Solutions products consist primarily of the implantable devices, disposables, and unique instruments used in an expansive range of spine, orthopedic trauma, hip, knee and extremity procedures. The majority of our Musculoskeletal Solutions contracts have a single performance obligation and revenue is recognized at a point in time. Our Enabling Technologies products are the advanced hardware and software systems and related technologies that are designed to enhance a surgeon's capabilities and streamline surgical procedures by making them less invasive, more accurate, and more reproducible to improve patient care. The majority of our Enabling Technologies product contracts typically contain multiple performance obligations, including maintenance and support, and revenue is recognized as we fulfill each performance obligation. For contracts with multiple performance obligations, we allocate the contract's transaction price to each performance obligation using our best estimate of the standalone selling price of each distinct good or service in the contract. Our policy is to classify shipping and handling costs billed to customers as sales and the related expenses as cost of goods sold.

Nature of Products and Services

A significant portion of our Musculoskeletal Solutions product revenue is generated from consigned inventory maintained at hospitals or with sales representatives. Revenue from the sale of consigned Musculoskeletal products is recognized when we transfer control, which occurs at the time the product is used or implanted. For all other Musculoskeletal Solutions product transactions, we recognize revenue when we transfer title to the goods, provided there are no remaining performance obligations that will affect the customer's final acceptance of the sale. We use an observable price to determine the stand-alone selling price for the identified performance obligation.

Revenue from the sale of Enabling Technologies products is generally recognized when control transfers to the customer which occurs at the time the product is shipped or delivered. Depending on the terms of the arrangement, we may also defer the recognition of a portion of the consideration received as we have to satisfy a future performance obligation to provide maintenance and support. We use an observable price to determine the stand-alone selling price for each separate performance obligation.

Contract Balances

Timing of revenue recognition may differ from the timing of invoicing to customers. We record a receivable when revenue is recognized prior to invoicing, or deferred revenue when revenue is recognized subsequent to invoicing.

Deferred revenue is comprised mainly of unearned revenue related to the sales of certain Enabling Technologies products, which includes maintenance and support services. Deferred revenue is generally invoiced annually at the beginning of each contract period and recognized ratably over the coverage period. For the three and six months ended June 30, 2020, there was an immaterial amount of revenue recognized from previously deferred revenue.

GLOBUS MEDICAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Disaggregation of Revenue

The following table represents total sales by revenue stream:

<i>(In thousands)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Musculoskeletal Solutions products	\$ 143,480	\$ 182,538	\$ 326,022	\$ 358,296
Enabling Technologies products	5,442	12,001	13,477	19,190
Total sales	<u>\$ 148,922</u>	<u>\$ 194,539</u>	<u>\$ 339,499</u>	<u>\$ 377,486</u>

(k) Recently Issued Accounting Pronouncements

In December 2019, the FASB issued ASU No. 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes (“ASU 2019-12”), which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and related disclosures.

Management does not believe that any other recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the Company’s consolidated financial statements.

(l) Recently Adopted Accounting Pronouncements

In February 2016, the FASB released ASU 2016-02, Leases (Topic 842) (“ASU 2016-02”). Under ASU 2016-02, a right-of-use asset and lease obligation will be recorded for all leases with terms greater than 12 months, whether operating or financing, while the income statement will reflect lease expense for operating leases and amortization/interest expense for financing leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted, and permits modified retrospective method or cumulative-effect adjustment method. We adopted the standard on January 1, 2019, using the cumulative-effect adjustment transition method. As part of the adoption, we elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed carry forward of historical lease classifications. The adoption of this standard did not have a material impact on our financial position and results of operations. See “**Note 13. Leases**” for more detail regarding our disclosures.

In February 2018, the FASB released ASU 2018-02, *Income Statement - Reporting Comprehensive Income (Topic 220), Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* (“ASU 2018-02”). Prior to ASU 2018-02, GAAP required the remeasurement of deferred tax assets and liabilities as a result of a change in tax laws or rates to be presented in net income from continuing operations, even in situations in which the related income tax effects of items in accumulated other comprehensive income were originally recognized in other comprehensive income. As a result, such items, referred to as stranded tax effects, did not reflect the appropriate tax rate. Under ASU 2018-02, entities are permitted, but not required, to reclassify from accumulated other comprehensive income to retained earnings those stranded tax effects resulting from the U.S. legislation commonly referred to as the Tax Cuts and Jobs Act enacted in December 2017. ASU 2018-02 is effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. We adopted ASU 2018-02 on January 1, 2019. Adoption of the standard did not have a material impact on our financial position, results of operations and disclosures.

In June 2018, the FASB released ASU 2018-07, *Compensation—Stock Compensation (Topic 718)*, (“ASU 2018-07”), which expanded the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. ASU 2018-07 specifies that Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor’s own operations by issuing share-based payment awards. This update is effective for public entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. We adopted ASU 2018-07 on January 1, 2019. Adoption of the standard did not have a material impact on our financial position, results of operations, and disclosures.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”). ASU 2016-13 replaces the incurred loss impairment methodology for measuring and recognizing credit losses with a methodology that reflects expected credit losses and requires consideration of a broader range of

GLOBUS MEDICAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

reasonable and supportable information to inform credit loss estimates. This amendment is effective for fiscal years beginning after December 15, 2019. We adopted the updated guidance on January 1, 2020 on a prospective basis recording \$0.5 million as a cumulative effect adjustment to retained earnings and as a result, prior period amounts were not adjusted. Adoption of the standard did not have a material impact on our financial position, results of operations, and disclosures.

In January 2017, the FASB released ASU 2017-04, *Intangibles - Goodwill and Other (Topic 805): Simplifying the Test for Goodwill Impairment* (“ASU 2017-04”), which eliminates the Step 2 calculation for the implied fair value of goodwill to measure a goodwill impairment charge. Under the updated standard, an entity will record an impairment charge based on the excess of a reporting unit’s carrying amount over its fair value. ASU 2017-04 does not change the guidance on completing Step 1 of the goodwill impairment test and still allows an entity to perform the optional qualitative goodwill impairment assessment before determining whether to proceed to Step 1. This update is effective for annual and interim goodwill impairment tests in fiscal years beginning after December 15, 2019 with early adoption permitted for any impairment test performed on testing dates after January 1, 2017. We adopted ASU 2017-04 on January 1, 2020. Adoption of the standard did not have a material impact on our financial position, results of operations, and disclosures.

In August 2018, the FASB released ASU 2018-13, *Fair Value Measurement (Topic 820)*, (“ASU 2018-13”), which modifies the disclosure requirements on fair value measurements in Topic 820, including the consideration of costs and benefits. This update is effective for public entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted. We adopted ASU 2018-13 on January 1, 2020. Adoption of the standard did not have a material impact on our financial position, results of operations, and disclosures.

NOTE 2. ASSET ACQUISITIONS AND BUSINESS COMBINATIONS

Asset Acquisitions

During the second quarter of 2020, the Company acquired Synoste Oy (“Synoste”), a Finnish engineering company that specializes in the research and development of a limb lengthening system. The fair value of the net assets acquired was \$25.3 million, and the consideration consisted of approximately \$22.8 million of cash paid at closing plus \$2.5 million of a contractual holdback obligation payable eighteen months from the closing date of the transaction, subject to net working capital and other post-closing adjustments, if applicable. The contractual holdback obligation is included in Other Liabilities in the Condensed Consolidated Balance Sheet.

The Company accounted for the transaction as an asset acquisition as substantially all of the estimated fair value of the gross assets acquired was concentrated in a single identified asset, in-process research and development (“IPR&D”) of the limb lengthening system, thus satisfying the requirements of the screen test in ASU 2017-1. Acquired IPR&D in the asset acquisition was accounted for in accordance with FASB ASC Topic 730, “Research and Development” (ASC 730). At the date of acquisition, the Company determined that the development of the projects underway at Synoste had not yet reached technological feasibility and that the research in process had no alternative future use. Accordingly, the acquired IPR&D of \$24.4 million was charged to Research and Development expense in the Condensed Consolidated Statements of Income on the acquisition date. The Company also recorded the remaining immaterial identifiable net assets based on their estimated fair values, which primarily consisted of cash and assembled workforce.

The transaction also provides for additional consideration contingent upon the developed product obtaining approval from the U.S. Food and Drug Administration (the “FDA”) of \$8.0 million within the third anniversary, or \$4.0 million within the fourth anniversary of the acquisition closing date, respectively. Contingent consideration is not recorded in an asset acquisition until the milestone is met.

Business Combinations

During the second quarter of 2019, the Company acquired substantially all of the assets of StelKast, Inc. (the “StelKast Acquisition”), a privately held company that designs, manufactures and distributes orthopedic implants for knee and hip replacement surgeries. The Company has included the financial results from the StelKast Acquisition in our condensed financial statements from the acquisition date, and the results from the StelKast Acquisition were not material to our condensed financial statements. At the acquisition date, the fair value of the net assets acquired was \$28.1 million, which consisted of approximately \$23.8 million of cash paid at closing, plus a potential \$4.3 million contingent consideration payment based on product sales milestones. The Company recorded identifiable net assets, based on their estimated fair values, related to inventory of \$15.3 million, fixed assets of \$4.2 million and customer relationships of \$3.9 million and goodwill of \$4.7 million.

[Table of Contents](#)
GLOBUS MEDICAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

As of June 30, 2020, the contingent consideration payable related to this acquisition is \$5.0 million, which was paid in July 2020.

NOTE 3. GOODWILL AND INTANGIBLE ASSETS

A summary of intangible assets is presented below:

	June 30, 2020			
<i>(In thousands)</i>	Weighted Average Amortization Period (in years)	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, net
Supplier network	10.0	\$ 4,000	\$ (2,267)	\$ 1,733
Customer relationships & other intangibles	7.0	47,703	(27,650)	20,053
Developed technology	8.0	71,270	(14,321)	56,949
Patents	16.1	8,798	(2,307)	6,491
Total intangible assets		\$ 131,771	\$ (46,545)	\$ 85,226

Due to the completion of contractual milestones related to the 2018 acquisition of Nemaris, in the first quarter of 2020, \$13.0 million was capitalized to Developed technology and began to be amortized over a period of 5.4 years.

	December 31, 2019			
<i>(In thousands)</i>	Weighted Average Amortization Period (in years)	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, net
Supplier network	10.0	4,000	(2,067)	1,933
Customer relationships & other intangibles	7.0	46,766	(24,264)	22,502
Developed technology	8.6	57,577	(10,189)	47,388
Patents	16.0	8,662	(1,673)	6,989
Total intangible assets		\$ 117,005	\$ (38,193)	\$ 78,812

A summary of the net carrying value of goodwill is presented below:

<i>(In thousands)</i>		
December 31, 2018	\$	123,734
Additions and adjustments		4,817
Foreign exchange		224
December 31, 2019		128,775
Additions and adjustments		(123)
Foreign exchange		532
June 30, 2020	\$	129,184

GLOBUS MEDICAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

NOTE 4. MARKETABLE SECURITIES

The composition of our short-term and long-term marketable securities is as follows:

June 30, 2020					
<i>(In thousands)</i>	Contractual Maturity (in years)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term:					
Municipal bonds	Less than 1	\$ 26,659	\$ 220	\$ —	\$ 26,879
Corporate debt securities	Less than 1	93,978	909	(6)	94,881
Commercial paper	Less than 1	7,949	44	—	7,993
Asset-backed securities	Less than 1	12,240	118	(11)	12,347
Government, federal agency, and other sovereign obligations	Less than 1	8,977	104	—	9,081
Total short-term marketable securities		\$ 149,803	\$ 1,395	\$ (17)	\$ 151,181
Long-term:					
Municipal bonds	1 - 3	\$ 26,174	\$ 475	\$ —	\$ 26,649
Corporate debt securities	1 - 3	134,534	4,017	(1)	138,550
Asset-backed securities	1 - 3	148,037	2,789	—	150,826
Government, federal agency, and other sovereign obligations	1 - 2	3,399	59	—	3,458
Total long-term marketable securities		\$ 312,144	\$ 7,340	\$ (1)	\$ 319,483
December 31, 2019					
<i>(In thousands)</i>	Contractual Maturity (in years)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term:					
Municipal bonds	Less than 1	\$ 7,840	\$ 23	\$ (1)	\$ 7,862
Corporate debt securities	Less than 1	69,091	247	(3)	69,335
Commercial paper	Less than 1	34,747	6	(1)	34,752
Asset-backed securities	Less than 1	3,808	6	—	3,814
Total short-term marketable securities		\$ 115,486	\$ 282	\$ (5)	\$ 115,763
Long-term:					
Municipal bonds	1 - 3	\$ 45,010	\$ 254	\$ (8)	\$ 45,256
Corporate debt securities	1 - 3	186,356	2,578	(5)	188,929
Asset-backed securities	1 - 3	161,347	1,583	(33)	162,897
Government, federal agency, and other sovereign obligations	1 - 2	12,366	66	—	12,432
Total long-term marketable securities		\$ 405,079	\$ 4,481	\$ (46)	\$ 409,514

NOTE 5. FAIR VALUE MEASUREMENTS

Under the accounting for fair value measurements and disclosures, fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or the liability in an orderly transaction between market participants on the measurement date. Additionally, a fair value hierarchy was established that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. The level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

GLOBUS MEDICAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Our assets and liabilities measured at fair value on a recurring basis are classified and disclosed in one of the following three categories:

Level 1—quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2—observable inputs other than quoted prices in active markets for identical assets and liabilities; and

Level 3—unobservable inputs in which there is little or no market data available, which require the reporting entity to use significant unobservable inputs or valuation techniques.

The fair value of our assets and liabilities measured at fair value on a recurring basis was as follows:

<i>(In thousands)</i>	<u>Balance at June 30, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets				
Cash equivalents	\$ 58,863	\$ 58,863	\$ —	\$ —
Municipal bonds	53,528	—	53,528	—
Corporate debt securities	233,431	—	233,431	—
Commercial paper	7,993	—	7,993	—
Asset-backed securities	163,173	—	163,173	—
Government, federal agency, and other sovereign obligations	12,539	—	12,539	—
Liabilities				
Business acquisition liabilities	4,216	—	—	4,216

<i>(In thousands)</i>	<u>Balance at December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets				
Cash equivalents	\$ 18,218	\$ 4,988	\$ 13,230	\$ —
Municipal bonds	53,118	—	53,118	—
Corporate debt securities	258,264	—	258,264	—
Commercial paper	34,752	—	34,752	—
Asset-backed securities	166,711	—	166,711	—
Government, federal agency, and other sovereign obligations	12,432	—	12,432	—
Liabilities				
Business acquisition liabilities	9,549	—	—	9,549

Our marketable securities are classified as Level 2 within the fair value hierarchy, as we measure their fair value using market prices for similar instruments and inputs such as actual trade data, benchmark yields, broker/dealer quotes and other similar data obtained from quoted market prices or independent pricing vendors.

Assets and Liabilities That Are Measured at Fair Value on a Nonrecurring Basis

The purchase price of business acquisitions is primarily allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values on the acquisition dates, with the excess recorded as goodwill. We utilize Level 3 inputs in the determination of the initial fair value. Non-financial assets such as goodwill, intangible assets, and property, plant, and equipment are subsequently measured at fair value when there is an indicator of impairment and recorded at fair value only when an impairment is recognized. We assess the impairment of intangible assets annually or whenever events or changes in circumstances indicate that the carrying amount of an intangible asset may not be recoverable. The fair value of our goodwill and intangible assets is not estimated if there is no change in events or circumstances that indicate the carrying amount of an intangible asset may not be recoverable.

Contingent consideration represents our contingent milestone, performance and revenue-sharing payment obligations related to our acquisitions and is measured at fair value, based on significant inputs not observable in the market, which represents a Level 3

[Table of Contents](#)
GLOBUS MEDICAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

measurement within the fair value hierarchy. The valuation of contingent consideration uses assumptions we believe would be made by a market participant. We assess these estimates on an ongoing basis as additional data impacting the assumptions is obtained. The balances of the fair value of contingent consideration are recognized within business acquisition liabilities on our condensed consolidated balance sheets, and the changes in the fair value of contingent consideration are recognized within acquisition related costs in the condensed consolidated statements of income.

The recurring Level 3 fair value measurements of our business acquisition liabilities include the following significant unobservable inputs, which have not materially changed since December 31, 2019, exclusive of the contractual payable reclassification to Accrued Expenses in the Condensed Consolidated Balance Sheet:

<i>(In thousands)</i>	Fair Value at June 30, 2020	Valuation technique	Unobservable input	Range
			Discount rate	8.5%
Revenue-based payments	\$ 4,216	Discounted cash flow	Probability of payment	75% - 100%
			Projected year of payment	2020 - 2029

The following table provides a reconciliation of the beginning and ending balances of business acquisition liabilities:

<i>(In thousands)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Beginning balance	\$ 9,489	\$ 5,289	\$ 9,549	\$ 10,118
Purchase price contingent consideration	—	4,298	—	4,298
Changes resulting from foreign currency fluctuations	—	—	—	(58)
Contingent payments	(287)	(283)	(853)	(5,633)
Changes in fair value of business acquisition liabilities	(43)	—	463	579
Contractual payable reclassification	(4,943)	—	(4,943)	—
Ending balance	<u>\$ 4,216</u>	<u>\$ 9,304</u>	<u>\$ 4,216</u>	<u>\$ 9,304</u>

NOTE 6. INVENTORIES

<i>(In thousands)</i>	June 30, 2020	December 31, 2019
Raw materials	\$ 35,208	\$ 33,025
Work in process	20,655	15,940
Finished goods	168,594	147,349
Total inventories	<u>\$ 224,457</u>	<u>\$ 196,314</u>

NOTE 7. ACCRUED EXPENSES

<i>(In thousands)</i>	June 30, 2020	December 31, 2019
Compensation and other employee-related costs	\$ 30,224	\$ 37,178
Contractual payable ⁽¹⁾	14,943	—
Legal and other settlements and expenses	2,258	1,538
Accrued non-income taxes	4,826	4,996
Royalties	1,893	2,370
Other	15,099	17,201
Total accrued expenses	<u>\$ 69,243</u>	<u>\$ 63,283</u>

⁽¹⁾ The contractual payable includes \$10.0 million related to the Nemaris acquisition milestone payment and \$4.9 million related to the StelKast acquisition milestone payment, which are recorded in intangible assets and accrued liabilities as a non-cash financing activity on the Condensed Consolidated Statement of Cash Flows as of the six months ended June 30, 2020.

GLOBUS MEDICAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

NOTE 8. DEBT**Line of Credit**

In May 2011, we entered into a credit agreement with Wells Fargo Bank related to a revolving credit facility that provides for borrowings up to \$50.0 million. In June 2018, we amended the credit agreement to increase the revolving credit facility amount from \$50.0 million to \$125.0 million. At our request, and with the approval of the bank, the amount of borrowings available under the revolving credit facility can be increased to \$150.0 million. The revolving credit facility includes up to a \$25.0 million sub-limit for letters of credit. As amended to date, the revolving credit facility with Wells Fargo Bank expired in May 2020. The Company is currently negotiating and intends to enter into a new credit agreement with another institution in the near term.

NOTE 9. EQUITY**Stock Repurchases**

Under the current stock repurchase plan, announced on March 11, 2020, the Company is authorized to repurchase up to \$200 million of the Company's Class A common stock. As of June 30, 2020, \$95.3 million of this authorization is remaining. The timing and actual number of shares repurchased will depend on various factors including price, corporate and regulatory requirements, debt covenant requirements, alternative investment opportunities and other market conditions. We continue to expect funding of share repurchases will come from operating cash flows and excess cash.

Shares repurchased by the Company are accounted for under the constructive retirement method, in which the shares repurchased, are immediately retired, as there is no plan to reissue. The Company made an accounting policy election to charge the excess of repurchase price over par value entirely to retained earnings.

The following table summarizes the activity related to share repurchases:

(In thousands except for per share prices)

Period	Total number of shares repurchased	Average Price Paid per Share	Dollar amount of shares repurchased ⁽¹⁾	Approximate dollar value of shares that may yet be purchased under the plan
January 1, 2020 - March 31, 2020	1,920	\$ 38.49	\$ 73,902	\$ 126,098
April 1, 2020 - June 30, 2020	771	39.95	30,804	95,294
January 1, 2020 - June 30, 2020	<u>2,691</u>	<u>\$ 38.91</u>	<u>\$ 104,706</u>	

⁽¹⁾ Inclusive of an immaterial amount of commission fees

Common Stock

Our amended and restated Certificate of Incorporation provides for a total of 775,000,000 authorized shares of common stock. Of the authorized number of shares of common stock, 500,000,000 shares are designated as Class A common stock ("Class A Common"), and 275,000,000 shares are designated as Class B common stock ("Class B Common").

Each share of our Class B common stock is convertible at any time at the option of the holder into one share of our Class A common stock. In addition, each share of our Class B common stock will convert automatically into one share of our Class A common stock upon any transfer, whether or not for value, except for permitted transfers. For more details relating to the conversion of our Class B common stock please see "Exhibit 4.2, Description of Securities of the Registrant filed with our amended Form 10-K on March 2, 2020."

GLOBUS MEDICAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Our issued and outstanding common shares by Class were as follows:

<i>(Shares)</i>	Class A Common	Class B Common	Total
June 30, 2020	75,326,718	22,430,097	97,756,815
December 31, 2019	77,394,983	22,430,097	99,825,080

Accumulated Other Comprehensive Income (Loss)

The tables below present the changes in each component of accumulated other comprehensive income/(loss), including current period other comprehensive income/(loss) and reclassifications out of accumulated other comprehensive income/(loss):

<i>(In thousands)</i>	Unrealized gain/(loss) on marketable securities, net of tax	Foreign currency translation adjustments	Accumulated other comprehensive loss
Accumulated other comprehensive loss, net of tax, at December 31, 2019	\$ 3,599	\$ (6,497)	\$ (2,898)
Other comprehensive (loss)/income before reclassifications	4,004	1,141	5,145
Amounts reclassified from accumulated other comprehensive income, net of tax	(949)	—	(949)
Other comprehensive (loss)/income, net of tax	3,055	1,141	4,196
Accumulated other comprehensive loss, net of tax, at June 30, 2020	<u>\$ 6,654</u>	<u>\$ (5,356)</u>	<u>\$ 1,298</u>

<i>(In thousands)</i>	Unrealized gain/(loss) on marketable securities, net of tax	Foreign currency translation adjustments	Accumulated other comprehensive loss
Accumulated other comprehensive loss, net of tax, at December 31, 2018	\$ (168)	\$ (7,004)	\$ (7,172)
Other comprehensive (loss)/income before reclassifications	4,947	1,661	6,608
Amounts reclassified from accumulated other comprehensive income, net of tax	(1,164)	—	(1,164)
Other comprehensive (loss)/income, net of tax	3,783	1,661	5,444
Accumulated other comprehensive loss, net of tax, at June 30, 2019	<u>\$ 3,615</u>	<u>\$ (5,343)</u>	<u>\$ (1,728)</u>

NOTE 10. STOCK-BASED COMPENSATION

We have three stock plans: our Amended and Restated 2003 Stock Plan, our 2008 Stock Plan, and our 2012 Equity Incentive Plan (the “2012 Plan”). The 2012 Plan is the only remaining active stock plan. The purpose of these stock plans was, and the 2012 Plan is, to provide incentive to employees, directors, and consultants of Globus. The Plans are administered by the Board of Directors of Globus (the “Board”) or its delegates. The number, type of option, exercise price, and vesting terms are determined by the Board or its delegates in accordance with the terms of the Plans. The options granted expire on a date specified by the Board, but generally not more than ten years from the grant date. Option grants to employees generally vest in varying installments over a four-year period.

The 2012 Plan was approved by our Board in March 2012, and by our stockholders in June 2012. Under the 2012 Plan, the aggregate number of shares of Class A Common stock that may be issued subject to options and other awards is equal to the sum of (i) 3,076,923 shares, (ii) any shares available for issuance under the 2008 Plan as of March 13, 2012, (iii) any shares underlying awards outstanding under the 2008 Plan as of March 13, 2012 that, on or after that date, are forfeited, terminated, expired or lapse for any reason, or are settled for cash without delivery of shares and (iv) starting January 1, 2013, an annual increase in the number of shares available under the 2012 Plan equal to up to 3% of the number of shares of our common and preferred stock outstanding at the end of the previous year, as determined by our Board. The number of shares that may be issued or transferred pursuant to incentive stock options under the 2012 Plan is limited to 10,769,230 shares. The shares of Class A Common stock issuable under the 2012 Plan include authorized but unissued shares, treasury shares or shares of common stock purchased on the open market.

As of June 30, 2020, pursuant to the 2012 Plan, there were 17,899,947 shares of Class A Common stock reserved and 2,135,639 shares of Class A Common stock available for future grants.

GLOBUS MEDICAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

The weighted average grant date fair value per share of the options awarded to employees were as follows:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Weighted average grant date fair value per share	\$ 12.42	\$ 13.00	\$ 14.29	\$ 13.65

Stock option activity during the six months ended June 30, 2020 is summarized as follows:

	Option Shares (thousands)	Weighted average exercise price	Weighted average remaining contractual life (years)	Aggregate intrinsic value (thousands)
Outstanding at December 31, 2019	10,650	\$ 35.80		
Granted	1,882	52.31		
Exercised	(624)	25.49		
Forfeited	(228)	46.05		
Outstanding at June 30, 2020	11,680	\$ 38.80	7.3	\$ 119,873
Exercisable at June 30, 2020	5,616	\$ 30.69	6.1	\$ 96,839
Expected to vest at June 30, 2020	6,064	\$ 46.33	8.5	\$ 23,034

The intrinsic value of stock options exercised and the compensation cost related to stock options granted to employees and non-employees under our stock plans was as follows:

<i>(In thousands)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Intrinsic value of stock options exercised	\$ 12,676	\$ 2,260	\$ 16,157	\$ 10,684
Stock-based compensation expense	\$ 7,311	\$ 6,297	\$ 14,118	\$ 12,749
Net stock-based compensation capitalized into inventory	115	84	210	175
Total stock-based compensation cost	\$ 7,426	\$ 6,381	\$ 14,328	\$ 12,924

As of June 30, 2020, there was \$69.4 million of unrecognized compensation expense related to unvested employee stock options that are expected to vest over a weighted average period of three years.

NOTE 11. INCOME TAXES

In computing our income tax provision, we make certain estimates and management judgments, such as estimated annual taxable income or loss, annual effective tax rate, the nature and timing of permanent and temporary differences between taxable income for financial reporting and tax reporting, and the recoverability of deferred tax assets. Our estimates and assumptions may change as new events occur, additional information is obtained, or as the tax environment changes. Should facts and circumstances change during a quarter causing a material change to the estimated effective income tax rate, a cumulative adjustment is recorded.

The following table provides a summary of our effective tax rate:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Effective income tax rate	5.0%	19.0%	51.6%	19.6%

GLOBUS MEDICAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

The change in the effective income tax rates for the three and six month periods ended June 30, 2020 and 2019 is primarily a result of the non-tax-deductible expense of acquired IPR&D of \$24.4 million, and tax benefits due to an increase in stock option exercises in the current year.

NOTE 12. COMMITMENTS AND CONTINGENCIES

We are involved in a number of proceedings, legal actions, and claims arising in the ordinary course of business. Such matters are subject to many uncertainties, and the outcomes of these matters are not within our control and may not be known for prolonged periods of time. In some actions, the claimants seek damages, as well as other relief, including injunctions prohibiting us from engaging in certain activities, which, if granted, could require significant expenditures and/or result in lost revenues. We record a liability in the condensed consolidated financial statements for these actions when a loss is known or considered probable and the amount 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. If a loss is reasonably possible but not known or probable, and can be reasonably estimated, the estimated loss or range of loss is disclosed. In most cases, significant judgment is required to estimate the amount and timing of a loss to be recorded. While it is not possible to predict the outcome for most of the matters discussed, we believe it is possible that costs associated with them could have a material adverse impact on our consolidated earnings, financial position or cash flows.

L5 Litigation

In December 2009, we filed suit in the Court of Common Pleas of Montgomery County, Pennsylvania against our former exclusive independent distributor L5 Surgical, LLC and its principals, seeking an injunction and declaratory judgment concerning certain restrictive covenants made to L5 by its sales representatives. L5 brought counterclaims against us alleging tortious interference, unfair competition and conspiracy. The injunction phase was resolved in September 2010 and the remaining claims were fully resolved through settlement by the parties on February 6, 2019.

Moskowitz Family LLC Litigation

On November 20, 2019, Moskowitz Family LLC filed suit against us in the U.S. District Court for the Western District of Texas for patent infringement. Moskowitz, a non-practicing entity, alleges that Globus willfully infringes one or more claims of eight patents by making, using, offering for sale or selling the COALITION[®], COALITION MIS[®], COALITION AGX[®], MONUMENT[®], MAGNIFY[®]-S, HEDRON IA[™], HEDRON IC[™], INDEPENDENCE[®], INDEPENDENCE MIS[®], FORTIFY[®] and XPAND[®] families, SABLE[™], RISE[®], RISE[®] INTRALIF, RISE[®]-L, ELSA[®], ELSA[®] ATP, RASS, ALTERA[®], ARIEL[®], LATIS[®], CALIBER[®] and CALIBER[®]-L products. Moskowitz seeks an unspecified amount in damages and injunctive relief. The probable outcome of this litigation cannot be determined, nor can we estimate a range of potential loss. Therefore, in accordance with authoritative guidance on the evaluation of loss contingencies, we have not recorded an accrual related to this litigation.

NOTE 13. LEASES

The Company leases certain equipment, vehicles, and facilities under operating leases. Certain leases contain options to extend terms beyond the lease termination date. In these leases, we use judgment to determine whether it is reasonably possible that we will extend the lease beyond the initial term and for how long. Leases that have terms of less than 12 months are treated as short-term and are not recognized as right of use assets or lease liabilities. As most leases do not provide an implicit rate, we use an incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. As of June 30, 2020, the Company's short-term lease commitments and sublease income are immaterial.

The Company classifies right-of-use assets as Other assets, short-term lease liabilities as Accrued expenses, and long-term lease liabilities as Other liabilities on the Condensed Consolidated Balance Sheet. Lease expense is recognized, on a straight-line basis over the term of the lease, as a component of operating income on the Consolidated Statement of Income.

GLOBUS MEDICAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Amounts reported in the Condensed Consolidated Balance Sheet as of the six months ended June 30, 2020 were as follows:

(In thousands, except weighted average lease term and discount rate)

Operating leases:	
Right of use assets	\$ 4,044
Lease liability - short term	1,720
Lease liability - long term	2,324
Total operating lease liability	\$ 4,044
Lease expense as of June 30, 2020	\$ 1,748
Weighted-average remaining lease term - operating leases (in years)	3.1
Weighted-average discount rate	3.2%

Future minimum lease payments under non-cancellable leases as of the quarter ended June 30, 2020 are as follows:

<i>(In thousands)</i>	Operating Leases
2020 (excluding the six months ended June 30, 2020)	\$ 1,083
2021	1,272
2022	1,031
2023	534
2024	384
Thereafter	75
Total undiscounted leases payments	\$ 4,379
Less: imputed interest	335
Total lease liabilities	<u>\$ 4,044</u>

NOTE 14. SEGMENT AND GEOGRAPHIC INFORMATION

Operating segments are defined as components of an enterprise for which separate discrete financial information is available and evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. We globally manage the business within one operating segment. Segment information is consistent with how management reviews the business, makes investing and resource allocation decisions and assesses operating performance.

The following table represents total sales by geographic area, based on the location of the customer:

<i>(In thousands)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
United States	\$ 125,154	\$ 159,989	\$ 283,601	\$ 307,527
International	23,768	34,550	55,898	69,959
Total sales	<u>\$ 148,922</u>	<u>\$ 194,539</u>	<u>\$ 339,499</u>	<u>\$ 377,486</u>

NOTE 15. SUBSEQUENT EVENT

Product Recall

On July 22, 2020, the Company initiated a voluntary Class II recall of specific lots of ALTERA® Spacers. This recall was initiated because specific lots of ALTERA® implants have internal components that were manufactured using stainless steel rather than the specified cobalt chromium molybdenum alloy. Only devices made after February 12, 2020 from specific lots are affected, and some

GLOBUS MEDICAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

parts in some lots may not be affected. No reports of adverse reactions related to the stainless steel components have been received to date.

A recall notification has been issued to all relevant parties and Globus is in the process of collecting and replacing all impacted inventory. It is expected to take approximately 8 weeks to fully replace the affected inventory. Production has already been increased to meet the demand.

The Company recorded an accrual in the second quarter of approximately \$1.3 million in costs associated with this recall with a majority charged to Cost of Goods Sold in the Condensed Consolidated Statements of Income. The Company will continue to evaluate any further impact as additional information becomes available.

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

The following discussion and analysis of our financial condition and results of operations should be read together with our unaudited interim condensed consolidated financial statements and related notes included elsewhere in this report.

Unless otherwise noted, the figures in the following discussions are unaudited.

Overview

Globus Medical, Inc. (together, as applicable, with its consolidated subsidiaries, “Globus,” “we,” “us” or “our”), headquartered in Audubon, Pennsylvania, is a medical device company that develops and commercializes healthcare solutions whose mission is to improve the quality of life of patients with musculoskeletal disorders. Founded in 2003, Globus is committed to medical device innovation and delivering exceptional service to hospitals and physicians to advance patient care and improve efficiency. Since inception, Globus has listened to the voice of the surgeon to develop practical solutions and products to help surgeons effectively treat patients and improve lives. With over 210 products on the market, we offer a comprehensive portfolio of innovative and differentiated technologies that treat a variety of musculoskeletal conditions of the spine, extremities, pelvis, hip and knee. Although we manage our business globally within one operating segment, we separate our products into two major categories: Musculoskeletal Solutions and Enabling Technologies.

COVID-19 Update

A novel strain of coronavirus was first identified in Wuhan, China in December 2019, and the disease caused by it (“COVID-19”) was subsequently declared a pandemic by the World Health Organization on March 11, 2020. To date, COVID-19 has surfaced in nearly all regions around the world and resulted in travel restrictions and business slowdowns or shutdowns in affected areas. While emergency and time-sensitive surgical procedures continue, the outbreak and preventive measures taken to help curb the spread have negatively impacted the markets we serve, in particular, hospitals and surgical centers globally where elective surgeries have been postponed. We are considered a provider of “life-sustaining” goods and services in Pennsylvania and an essential business in other areas. To date, COVID-19 has not materially affected our supply chain or production schedule, although delays may be possible in the future due to the dynamic nature of the situation.

We continue to monitor the rapidly evolving situation and guidance from international and domestic authorities, including federal, state and local public health authorities and may need to make changes to our business based on their recommendations. In these circumstances, there may be developments outside our control requiring us to adjust our operating plan. As such, given the dynamic nature of this situation, the Company cannot reasonably estimate the impacts of COVID-19 on our financial condition, results of operations or cash flows in the future. However, while the government mandated restrictions, including elective surgeries, are in place, we do expect that it could continue to have a material adverse impact on our revenue growth, operating profit and cash flow and may lead to higher than normal inventory levels, revised payment terms with certain of our customers, and a change in effective tax rate driven by changes in the mix of earnings across the Company’s jurisdictions.

We are focused on navigating these recent challenges presented by COVID-19 and believe we are in a strong position to continue to not only sustain, but grow our business once the restrictions are lifted and elective surgeries fully resume.

Musculoskeletal Solutions

Musculoskeletal Solutions consist primarily of implantable devices, biologics, accessories, and unique surgical instruments used in an expansive range of spinal, orthopedic and neurosurgical procedures.

Our broad spectrum of spine products addresses the vast majority of conditions affecting the spine including degenerative conditions, deformity, tumors, and trauma. With more than fifteen years in this competitive market, we provide comprehensive solutions that facilitate both open and minimally invasive surgery (“MIS”) techniques. This includes traditional fusion implants such as pedicle screw and rod systems, plating systems, intervertebral spacers and corpectomy devices. We believe we pioneered innovative expandable solutions for interbody fusion, corpectomy and interspinous fixation that allow intraoperative customization of our devices to the patient’s anatomy and save surgical time by eliminating sequential trialing. We have also developed treatment options for motion preservation technologies, such as dynamic stabilization, total disc replacement and interspinous distraction devices; and interventional pain management solutions to treat vertebral compression fractures. Regenerative biologic products such as allografts and synthetic alternatives are adjunctive treatments typically used in combination with stabilizing implant hardware.

Our orthopedic trauma solutions are designed to treat a wide variety of orthopedic fracture patterns and patient anatomies in the upper and lower extremities as well as the hip. To date, Globus has received 510(k) clearance from the U.S. Food and Drug

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

Administration (the “FDA”) for numerous orthopedic trauma and extremity products, covering four major segments of the orthopedic trauma market - fracture plates, compression screws, intramedullary nails, and external fixation. We began marketing these products in 2018 and intend to grow our presence in this field. Fracture plating includes proximal humerus, distal radius, proximal tibia, distal fibula, small fragment, mini-fragment and clavicle plates. Intramedullary nailing includes tibial, trochanteric, and femoral nail systems. Regenerative biologic products such as bone void fillers and allograft struts are also used in orthopedic procedures where applicable.

Our hip and knee joint solutions for the treatment of degenerative conditions or failed previous reconstruction have a long history of clinical use with StelKast, Inc. Over 13 different implants have been marketed to date, including modular hip stems and acetabular cups for total hip arthroplasty as well as posterior stabilizing and cruciate retaining knee arthroplasty implants.

Enabling Technologies

Enabling Technologies are advanced computer-assisted intelligent systems designed to enhance a surgeon’s capabilities and streamline surgical procedures to be safer, less invasive, more accurate, and more reproducible, to ultimately improve patient care and reduce radiation exposure for all involved.

Our current enabling technologies are comprised of imaging, navigation and robotic (“INR”) assisted surgery solutions. This includes the ExcelsiusGPS® platform, a robotic guidance and navigation system that supports minimally invasive and open procedures with screw placement applications. The ExcelsiusGPS® platform has a modular design that can be used for a variety of screw placement applications, and we expect that it will serve as a foundation for future clinical applications using artificial intelligence and augmented reality.

Globus’ innovative Enabling Technologies products offer surgeons more information about patient anatomy and surgical options to help them to make well-informed surgical decisions. We believe the advantages of pre-planning implant position and viewing patient anatomy during surgery are self-evident, and also create significant secondary gains such as eliminating radiation exposure altogether.

While we group our products into two categories, they are not limited to a particular technology, platform or surgical approach. Instead, our goal is to offer a comprehensive product suite that can be used to effectively treat patients based on their specific anatomy and condition, and is customized to the surgeon’s training and surgical preference.

To date, the primary market for our products has been the United States, where we sell our products through a combination of direct sales representatives employed by us and distributor sales representatives employed by our exclusive independent distributors, who distribute our products on our behalf for a commission that is generally based on a percentage of sales. We believe there is significant opportunity to strengthen our position in the U.S. market by increasing the size of our U.S. sales force and we intend to add additional direct and distributor sales representatives in the future.

During the six months ended June 30, 2020, our international sales accounted for approximately 16% of our total sales. We have sold our products in approximately 50 countries outside the United States through a combination of direct sales representatives employed by us and exclusive international distributors. We believe there are significant opportunities for us to increase our presence in both existing and new international markets through the continued expansion of our direct and distributor sales forces and the commercialization of additional products.

Results of Operations*Three Months Ended June 30, 2020 Compared to the Three Months Ended June 30, 2019**Sales*

The following table sets forth, for the periods indicated, our sales by geography expressed as dollar amounts and the changes in sales between the specified periods expressed in dollar amounts and as percentages:

	Three Months Ended		Change	
	June 30,			
<i>(In thousands, except percentages)</i>	2020	2019	\$	%
United States	\$ 125,154	\$ 159,989	\$ (34,835)	-21.8%
International	23,768	34,550	(10,782)	-31.2%
Total sales	\$ 148,922	\$ 194,539	\$ (45,617)	-23.4%

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

In the United States, the decrease in sales of \$34.8 million was due primarily to the postponement of elective surgeries at hospitals and surgical centers and longer selling cycles for INR capital equipment, due to the COVID-19 pandemic.

Internationally, the decrease in sales of \$10.8 million was also due primarily to the postponement of elective surgeries at hospitals and surgical centers and longer selling cycles for INR capital equipment due to the impact of the COVID-19 pandemic. On a constant currency basis, our international sales declined \$10.5 million, or by 30.5%, and our worldwide sales decreased 23.3%.

Cost of Goods Sold

<i>(In thousands, except percentages)</i>	Three Months Ended		Change	
	June 30,			
	2020	2019	\$	%
Cost of goods sold	\$ 50,643	\$ 43,990	\$ 6,653	15.1%
Percentage of sales	34.0%	22.6%		

The \$6.6 million net increase in cost of goods sold was primarily due to higher write-downs of excess and obsolete inventory on less frequently used product sizes as well as non-recurring inventory write-offs and other manufacturing expenses. These increases were partially offset by lower sales volumes due to COVID-19.

Research and Development Expenses

<i>(In thousands, except percentages)</i>	Three Months Ended		Change	
	June 30,			
	2020	2019	\$	%
Research and development	\$ 39,455	\$ 15,746	\$ 23,709	150.6%
Percentage of sales	26.5%	8.1%		

The increase in research and development expenses was due primarily to the expensing of \$24.4 million of acquired in-process research and development (“IPR&D”) assets with no alternative future use.

Selling, General and Administrative Expenses

<i>(In thousands, except percentages)</i>	Three Months Ended		Change	
	June 30,			
	2020	2019	\$	%
Selling, general and administrative	\$ 80,019	\$ 88,379	\$ (8,360)	-9.5%
Percentage of sales	53.7%	45.4%		

The decrease in selling, general and administrative expenses was primarily due to a decrease in sales commission expenses from lower sales and decreased travel, marketing, and surgeon educational activities as a result of COVID-19 restrictions. These decreases were partially offset by donations made to community organizations serving individuals and families directly impacted by the pandemic, by the continued build out of the spine, INR technology, joints and orthopedic trauma sales forces, and by increases in bad debt and other expenses.

Provision for Litigation

<i>(In thousands, except percentages)</i>	Three Months Ended		Change	
	June 30,			
	2020	2019	\$	%
Provision for litigation	\$ 197	\$ —	\$ 197	100.0%
Percentage of sales	0.1%	—		

Provision for litigation was immaterial for the three month period ending June 30, 2020.

Amortization of Intangibles

<i>(In thousands, except percentages)</i>	Three Months Ended		Change	
	June 30,		\$	%
	2020	2019		
Amortization of intangibles	\$ 4,115	\$ 3,449	\$ 666	19.3%
Percentage of sales	2.8%	1.8%		

The increase in the amortization of intangibles is primarily due to the developed technology intangible assets acquired in connection with the Nemaris and StelKast acquisitions.

Acquisition Related Costs

<i>(In thousands, except percentages)</i>	Three Months Ended		Change	
	June 30,		\$	%
	2020	2019		
Acquisition related costs	\$ 56	\$ 106	\$ (50)	-47.2%
Percentage of sales	0.0%	0.1%		

Acquisition related costs remained immaterial, consistent with the three month period ending June 30, 2019.

Other Income, Net

<i>(In thousands, except percentages)</i>	Three Months Ended		Change	
	June 30,		\$	%
	2020	2019		
Other income/(expense), net	\$ 3,621	\$ 4,224	\$ (603)	-14.3%
Percentage of sales	2.4%	2.2%		

The decrease in other income, net was due primarily to lower interest income from lower yields on marketable securities during the three month period ended June 30, 2020.

Income Tax Provision

<i>(In thousands, except percentages)</i>	Three Months Ended		Change	
	June 30,		\$	%
	2020	2019		
Income tax provision	\$ (1,105)	\$ 8,930	\$ (10,035)	-112.4%
Effective income tax rate	5.0%	19.0%		

The change in the effective income tax rates between the current year and prior year periods is primarily a result of the non-tax-deductible expense of acquired IPR&D of \$24.4 million, and tax benefits due to an increase in stock option exercises in the current year.

Six Months Ended June 30, 2020 Compared to the Six Months Ended June 30, 2019
Sales

The following table sets forth, for the periods indicated, our sales by geography expressed as dollar amounts and the changes in sales between the specified periods expressed in dollar amounts and as percentages:

<i>(In thousands, except percentages)</i>	Six Months Ended		Change	
	June 30,		\$	%
	2020	2019		
United States	\$ 283,601	\$ 307,527	\$ (23,926)	-7.8%
International	55,898	69,959	(14,061)	-20.1%
Total sales	\$ 339,499	\$ 377,486	\$ (37,987)	-10.1%

In the United States, the decrease in sales of \$23.9 million was due to the postponement of elective surgeries at hospitals and surgical centers and longer selling cycles for INR capital equipment due to the COVID-19 pandemic.

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

Internationally, the decrease in sales of \$14.1 million was due primarily to the postponement of elective surgeries at hospitals and surgical centers and longer selling cycles for INR capital equipment due to the COVID-19 pandemic as well as a one-time distributor stocking order in the period ended March 31, 2019. On a constant currency basis, our international sales declined \$13.5 million, or by 19.3%, and our worldwide sales decreased 9.9%.

Cost of Goods Sold

<i>(In thousands, except percentages)</i>	Six Months Ended		Change	
	June 30,		\$	%
	2020	2019		
Cost of goods sold	\$ 99,507	\$ 85,828	\$ 13,679	15.9%
Percentage of sales	29.3%	22.7%		

The \$13.7 million net increase in cost of goods sold was primarily due to higher write-downs of excess and obsolete inventory on less frequently used product sizes, from non-recurring inventory write-offs and other manufacturing expenses, and depreciation. These increases were partially offset by lower sales volumes due to COVID-19.

Research and Development Expenses

<i>(In thousands, except percentages)</i>	Six Months Ended		Change	
	June 30,		\$	%
	2020	2019		
Research and development	\$ 54,857	\$ 30,069	\$ 24,788	82.4%
Percentage of sales	16.2%	8.0%		

The increase in research and development expenses was due primarily to the expensing of \$24.4 million of acquired in-process research and development ("IPR&D") assets with no alternative future use.

Selling, General and Administrative Expenses

<i>(In thousands, except percentages)</i>	Six Months Ended		Change	
	June 30,		\$	%
	2020	2019		
Selling, general and administrative	\$ 173,558	\$ 174,163	\$ (605)	-0.3%
Percentage of sales	51.1%	46.1%		

The decrease in selling, general and administrative expenses was primarily due to a decrease in sales commission expenses from lower sales and decreased travel, marketing, and surgeon educational activities as a result of COVID-19 restrictions. These decreases were partially offset by donations made to community organizations serving individuals and families directly impacted by the pandemic, by the continued build out of the spine, INR technology, joints and orthopedic trauma sales forces, and by increases in bad debt and other expenses.

Provision for Litigation

<i>(In thousands, except percentages)</i>	Six Months Ended		Change	
	June 30,		\$	%
	2020	2019		
Provision for litigation	\$ 197	\$ —	\$ 197	100.0%
Percentage of sales	0.1%	—		

Provision for litigation was immaterial for the six month period ending June 30, 2020.

Amortization of Intangibles

<i>(In thousands, except percentages)</i>	Six Months Ended		Change	
	June 30,		\$	%
	2020	2019		
Amortization of intangibles	\$ 7,891	\$ 6,792	\$ 1,099	16.2%
Percentage of sales	2.3%	1.8%		

The increase in the amortization of intangibles is primarily due to the developed technology intangible assets acquired in connection with the Nemaris and StelKast acquisitions.

Acquisition Related Costs

<i>(In thousands, except percentages)</i>	Six Months Ended		Change	
	June 30,		\$	%
	2020	2019		
Acquisition related costs	\$ 604	\$ 685	\$ (81)	-11.8%
Percentage of sales	0.2%	0.2%		

Acquisition related costs remained immaterial, consistent with the six month period ending June 30, 2019.

Other Income, Net

<i>(In thousands, except percentages)</i>	Six Months Ended		Change	
	June 30,		\$	%
	2020	2019		
Other income/(expense), net	\$ 7,671	\$ 8,795	\$ (1,124)	-12.8%
Percentage of sales	2.3%	2.3%		

The decrease in other income, net was due primarily to lower interest income from lower yields on marketable securities during the six month period ended June 30, 2020.

Income Tax Provision

<i>(In thousands, except percentages)</i>	Six Months Ended		Change	
	June 30,		\$	%
	2020	2019		
Income tax provision	\$ 5,444	\$ 17,370	\$ (11,926)	-68.7%
Effective income tax rate	51.6%	19.6%		

The change in the effective income tax rates between the current year and prior year periods is primarily a result of the non-tax-deductible expense of acquired IPR&D of \$24.4 million, and tax benefits due to an increase in stock option exercises in the current year.

Non-GAAP Financial Measures

To supplement our financial statements prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), management uses certain non-GAAP financial measures. For example, non-GAAP Adjusted EBITDA, which represents net income before interest income, net and other non-operating expenses, provision for income taxes, depreciation and amortization, stock-based compensation expense, provision for litigation, acquisition related costs/licensing, acquisition of in-process research and development, is useful as an additional measure of operating performance, and particularly as a measure of comparative operating performance from period to period, as it is reflective of changes in pricing decisions, cost controls and other factors that affect operating performance, and it removes the effect of our capital structure, asset base, income taxes and interest income and expense. Our management also uses non-GAAP Adjusted EBITDA for planning purposes, including the preparation of our annual operating budget and financial projections. Provision for litigation represents costs incurred for litigation settlements or unfavorable verdicts when the loss is known or considered probable and the amount can be reasonably estimated, or in the case of a favorable settlement, when income is realized. Acquisition related costs/licensing represents the change in fair value of business-acquisition-related contingent consideration; costs related to integrating recently acquired businesses, including but not limited to costs to exit or convert contractual obligations, severance, and information system conversion; and specific costs related to the consummation of the acquisition process such as banker fees, legal fees, and other acquisition related professional fees, as well as one-time licensing fees. Acquisition of in-process research and development represents the expensing of acquired assets with no alternative future use and related fees.

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

The following is a reconciliation of net income to Adjusted EBITDA for the periods presented:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
<i>(In thousands, except percentages)</i>	2020	2019	2020	2019
Net income/(loss)	\$ (20,837)	\$ 38,163	\$ 5,112	\$ 71,374
Interest income/(expense), net	(3,590)	(4,417)	(7,914)	(8,576)
Provision for income taxes	(1,105)	8,930	5,444	17,370
Depreciation and amortization	15,101	12,858	29,669	25,113
EBITDA	(10,431)	55,534	32,311	105,281
Stock-based compensation expense	7,311	6,297	14,118	12,749
Provision for litigation	197	—	197	—
Acquisition related costs/licensing	469	335	1,426	971
Acquisition of in-process research and development	24,418	—	24,418	—
Adjusted EBITDA	<u>\$ 21,964</u>	<u>\$ 62,166</u>	<u>\$ 72,470</u>	<u>\$ 119,001</u>
Net income as a percentage of sales	-14.0%	19.6%	1.5%	18.9%
Adjusted EBITDA as a percentage of sales	14.7%	32.0%	21.3%	31.5%

In addition, for the period ended June 30, 2020 and for other comparative periods, we are presenting non-GAAP net income and non-GAAP Diluted Earnings Per Share, which represents net income and diluted earnings per share excluding the provision for litigation, amortization of intangibles, acquisition related costs/licensing, acquisition of in-process research and development, and the tax effects of all of the foregoing adjustments. The tax effect adjustment represents the tax effect of the pre-tax non-GAAP adjustments excluded from non-GAAP net income. The tax impact of the non-GAAP adjustments is calculated based on the consolidated effective tax rate on a GAAP basis, applied to the non-GAAP adjustments, unless the underlying item has a materially different tax treatment, in which case the estimated tax rate applicable to the adjustment is used.

We believe these non-GAAP measures are also useful indicators of our operating performance, and particularly as additional measures of comparative operating performance from period to period as they remove the effects of litigation, amortization of intangibles, acquisition related costs/licensing, acquisition of in-process research and development, and the tax effects of all of the foregoing adjustments, which we believe are not reflective of underlying business trends.

The following is a reconciliation of net income computed in accordance with U.S. GAAP to non-GAAP net income for the periods presented.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
<i>(In thousands)</i>	2020	2019	2020	2019
Net income/(loss)	\$ (20,837)	\$ 38,163	\$ 5,112	\$ 71,374
Provision for litigation	197	—	197	—
Amortization of intangibles	4,115	3,449	7,891	6,792
Acquisition related costs/licensing	469	335	1,426	971
Acquisition of in-process research and development	24,418	—	24,418	—
Tax effect of adjusting items	(1,470)	(717)	(2,426)	(1,524)
Non-GAAP net income	<u>\$ 6,892</u>	<u>\$ 41,230</u>	<u>\$ 36,618</u>	<u>\$ 77,613</u>

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

The following is a reconciliation of Diluted Earnings Per Share as computed in accordance with U.S. GAAP to non-GAAP Diluted Earnings Per Share for the periods presented.

<i>(Per share amounts)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Diluted earnings per share, as reported	\$ (0.21)	\$ 0.38	\$ 0.05	\$ 0.70
Provision for litigation	—	—	—	—
Amortization of intangibles	0.04	0.03	0.08	0.07
Acquisition related costs/licensing	—	—	0.01	0.01
Acquisition of in-process research and development	0.25	—	0.24	—
Tax effect of adjusting items	(0.02)	(0.01)	(0.02)	(0.02)
Non-GAAP diluted earnings per share	\$ 0.07	\$ 0.41	\$ 0.36	\$ 0.76

* Amounts might not add due to rounding

We also define the non-GAAP measure of Free Cash Flow as the net cash provided by operating activities, less the cash impact of purchases of property and equipment. We believe that this financial measure provides meaningful information for evaluating our overall liquidity for comparative periods as it facilitates an assessment of funds available to satisfy current and future obligations and fund acquisitions.

Below is a reconciliation of net cash provided by operating activities as computed in accordance with U.S. GAAP to Free Cash Flow for the periods presented.

<i>(In thousands)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net cash provided by operating activities	\$ 23,068	\$ 22,597	\$ 65,361	\$ 61,800
Purchases of property and equipment	(9,956)	(14,740)	(32,270)	(42,895)
Free cash flow	\$ 13,112	\$ 7,857	\$ 33,091	\$ 18,905

Furthermore, the non-GAAP measure of constant currency sales growth is calculated by translating current year sales at the same average exchange rates in effect during the applicable prior year period. We believe constant currency sales growth provides insight to the comparative increase or decrease in period sales, in dollar and percentage terms, excluding the effects of fluctuations in foreign currency exchange rates.

Below is a reconciliation of sales growth as reported in accordance with U.S. GAAP compared to constant currency sales growth for the periods presented.

<i>(In thousands, except percentages)</i>	Three Months Ended		Reported Sales Growth	Currency Impact on Current Period Sales	Constant Currency Sales Growth
	June 30,				
	2020	2019			
United States	\$ 125,154	\$ 159,989	-21.8%	\$ —	-21.8%
International	23,768	34,550	-31.2%	(230)	-30.5%
Total Sales	\$ 148,922	\$ 194,539	-23.4%	\$ (230)	-23.3%

<i>(In thousands, except percentages)</i>	Six Months Ended		Reported Sales Growth	Currency Impact on Current Period Sales	Constant Currency Sales Growth
	June 30,				
	2020	2019			
United States	\$ 283,601	\$ 307,527	-7.8%	\$ —	-7.8%
International	55,898	69,959	-20.1%	(563)	-19.3%
Total Sales	\$ 339,499	\$ 377,486	-10.1%	\$ (563)	-9.9%

Non-GAAP Adjusted EBITDA, non-GAAP net income, non-GAAP Diluted Earnings Per Share, Free Cash Flow and constant currency sales growth are not calculated in conformity with U.S. GAAP within the meaning of Item 10(e) of Regulation S-K. Non-

GLOBUS MEDICAL, INC. AND SUBSIDIARIES

GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for financial measures prepared in accordance with U.S. GAAP. These measures do not include certain expenses that may be necessary to evaluate our liquidity or operating results. Our definitions of non-GAAP Adjusted EBITDA, non-GAAP net income, non-GAAP Diluted Earnings Per Share, Free Cash Flow and constant currency sales growth may differ from that of other companies and therefore may not be comparable.

Cash Flows

The following table summarizes, for the periods indicated, cash flows from operating, investing and financing activities:

<i>(In thousands)</i>	Six Months Ended		Change \$
	June 30,		
	2020	2019	
Net cash provided by operating activities	\$ 65,361	\$ 61,800	\$ 3,561
Net cash used in investing activities	(5,891)	(90,578)	84,687
Net cash used in/provided by financing activities	(89,558)	6,635	(96,193)
Effect of foreign exchange rate changes on cash	(82)	186	(268)
Increase/(decrease) in cash, cash equivalents, and restricted cash	<u>\$ (30,170)</u>	<u>\$ (21,957)</u>	<u>\$ (8,213)</u>

Cash Provided by Operating Activities

The increase in net cash provided by operating activities was primarily due to the increases of cash flow from accounts receivable as a result of improved collections and lower sales and from income taxes as a result of the delay of lower estimated income tax payments due to COVID-19. These were offset partially by the decrease of cash flow from pre-tax net income.

Cash Used in Investing Activities

The decrease in net cash used in investing activities was due primarily to the decrease in net impact of purchases, maturities and sales of marketable securities, and decreased purchases of property and equipment.

Cash Used in Financing Activities

The increase in net cash used in financing activities was primarily the result of the repurchase of common stock, partially offset by the increase in proceeds from option exercises and by lower payments of business acquisition liabilities.

Liquidity and Capital Resources

The following table highlights certain information related to our liquidity and capital resources:

<i>(In thousands)</i>	June 30, 2020	December 31, 2019
Cash, cash equivalents, and restricted cash	\$ 165,554	\$ 195,724
Short-term marketable securities	151,181	115,763
Long-term marketable securities	319,483	409,514
Total cash, cash equivalents, restricted cash and marketable securities	<u>\$ 636,218</u>	<u>\$ 721,001</u>

In May 2011, we entered into a credit agreement with Wells Fargo Bank related to a revolving credit facility that provides for borrowings up to \$50.0 million. In June 2018, we amended the credit agreement to increase the revolving credit facility amount from \$50.0 million to \$125.0 million. At our request, and with the approval of the bank, the amount of borrowings available under the revolving credit facility can be increased to \$150.0 million. The revolving credit facility includes up to a \$25.0 million sub-limit for letters of credit. As amended to date, the revolving credit facility with Wells Fargo Bank expired in May 2020. The Company is currently negotiating and intends to enter into a new credit agreement with another institution in the near term.

In addition to our existing cash and marketable securities balances, our principal source of liquidity is our cash flows from operating activities. We believe these sources will provide sufficient liquidity for us to meet our liquidity requirements for the foreseeable future. Our principal liquidity requirements are to meet our working capital, research and development, including clinical trials, and capital expenditure needs, principally for our surgical sets required to maintain and expand our business and potential future business or intellectual property acquisitions. We expect to continue to make investments in surgical sets as we launch new products, increase the

size of our U.S. sales force, and expand into international markets. We may, however, require additional liquidity as we continue to execute our business strategy. Our liquidity may be negatively impacted as a result of a decline in sales of our products, including declines due to changes in our customers' ability to obtain third-party coverage and reimbursement for procedures that use our products, increased pricing pressures resulting from intensifying competition, cost increases and slower product development cycles resulting from a changing regulatory environment; and unfavorable results from litigation which will affect our cash flow. We anticipate that to the extent that we require additional liquidity, it will be funded through the incurrence of other indebtedness, additional equity financings or a combination of these potential sources of liquidity. The sale of additional equity may result in dilution to our stockholders. There is no assurance that we will be able to secure such additional funding on terms acceptable to us, or at all.

Contractual Obligations and Commitments

During the three months ended March 31, 2020, there was a material change in our contractual obligations related to purchase obligations payable within less than one year. In connection with the Nemaris acquisition completed in 2018, we had certain contingent consideration obligations payable to the sellers in this transaction upon the achievement of certain regulatory and sales milestones of \$10.0 million which were achieved during the three months ended March 31, 2020.

During the three months ended June 30, 2020, there was a material change in our contractual obligations related to purchase obligations payable within less than one year. In connection with the StelKast acquisition completed in 2019, we had certain contingent consideration obligations payable to the sellers in this transaction upon the achievement of certain sales milestones of \$5.0 million which were achieved in substance during the three months ended June 30, 2020 and was paid in July 2020.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Seasonality and Backlog

Our business is generally not seasonal in nature. However, our sales of Musculoskeletal Solutions products may be influenced by summer vacation and winter holiday periods during which we have experienced fewer surgeries taking place, as well as more surgeries taking place later in the year when patients have met the deductibles under insurance plans. Our sales of Enabling Technologies products may be influenced by longer capital purchase cycles and the timing of budget approvals for major capital purchases.

We work closely with our suppliers to ensure that our inventory needs are met while maintaining high quality and reliability. To date, we have not experienced significant difficulty in locating and obtaining the materials necessary to fulfill our production requirements, and we have not experienced a meaningful backlog of sales orders.

The COVID-19 pandemic may lead to higher than normal inventory levels, as there has not been a material effect to our supply chain or production schedule and we may experience decreased revenues while government mandated restrictions on elective surgeries are in place.

Recently Issued Accounting Pronouncements

For further details on recently issued accounting pronouncements, please refer to **"Part I; Item 1. Financial Statements; Notes to Condensed Consolidated Financial Statements (Unaudited); Note 1. Background and Summary of Significant Accounting Policies; (k) Recently Issued Accounting Pronouncements"** above.

Cautionary Note Concerning Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical fact are forward-looking statements. We have tried to identify forward-looking statements by using words such as "believe," "may," "might," "could," "will," "aim," "estimate," "continue," "anticipate," "intend," "expect," "plan" and similar words. These forward-looking statements are based on our current assumptions, expectations and estimates of future events and trends. Forward-looking statements are only predictions and are subject to many risks, uncertainties and other factors that may affect our businesses and operations and could cause actual results to differ materially from those predicted. These risks and uncertainties include, but are not limited to, health epidemics, pandemics and similar outbreaks, including the COVID-19 pandemic, factors affecting our quarterly results, our ability to manage our growth, our ability to sustain our profitability, demand for our products, our ability to compete successfully (including without limitation our ability to convince surgeons to use our products and our ability to attract and retain sales and other personnel), our ability to rapidly develop and introduce new products, our ability to develop and execute on successful business strategies, our ability to comply with

changes and applicable laws and regulations that are applicable to our businesses, our ability to safeguard our intellectual property, our success in defending legal proceedings brought against us, trends in the medical device industry, and general economic conditions, and other risks set forth throughout our Annual Report on Form 10-K for the year ended December 31, 2019 (the “Form 10-K”), particularly those set forth under “Item 1A, Risk Factors” of the Form 10-K, and those discussed in other documents we file with the Securities and Exchange Commission (the “SEC”). Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for us to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements. Forward-looking statements contained in this Quarterly Report speak only as of the date of this Quarterly Report. We undertake no obligation to update any forward-looking statements as a result of new information, events or circumstances or other factors arising or coming to our attention after the date hereof.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

We have evaluated the information required under this item that was disclosed under Item 7A in our Annual Report on Form 10-K and there have been no significant changes to this information.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (“CEO”) and our Chief Financial Officer (“CFO”), evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2020. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Based on their evaluation of our disclosure controls and procedures as of June 30, 2020, our CEO and CFO concluded that, as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended June 30, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our CEO and CFO, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. For example, these inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION**Item 1. Legal Proceedings**

We are involved in a number of proceedings, legal actions and claims. Such matters are subject to many uncertainties, and the outcomes of these matters are not within our control and may not be known for prolonged periods of time. In some actions, the claimants seek damages, as well as other relief, including injunctions prohibiting us from engaging in certain activities, which, if granted, could require significant expenditures and/or result in lost revenues. For further details on the material legal proceedings to which we are currently a party, please refer to “**Part I; Item 1. Financial Statements; Notes to Condensed Consolidated Financial Statements (Unaudited); Note 12. Commitments and Contingencies**” above.

In addition, we are subject to legal proceedings arising in the ordinary course of business.

Item 1A. Risk Factors

The following represents a material change in our risk factors from those disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

The widespread outbreak of a communicable disease, or any other public health crisis, could adversely affect our financial condition and results of operations.

We could be negatively affected by the widespread outbreak of a communicable disease, or any other public health crisis that results in disruptions to hospitals and other healthcare facilities.

A novel strain of coronavirus was first identified in Wuhan, China in December 2019, and the disease caused by it, COVID-19, was subsequently declared a pandemic by the World Health Organization in March 2020. The pandemic has significantly impacted the economic conditions in the U.S. and globally, accelerating during March and April, as federal, state and local governments have reacted to the public health crisis, creating significant uncertainties in the economy. While emergency and time-sensitive surgical procedures continue, the outbreak and preventive measures taken to help curb the spread of COVID-19 has negatively impacted the markets we serve, in particular, hospitals and surgical centers globally where elective surgeries have been temporarily postponed. We believe that certain of these patient volume declines reflect a deferral of elective surgeries to a later period, rather than a permanent reduction in demand; however, there is no assurance that will occur. We are considered a provider of “Life-sustaining” goods and services in Pennsylvania and an essential business in other areas. To date, COVID-19 has not materially affected our supply chain or production schedule, although delays may be possible in the future due to the dynamic nature of the situation.

Given the dynamic nature of this situation, the Company cannot reasonably estimate the impacts of COVID-19 on our financial condition, results of operations or cash flows in the future. However, while the government mandated restrictions, including elective surgeries, are in place, we do expect that it could continue to have a material adverse impact on our future revenue growth, operating profit and cash flow and may lead to higher than normal inventory levels, revised payment terms with certain of our customers, and a change in effective tax rate driven by changes in the mix of earnings across the Company’s jurisdictions.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds***Purchases of Equity Securities by the Issuer***

We repurchase shares of our Class A common stock pursuant to the publicly announced share repurchase program authorized by the Board of Directors on March 11, 2020. As of June 30, 2020, we had repurchased 2.7 million shares at an average price of \$38.91 per share for a total approximate cost of \$104.7 million under this program. All of our share repurchases to date were made through a broker in the open market.

The following table contains information for shares repurchased during the second quarter of 2020. None of the shares in this table were repurchased directly from any of our officers or directors.

(In thousands except for per share prices)

Period	Total number of shares purchased ^(a)	Average Price Paid per Share	Total number of Shares purchased as part of publicly announced plans	Approximate dollar value of shares that may yet be purchased under the plan
April 1 to April 30, 2020	771	39.95	2,691	95,294
May 1 to May 31, 2020	-	-	-	95,294
June 1 to June 30, 2020	-	-	-	95,294
Total	771		2,691	

(a) Share repurchases were made pursuant to a share repurchase program authorized by our Board of Directors on March 11, 2020. This program allows for the repurchase up to \$200 million of the Company's Class A common stock.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On August 5, 2020, we entered into executive employment agreements with Kelly Huller, our Senior Vice President and General Counsel, and Keith Pfeil, our Senior Vice President and Chief Financial Officer. Each of Ms. Huller's and Mr. Pfeil's employment is "at will," meaning that their employment may be terminated by either party for any or no reason at any time. Both Ms. Huller's and Mr. Pfeil's employment agreements provide for a monthly car allowance. Ms. Huller and Mr. Pfeil are each eligible to earn a salary and also a non-equity cash incentive award by meeting certain company and individual performance targets. For 2020, Ms. Huller's base salary is \$315,000.00, and her target non-equity cash incentive award is \$175,000.00. For 2020, Mr. Pfeil's base salary is \$339,900.00, and his target non-equity cash incentive award is \$200,000.00. For both Ms. Huller and Mr. Pfeil, the base salary and non-equity incentive award are subject to adjustment from time to time in the sole discretion of Globus. Mr. Pfeil's employment agreement also provides for reimbursement of relocation expenses of up to \$50,000 in accordance with the Company's relocation policy, which Mr. Pfeil must repay if he resigns or is terminated for cause within 24 months from his start date.

Ms. Huller and Mr. Pfeil are each entitled to receive their respective base salary for 12 months and continued coverage under Globus' group health, dental and vision plans for a period of 12 months in the event we terminate their employment without cause or in connection with a change of control or if he/she resigns for good reason. All severance payments are conditioned on the employee signing a general release of claims against Globus. Under Ms. Huller's and Mr. Pfeil's respective employment agreements, "good reason" is defined as (i) a materially adverse change or material diminution in the office, title, duties, powers, authority or responsibilities, (ii) our failure to pay base salary or a bonus that has become due and payable, (iii) a material reduction in base salary, (iv) a relocation of their principal worksite of more than 25 miles unless such relocation reduces his/her commute to such worksite, or (v) a material breach of the employment agreement by Globus; provided in each case that Globus did not correct such reason during a specified cure period.

Item 6. Exhibits

The following is a list of exhibits filed as part of this Quarterly Report on Form 10-Q. Where so indicated, exhibits that were previously filed are incorporated by reference. For exhibits incorporated by reference, the location of the exhibit in the previous filing is indicated in parentheses.

Exhibit No.	Item
10.1	Executive Employment Agreement, dated August 5, 2020 by and between Globus Medical, Inc. and Kelly Huller.
10.2	Executive Employment Agreement, dated August 5, 2020 by and between Globus Medical, Inc. and Keith Pfeil.
31.1*	Certification by Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification by Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32**	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)
*	Filed herewith.
**	Furnished herewith.

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.

GLOBUS MEDICAL, INC.

Dated: August 5, 2020

/s/ DAVID M. DEMSKI

David M. Demski
Chief Executive Officer
President
(Principal Executive Officer)

Dated: August 5, 2020

/s/ KEITH PFEIL

Keith Pfeil
Senior Vice President
Chief Financial Officer
Chief Accounting Officer
(Principal Financial Officer)

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into this ____ day of August, 2020 (the "Effective Date"), by and between **Globus Medical, Inc.**, a Delaware corporation with its principal office in Montgomery County, Pennsylvania (the "Company"), and **Kelly Huller**, a resident of Pennsylvania ("Executive"), hereinafter collectively referred to as "the Parties".

WITNESSETH:

WHEREAS, Executive serves the Company as its Senior Vice President and General Counsel; and

WHEREAS, the Company and the Executive desire to enter into this Agreement to set forth the terms and conditions of the employment relationship between the Company and Executive;

NOW, THEREFORE, in consideration of the mutual promises in this Agreement, and other good and valuable consideration, including but not limited to the employment of Executive by the Company and the compensation received by Executive from the Company from time to time, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. EMPLOYMENT. The Company hereby employs Executive as the Company's Senior Vice President and General Counsel, and Executive hereby accepts such employment, upon the terms and conditions hereinafter set forth.

2. TERM. The term ("Term") of this Agreement shall begin on the Effective Date and shall continue until terminated in accordance with the provisions of Section 6 hereof.

3. EMPLOYMENT AT WILL. The Parties acknowledge and agree that Executive's employment with the Company is, and shall remain at all times, "employment at-will". Either party shall have the right to terminate the employment relationship at any time, for any reason, with or without cause or prior notice.

4. DUTIES; EXCLUSIVE SERVICES; CONFLICTS OF INTEREST. Executive shall faithfully discharge his responsibilities and perform all duties as generally performed by the Senior Vice President and General Counsel of a comparable entity, including any duties set forth in the Bylaws of the Company related to the position and those duties prescribed from time to time by the Chief Executive Officer or his designee. Executive agrees to devote his best efforts, time, skill and attention to the performance of his duties and responsibilities on behalf of the Company and in furtherance of its best interests. Executive shall not become involved in any personal investment or business that would likely adversely affect the business of the Company or its affiliates. Executive also agrees that he shall not, without the written consent of the Chief Executive Officer or his designee, take personal advantage of any business opportunities that arise during his employment with the Company and which may benefit the Company. All material facts supporting such opportunities shall be promptly reported to the Chief Executive Officer for consideration by the Company. Executive agrees to comply with all policies, standards and regulations of the Company now existing or hereafter promulgated. Subject to the terms and conditions of this Agreement (including, without limitation, Executive's right to resign for Good Reason pursuant to Section 6(e)), Executive may be reassigned or transferred to another management position, as designated by and in the discretion of the Chief Executive Officer or his designee which may or may not provide the same level of responsibility as the initial assignment, and Executive shall perform these duties. Upon execution of this Agreement, Executive agrees to immediately resign from the board of directors of any entity that engages in any business that competes with or represents a conflict with the business of the Company as determined in the discretion of the Board of Directors of the Company.

5. COMPENSATION. During the Term of this Agreement, Executive's compensation shall be determined and paid as follows.

(a) BASE SALARY. Executive shall receive as compensation an initial base salary at the rate of \$315,000 annually, which annual rate may be increased during Executive's employment from time to time in the sole discretion of the Company (the "Base Salary"). The Base Salary shall be paid on the Company's regularly scheduled paydays, less federal, state and local payroll taxes and other withholdings legally required or properly requested by Executive, in accordance with the Company's regular payroll practices and procedures.

(b) INCENTIVE BONUS. Subject to the Company's financial ability and in its sole discretion, it will establish an incentive bonus plan ("Bonus Plan") that Executive shall be eligible to participate in. Under the terms of the Bonus Plan,

each year Executive will be able to earn a target bonus as established by the Compensation Committee by meeting certain Company and individual performance targets, which amount may be increased from time to time in the sole discretion of the Company. The target bonus for 2020 is \$175,000.

(c) STOCK OPTIONS. Executive shall be eligible to receive an initial stock option grant to purchase 40,000 shares of Globus Medical common stock vesting over a period of four years. Vesting will begin after one year of service. The exercise price per share of any stock option will be the fair market value per share of Globus Medical common stock on the date the option is granted. All stock options will be proportionally adjusted to account for any stock splits, combinations and other adjustments to its capital stock. The stock option is conditioned upon approval by the Company's Board of Directors and execution of the Company's Stock Option Agreement and related documents.

(d) BENEFITS. Executive shall be eligible to participate in such other benefits as are provided from time to time to other executive-level employees of the Company. Such benefits will be provided and administered in accordance with the terms of any such benefit plans. All Company benefits are subject to termination or amendment by the Company without advance notice to or consent from Executive.

(e) VACATION. Executive shall be entitled to four (4) weeks of paid vacation per calendar year, to be accrued and used in accordance with the vacation policy of the Company.

(f) BUSINESS EXPENSES. The Company will pay all reasonable expenses incurred by Executive directly related to conduct of the business of the Company, including a monthly car allowance in the amount of \$700.00, provided that Executive complies with the policies for reimbursement or advance of business expenses established by the Company. Executive will also receive the usual and customary benefits allotted to Company executives including, but not limited to, mobile PDA and laptop computer.

6. TERMINATION. Executive's employment hereunder may be terminated as follows.

(a) VOLUNTARY RESIGNATION BY EXECUTIVE. Executive may terminate his employment by delivery of written notice to the Company.

(b) TERMINATION BY THE COMPANY WITHOUT CAUSE. The Company may terminate Executive's employment by delivery of written notice to Executive.

(c) TERMINATION BY THE COMPANY FOR CAUSE. While Executive is employed by the Company, the Company may terminate Executive's employment "for cause," as hereinafter defined, immediately upon written notice to Executive. "Cause" shall be decided by a majority vote of the Board of Directors of the Company other than Executive and shall mean:

(i) Any material breach of the terms of this Agreement by Executive which breach, if curable, is not cured within fifteen (15) days after written notice of such breach has been given to Executive; or

(ii) The failure of Executive to comply with the policies and/or directives of the Company and/or Board of Directors, which failure, if curable, is not cured within fifteen (15) days after written notice of such failure has been given to Executive; or

(iii) Any act of gross negligence or willful misconduct with respect to the Company, including, without limitation fraud, embezzlement, theft or proven dishonesty in the course of his employment; or

(iv) Any failure by Executive to fully disclose any material conflict of interest he may have with the Company in a transaction involving the Company which conflict is materially detrimental to the interest of the Company; or

(v) Any adverse act or omission that would be required to be disclosed pursuant to securities laws or that would limit the ability of the Company or any entity affiliated with the Company to sell securities under any federal or state law or that would disqualify the Company or any affiliated entity from any exemption otherwise available to it, all of which are deemed for purposes of this Agreement to be materially detrimental to the interests and well-being of the Company.

(d) OTHER TERMINATION BY THE COMPANY. While the Company employs Executive, the Company may immediately terminate this Agreement upon the occurrence of any of the following events:

(i) This Agreement and Executive's employment hereunder shall immediately terminate without notice in the event of death of the Executive. Such termination shall not prejudice any benefits payable to Executive or Executive's beneficiaries that are fully vested or accrued as of the date of death; however, Executive's estate will not be entitled to any other compensation under this Agreement.

(ii) This Agreement and Executive's employment hereunder shall immediately terminate upon written notice to Executive if Executive is unable, due to a disability, to perform the essential functions of his job, with or without a reasonable accommodation, for a period of sixty (60) continuous days. Such termination shall not prejudice any benefits payable to Executive or Executive's beneficiaries that are fully vested or accrued as of the termination date; however, the Company shall have no further obligation or liability to Executive under this Agreement.

(iii) This Agreement shall terminate in the event of the liquidation, dissolution or discontinuance of business by the Company or the filing of any petition by or against the Company under any federal or state bankruptcy or insolvency laws, which petition shall not be dismissed within sixty (60) days after filing.

(e) TERMINATION BY EXECUTIVE FOR GOOD REASON. During the Term of this Agreement, Executive may terminate his employment under this Agreement at any time for "Good Reason." For purposes of this Agreement, "Good Reason" means:

(i) Any materially adverse change or material diminution in the office, title, duties, powers, authority or responsibilities of Executive; or

(ii) Failure of the Company to pay Executive any Base Salary or bonus that has become due and payable; or

(iii) A material reduction in Base Salary; or

(iv) A relocation of Executive's principal worksite of more than 25 miles unless such relocation reduces Executive's commute to such worksite; or

(v) Any material breach of the terms of this Agreement by the Company.

However, none of the foregoing events or conditions will constitute Good Reason unless Executive provides the Company with written objection to the event or condition within 90 days following the occurrence thereof, the Company does not reverse or otherwise cure the event or condition within thirty (30) days of receiving that written objection, and Executive resigns his employment within thirty (30) days following the expiration of that cure period.

(f) TERMINATION FOLLOWING CHANGE IN CONTROL. If (i) all or substantially all of the assets of the Company are sold, liquidated or distributed or (ii) the Company is party to a merger or consolidation, or (iii) a person or entity or related persons or entities acquire a majority of the total voting power of the Company's then-outstanding equity securities (each, a "Change in Control"), the Company may terminate the Executive's employment without cause or the Executive may resign his employment with the Company under circumstances establishing Good Reason.

(g) RESIGNATION AS OFFICER AND DIRECTOR. It is understood that if Executive has been, or at any time hereafter is, appointed to the Board of Directors of the Company, upon termination of this Agreement and Executive's employment hereunder for any reason, unless otherwise agreed between the Company and Executive, Executive shall also be deemed to have resigned as a member, if applicable at such time, of the Company's Board of Directors, as well as any and all positions Executive may hold as an officer of the Company.

7. PAYMENTS ON TERMINATION. Upon termination of this Agreement and Executive's employment hereunder for any reason, all salary and benefits accrued and unreimbursed expenses due as of the date of termination shall be paid to Executive on the Company's next regular payday.

(a) Termination Without Severance Benefits. If this Agreement and Executive's employment hereunder is terminated (i) by Executive for any reason other than Good Reason, including but not limited to termination pursuant to

Subsection 6(d) above, or (ii) pursuant to Subsection 6(a) (voluntary resignation), or Subsection 6(c) (by the Company for "Cause"), no other payment or severance benefit will be payable to Executive by the Company.

(b) Termination with Severance Benefits. If Executive's employment is terminated pursuant to Subsection 6(b) (by the Company without "Cause"), 6(e) (for "Good Reason") or 6(f) ("Change in Control"), then Executive shall be entitled to receive: (i) a severance equal to the Base Salary paid in equal installments each month over a period of twelve (12) months; and (ii) reimbursement for monthly premiums paid by Executive for his (and, if applicable, his spouse's and dependents') continued coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") under the group health, dental and/or vision plans sponsored by the Company (or any of its affiliates) for a period of twelve (12) months.

Notwithstanding the foregoing, no amount shall be payable to Executive under this Section 7 unless at the time of resignation or termination, Executive has been employed by Company for more than three (3) months.

Further, notwithstanding the foregoing, the severance benefits described in the preceding paragraph are conditioned on Executive's execution and delivery to the Company and the expiration of all applicable statutory revocation periods, by the 60th day following the effective date of his cessation of employment, of a general release of claims against the Company substantially in the form attached hereto as Exhibit A (the "Release"). Subject to the following paragraph, the severance benefits described in the preceding paragraph will be begin to be paid or provided as soon as administratively practicable after the Release becomes irrevocable, provided that if the 60-day period described above begins in one taxable year and ends in a second taxable year such payments or benefits shall not commence until the second taxable year.

Notwithstanding anything to the contrary in this Agreement, no portion of the benefits or payments to be made under Section 7(b) hereof will be payable until Executive has a "separation from service" from the Company within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, to the extent compliance with the requirements of Treas. Reg. § 1.409A-3(i)(2) (or any successor provision) is necessary to avoid the application of an additional tax under Section 409A of the Code to payments due to Executive upon or following his "separation from service", then notwithstanding any other provision of this Agreement (or any otherwise applicable plan, policy, agreement or arrangement), any such payments that are otherwise due within six months following Executive's "separation from service" (taking into account the preceding sentence of this paragraph) will be deferred without interest and paid to Executive in a lump sum immediately following that six month period. This paragraph should not be construed to prevent the application of Treas. Reg. § 1.409A-1(b)(9)(iii) (or any successor provision) to amounts payable hereunder. For purposes of the application of Section 409A of the Code, each payment in a series of payments will be deemed a separate payment.

8. WITHHOLDING FROM AND OFFSET OF SEVERANCE BENEFITS. The obligation of the Company to make any payment pursuant to Section 7 of this Agreement shall be subject to the following:

(a) Taxes. The Company shall withhold all applicable federal, state and local taxes as required by relevant law and regulation then in effect including, without limitation FICA and other taxes.

(b) Debts and Liabilities of Executive. The Company may withhold from or offset against its payment(s) to Executive any liabilities or debts of Executive to the Company.

9. Section 409A.

(a) Notwithstanding anything herein to the contrary or otherwise, except to the extent any expense, reimbursement or in-kind benefit provided to Executive does not constitute a "deferral of compensation" within the meaning of Section 409A of the Code, and its implementing regulations and guidance, (i) the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year, (ii) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred and (iii) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

(b) Anything to the contrary herein notwithstanding, all benefits or payments provided by the Company to Executive that would be deemed to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code are intended to comply with Section 409A of the Code. Notwithstanding anything in this Agreement to the contrary, distributions may only be made under this Agreement upon an event and in a manner permitted by Section 409A of the Code or an applicable exemption.

(c) If the application of Section 409A impacts Company's tax liability, then Executive agrees to reimburse Company in the amount of the liability incurred.

10. RESERVED.

11. EXECUTIVE REPRESENTATIONS. Executive warrants and represents as follows:

(a) Executive represents that his performance of all of the terms of this Agreement does not and will not breach any arrangement to keep in confidence information acquired by Executive in confidence or in trust prior to Executive's employment by the Company. Executive represents that he has not entered into, and agrees not to enter into, any agreement either oral or written in conflict herewith.

(b) Executive understands as part of the consideration for this Agreement and for Executive's employment or continued employment by the Company, that Executive has not brought and will not bring with Executive to the Company, or use in the performance of Executive's duties and responsibilities for the Company or otherwise on its behalf, any materials or documents of a former employer or other owner that are generally not available to the public, unless Executive has obtained written authorization from the former employer or other owner for their possession and use and has provided the Company with a copy thereof.

(c) Executive understands that during his employment for the Company he is not to breach any obligation of confidentiality that Executive has to a former employer or any other person or entity and agrees to comply with such understanding.

12. RECORDS. All notes, data, tapes, reference materials, sketches, drawings, memoranda, models and records in any way relating to any of the proprietary information or to the Company's business shall belong exclusively to the Company, and Executive agrees to turn over to the Company all such materials and all copies and reproduction capabilities concerning such materials or compilations of information therefrom in his possession or then under his control at the request of the Company or, in the absence of such request, upon the termination of Executive's employment with the Company.

13. WAIVER. No waiver of any provision of this Agreement shall be valid unless the same is in writing and signed by the party against whom such waiver is sought to be enforced. Failure or delay of the Company at any time to insist upon strict compliance with any of the terms, covenants or conditions hereof, or to exercise any of its powers, rights or remedies with respect to any term or provision of this Agreement or any other aspect of Executive's conduct or employment, shall not be deemed a waiver of such terms, covenants, conditions, powers, rights or remedies, nor shall any waiver or relinquishment of any right or power granted hereunder at any particular time be deemed a waiver or relinquishment of such rights or power at any other time or times.

14. RESERVED.

15. SEVERABILITY. The provisions of this Agreement shall be deemed severable, and the invalidity or unenforceability of any provision (or part thereof) of this Agreement shall in no way affect the validity or enforceability of any other provision (or remaining part thereof) or the enforceability thereof under different circumstances.

16. GOVERNING LAW; VENUE. This Agreement shall be governed by and construed according to the laws of the Commonwealth of Pennsylvania, without reference to the choice of law or conflict of law provisions of such laws, provided that federal law shall govern copyright, patent and trademark issues. The Parties further agree that the Court of Common Pleas of Montgomery County, Pennsylvania or the United States District Court for the Eastern District of Pennsylvania in Philadelphia, Pennsylvania shall adjudicate any disputes related to this Agreement. The parties hereto consent to the personal jurisdiction of such courts.

17. NOTICES. Any notice required to be given hereunder shall be sufficient if in writing and sent by certified or registered United States mail, return receipt requested, first-class postage prepaid, in the case of Executive, to the last known address as shown on the Company's records, and in the case of the Company, to its principal office in the Commonwealth of Pennsylvania.

18. BENEFIT. This Agreement shall be binding upon and shall inure to the benefit of each of the parties hereto, and to their respective heirs, representatives, successors and permitted assigns. Executive may not assign any of his rights or delegate any of his duties under this Agreement.

19. ENTIRE AGREEMENT. This Agreement and the No Competition and Non-Disclosure Agreement between the Company and Executive dated February 27, 2006 (the "NCND Agreement") contain the entire agreement and understandings by and between the Company and Executive with respect to the covenants herein and therein described, and no representations, promises,

agreements or understandings, written or oral, not herein or therein contained shall be of any force or effect. The NCND Agreement shall remain in full force and effect following the execution of this Agreement. No change or modification hereof shall be valid or binding unless the same is in writing and signed by the Parties hereto. Executive represents and agrees that he fully understands his right to discuss all aspects of this Agreement with counsel of his choice, that to the extent he desired, he availed himself of this right, that he has carefully read and fully understands the meaning, intent and consequences of all provisions of this entire Agreement, that he is competent to execute this Agreement, that his decision to execute this Agreement has not been obtained by any duress, and that he freely and voluntarily enters into this Agreement.

20. CAPTIONS. The captions in this Agreement are for convenience only and in no way define, bind or describe the scope or intent of this Agreement.

21. SURVIVAL. The provisions set forth in Sections 7 through 20 hereof shall survive the termination of this Agreement and any period of applicability stated therein shall be extended to the extent of any period of time during which the Executive is in violation thereof.

IN WITNESS WHEREOF, the parties have executed this Executive Employment Agreement effective as of the day and year first above written.

GLOBUS MEDICAL, INC.

By: /s/ David C. Paul
Name: David C. Paul
Title: Executive Chairman

EXECUTIVE

/s/ Kelly Huller
Kelly Huller

EXHIBIT A

Form of Release



SEPARATION AGREEMENT AND GENERAL RELEASE

In consideration of a payment of: (1) \$_____ representing a severance payment of one (1) month salary which I will receive from Globus Medical, Inc. ("Globus") by check (less appropriate payroll taxes which will be withheld); and (2) \$_____ representing the cost of extending my medical and health benefits for one (1) month, both payments to be sent within ten (10) calendar days after Globus receives a signed copy of this Agreement and the return of all inventory, equipment and materials pursuant to section 1 below, I, _____, intending to be legally bound by this Separation Agreement and General Release ("Agreement"), hereby agree to release Globus from all claims, demands, actions or liabilities I may have against Globus of whatever kind, known or unknown, including but not limited to those which arise out of or are related to my employment with Globus or the separation or termination of that employment. I agree that this also releases from liability Globus' subsidiaries, successors, operating units, assigns, affiliates, related corporations and entities, and all of their present and future partners, principals, shareholders, employees, officers, directors, agents, attorneys, divisions, and any person or entity which can be held jointly and severally liable with any of them (hereinafter, "those associated with Globus").

I agree that I have voluntarily executed this release on my own behalf, and also on behalf of any heirs, agents and representatives that I may have now or in the future. I knowingly and voluntarily waive any and all claims under any and all laws which provide legal restrictions on Globus or the rights of those associated with Globus to terminate my employment or to affect the terms and conditions of my employment, including but not limited to claims under any federal, state, or other governmental statute, regulation or ordinance, including, without limitation: (1) Title VII of the Civil Rights Act of 1964 and the Civil Rights Act of 1991; (2) the Americans With Disabilities Act; (3) the Pennsylvania Human Relations Act; (4) the Age Discrimination in Employment Act ("ADEA"); (5) the Older Workers Benefit Protection Act; (6) The Family and Medical Leave Act ("FMLA"); (7) Sections 1981 through 1988 of Title 42 of the United States Code; (8) the Employee Retirement Income Security Act of 1974 ("ERISA"); (9) the federal Food Drug and Cosmetic Act; (10) the Occupational Safety and Health Act; (11) all other federal, state or local laws of a similar nature to any of the foregoing enumerated laws and any amendments to the foregoing statutes.

I also waive any other common law or statutory claims against Globus and those associated with Globus, including but not limited to any claim for personal injury, wrongful discharge, public policy, negligence, infliction of emotional distress, whistleblower, retaliation, negligent hiring or retention, or any form of tort, whether negligent,

reckless or intentional, or any claims based on theories of contract, including any claims for legal fees or costs, or any other form of action.

I understand that I am waiving any claims pertaining to my separation from employment as provided for by this Agreement.

I also understand that nothing in this Agreement is intended to waive claims (i) for unemployment or workers' compensation benefits, (ii) for vested rights under ERISA-covered employee benefit plans as applicable on the date I sign this Agreement, (iii) that may arise after I sign this Agreement, (iv) for reimbursement of expenses under the Company's expense reimbursement policies, or (v) which cannot be released by private agreement. In addition, nothing in this Agreement including but not limited to the acknowledgments, release of claims, proprietary information, confidentiality, cooperation, and non-disparagement provisions, (w) waives my right to testify in an administrative, legislative, or judicial proceeding concerning alleged criminal conduct or alleged sexual harassment on the part of the Company, or on the part of the agents or employees of the Company, when I have been required or requested to attend such a proceeding pursuant to a court order, subpoena, or written request from an administrative agency or the legislature, (x) prevents me from communicating with, filing a charge or complaint with or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission, National Labor Relations Board, the Securities and Exchange Commission, or any other any federal, state or local agency charged with the enforcement of any laws, including providing documents or any other information, or (y) limits me from exercising rights under Section 7 of the NLRA to engage in protected, concerted activity with other employees, although by signing this Agreement I am waiving rights to individual relief (including back pay, front pay, reinstatement or other legal or equitable relief) in any charge, complaint, or lawsuit or other proceeding brought by you or on your behalf by any third party, except for any right I may have to receive a payment or award from a government agency (and not the Company) for information provided to the government agency or otherwise where prohibited.

This Agreement shall operate as a general release of any and all claims to the fullest extent of applicable law. I acknowledge and understand that the aforementioned releases are general releases of all known and unknown claims.

I further acknowledge and agree that:

1. The payment above is contingent on my return of all Globus inventory, sets, implants, instrumentation, customs, literature, phone, computer or electronic equipment, and confidential information (“Property”) in my possession to Globus by _____, or through other arrangements made with the consent and approval of Globus. I understand that my point of contact for return of all Property is _____ and will coordinate with him on this process.

2. The payment as described above constitutes consideration for this release, in that it is a payment or other accommodation to which I would not have been entitled under any Globus policy, procedure or plan had I not signed this release.

3. As of the date set forth below, payment has been made in full for all hours worked and that I am not owed or entitled to any additional compensation in the form of salary, wages, overtime, vacation pay, fringe benefits or otherwise, related to any employment with Globus or those associated with Globus.

4. I have been given the opportunity to take a period of at least twenty-one (21) days to consider this release (“Consideration Period”), I have not been pressured or coerced to waive this Consideration Period, and I have been given the opportunity to discuss it with counsel of my choice.

5. I have carefully read this release, have had a reasonable time to review it, and have signed it voluntarily, without coercion and with knowledge of the nature and consequences thereof.

6. This release does not waive any claims I may have which arise after the date I sign this release.

7. I have not relied on any representations or promises of any kind made to me in connection with my voluntary decision to sign this release except for those set forth in this release.

8. I will keep the terms of this release, including the payment and accommodations made hereunder, in strict confidence, and will not make public or disclose the terms or payment to any person except for my spouse, my attorneys or accountants or governmental authorities as may be required by law.

9. I shall not make or publish any statement (orally or in writing) or instigate, assist or participate in the making or publication of any statement which shall tend to disparage or demean Globus, or any of its present or former employees, officers and directors.

10. If Globus receives any requests for references concerning my employment, Globus will only disclose my position and dates of employment.

11. I agree not to seek employment or be employed with Globus or those associated with Globus, and forever waive and relinquish all rights to assert any claim for recall, reemployment, or tenure with Globus or those associated with Globus. I agree that Globus and those associated with Globus need not accept or consider any application for employment from me, may deny employment to me based upon this provision, and I hereby release Globus and those associated with Globus from any liability for failure to hire or rehire me in the future. If I should apply for employment or reemployment with Globus or those associated with Globus in the future, this Agreement shall constitute my irrevocable request that such application be withdrawn and not considered and, if already hired, shall constitute my irrevocable resignation.

12. I agree I will never institute or be a party to a claim of any kind against Globus or those associated with Globus regarding the subject matter of this release. If I violate this release by instituting a claim against Globus or those associated with Globus, I agree I will pay all costs Globus or those associated with Globus incur in defending against the claim, including reasonable attorneys' fees.

13. I agree to timely pay any taxes due on sums paid pursuant to this Agreement and hereby indemnify and holds harmless Globus for any taxes and penalties assessed on account of sums paid pursuant to this Agreement.

14. I understand that the sums paid pursuant to this Agreement will not be included in compensation for purposes of calculating the benefits to which I am entitled under any 401(k), pension or other retirement plan.

15. I agree to execute any documents and to take any other actions necessary to implement the terms of this Agreement.

16. I understand that this Agreement sets forth the terms of the entire agreement between me and Globus concerning my employment and separation from employment and extinguish the terms of any other agreement between the parties; provided, however, that the provisions of the No Competition and Non-Disclosure Agreement that I signed as an employee of Globus shall remain in full force and effect. I am not entitled to any benefit or consideration not set forth in this Agreement nor shall I be entitled to any duplication of the consideration or benefits described in this Agreement.

17. I understand that no oral statement of any person whatsoever shall in any manner or degree modify or otherwise affect the terms and provisions of this Agreement. To the extent the terms of this

Agreement and any other agreement conflict, the terms of this Agreement shall govern and supersede such inconsistent terms.

18. I understand and agree that if, after 30 days from receipt of this Agreement, I do not sign and return it to Globus, that the terms and conditions of this offer shall expire at Globus' discretion and without any further notice to me. Globus reserves the right to rescind this Agreement at any time on written notice during this 30 day period.

I understand this Agreement is not effective or enforceable for seven (7) days after I sign it, and I may revoke it during that time ("Revocation Period"). I have not been pressured or coerced to waive this Revocation Period. To revoke, I agree to return the full amount of any check I received from Globus under this Release, together with a written notice of revocation addressed to Kelly G. Huller, Esquire, Senior Vice President and General Counsel, Globus Medical, Inc., 2560 General Armistead Avenue, Audubon, PA 19403. I understand and agree that this must be done before the conclusion of the seventh day after I sign the release; that if Ms. Huller does not receive a written revocation and the sum stated above by the end of the seven day period, this release will become fully enforceable at that time; and that revocation of this release does not alter or affect the termination of my employment with Globus.

In case any part of this release shall be invalid, illegal or otherwise unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. This release shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

I understand and agree to this Agreement, have had the opportunity to review it with counsel, and have signed it freely and voluntarily.

_____ Date _____

Witness (print name) Witness (signature)

Reviewed and agreed to on behalf of Globus Medical, Inc.:

By: _____
Name: _____
Title: _____

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into this ____ day of August, 2020 (the "Effective Date"), by and between **Globus Medical, Inc.**, a Delaware corporation with its principal office in Montgomery County, Pennsylvania (the "Company"), and **Keith Pfeil**, a resident of Pennsylvania ("Executive"), hereinafter collectively referred to as "the Parties".

WITNESSETH:

WHEREAS, Executive serves the Company as its Senior Vice President, Chief Financial Officer; and

WHEREAS, the Company and the Executive desire to enter into this Agreement to set forth the terms and conditions of the employment relationship between the Company and Executive;

NOW, THEREFORE, in consideration of the mutual promises in this Agreement, and other good and valuable consideration, including but not limited to the employment of Executive by the Company and the compensation received by Executive from the Company from time to time, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. EMPLOYMENT. The Company hereby employs Executive as the Company's Senior Vice President, Chief Financial Officer, and Executive hereby accepts such employment, upon the terms and conditions hereinafter set forth.

2. TERM. The term ("Term") of this Agreement shall begin on the Effective Date and shall continue until terminated in accordance with the provisions of Section 6 hereof.

3. EMPLOYMENT AT WILL. The Parties acknowledge and agree that Executive's employment with the Company is, and shall remain at all times, "employment at-will". Either party shall have the right to terminate the employment relationship at any time, for any reason, with or without cause or prior notice.

4. DUTIES; EXCLUSIVE SERVICES; CONFLICTS OF INTEREST. Executive shall faithfully discharge his responsibilities and perform all duties as generally performed by the Senior Vice President, Chief Financial Officer of a comparable entity, including any duties set forth in the Bylaws of the Company related to the position and those duties prescribed from time to time by the Chief Executive Officer or his designee. Executive agrees to devote his best efforts, time, skill and attention to the performance of his duties and responsibilities on behalf of the Company and in furtherance of its best interests. Executive shall not become involved in any personal investment or business that would likely adversely affect the business of the Company or its affiliates. Executive also agrees that he shall not, without the written consent of the Chief Executive Officer or his designee, take personal advantage of any business opportunities that arise during his employment with the Company and which may benefit the Company. All material facts supporting such opportunities shall be promptly reported to the Chief Executive Officer for consideration by the Company. Executive agrees to comply with all policies, standards and regulations of the Company now existing or hereafter promulgated. Subject to the terms and conditions of this Agreement (including, without limitation, Executive's right to resign for Good Reason pursuant to Section 6(e)), Executive may be reassigned or transferred to another management position, as designated by and in the discretion of the Chief Executive Officer or his designee which may or may not provide the same level of responsibility as the initial assignment, and Executive shall perform these duties. Upon execution of this Agreement, Executive agrees to immediately resign from the board of directors of any entity that engages in any business that competes with or represents a conflict with the business of the Company as determined in the discretion of the Board of Directors of the Company.

5. COMPENSATION. During the Term of this Agreement, Executive's compensation shall be determined and paid as follows.

(a) BASE SALARY. Executive shall receive as compensation an initial base salary at the rate of \$339,900 annually, which annual rate may be increased during Executive's employment from time to time in the sole discretion of the Company (the "Base Salary"). The Base Salary shall be paid on the Company's regularly scheduled paydays, less federal, state and local payroll taxes and other withholdings legally required or properly requested by Executive, in accordance with the Company's regular payroll practices and procedures.

(b) INCENTIVE BONUS. Subject to the Company's financial ability and in its sole discretion, it will establish an incentive bonus plan ("Bonus Plan") that Executive shall be eligible to participate in. Under the terms of the Bonus Plan,

each year Executive will be able to earn a target bonus as established by the Compensation Committee by meeting certain Company and individual performance targets, which amount may be increased from time to time in the sole discretion of the Company. The target bonus for 2020 is \$200,000.

(c) STOCK OPTIONS. Executive shall be eligible to receive an initial stock option grant to purchase 40,000 shares of Globus Medical common stock vesting over a period of four years. Vesting will begin after one year of service. The exercise price per share of any stock option will be the fair market value per share of Globus Medical common stock on the date the option is granted. All stock options will be proportionally adjusted to account for any stock splits, combinations and other adjustments to its capital stock. The stock option is conditioned upon approval by the Company's Board of Directors and execution of the Company's Stock Option Agreement and related documents.

(d) BENEFITS. Executive shall be eligible to participate in such other benefits as are provided from time to time to other executive-level employees of the Company. Such benefits will be provided and administered in accordance with the terms of any such benefit plans. All Company benefits are subject to termination or amendment by the Company without advance notice to or consent from Executive.

(e) VACATION. Executive shall be entitled to four (4) weeks of paid vacation per calendar year, to be accrued and used in accordance with the vacation policy of the Company.

(f) BUSINESS EXPENSES. The Company will pay all reasonable expenses incurred by Executive directly related to conduct of the business of the Company, including a monthly car allowance in the amount of \$700.00, provided that Executive complies with the policies for reimbursement or advance of business expenses established by the Company. Executive will also receive the usual and customary benefits allotted to Company executives including, but not limited to, mobile PDA and laptop computer.

(g) RELOCATION BENEFITS. The Company agrees to reimburse you up to a maximum of \$50,000 for all expenses related to your relocation to the metropolitan Philadelphia area, as those items are defined in the Company's Relocation Policy. If you separate from employment by resignation or termination for cause (as defined below) within twenty-four (24) months of your start date with the Company, then you shall be responsible to repay to Company any and all amounts reimbursed to you, or paid on your behalf, by Company with respect to your relocation ("Relocation Expenses"). In the event repayment is required, the Company, in its discretion, is authorized to deduct the amount of any Relocation Expenses from any sums payable to you, including but not limited to any paychecks, commission payments, severance payments, bonus payment, and the value of any and all accrued sick or vacation time. The Company may also elect to issue an invoice for all or party of the Relocation Expenses, which shall be payable in full by you within ten (10) days of receipt.

6. TERMINATION. Executive's employment hereunder may be terminated as follows.

(a) VOLUNTARY RESIGNATION BY EXECUTIVE. Executive may terminate his employment by delivery of written notice to the Company.

(b) TERMINATION BY THE COMPANY WITHOUT CAUSE. The Company may terminate Executive's employment by delivery of written notice to Executive.

(c) TERMINATION BY THE COMPANY FOR CAUSE. While Executive is employed by the Company, the Company may terminate Executive's employment "for cause," as hereinafter defined, immediately upon written notice to Executive. "Cause" shall be decided by a majority vote of the Board of Directors of the Company other than Executive and shall mean:

(i) Any material breach of the terms of this Agreement by Executive which breach, if curable, is not cured within fifteen (15) days after written notice of such breach has been given to Executive; or

(ii) The failure of Executive to comply with the policies and/or directives of the Company and/or Board of Directors, which failure, if curable, is not cured within fifteen (15) days after written notice of such failure has been given to Executive; or

(iii) Any act of gross negligence or willful misconduct with respect to the Company, including, without limitation fraud, embezzlement, theft or proven dishonesty in the course of his employment; or

(iv) Any failure by Executive to fully disclose any material conflict of interest he may have with the Company in a transaction involving the Company which conflict is materially detrimental to the interest of the Company; or

(v) Any adverse act or omission that would be required to be disclosed pursuant to securities laws or that would limit the ability of the Company or any entity affiliated with the Company to sell securities under any federal or state law or that would disqualify the Company or any affiliated entity from any exemption otherwise available to it, all of which are deemed for purposes of this Agreement to be materially detrimental to the interests and well-being of the Company.

(d) OTHER TERMINATION BY THE COMPANY. While the Company employs Executive, the Company may immediately terminate this Agreement upon the occurrence of any of the following events:

(i) This Agreement and Executive's employment hereunder shall immediately terminate without notice in the event of death of the Executive. Such termination shall not prejudice any benefits payable to Executive or Executive's beneficiaries that are fully vested or accrued as of the date of death; however, Executive's estate will not be entitled to any other compensation under this Agreement.

(ii) This Agreement and Executive's employment hereunder shall immediately terminate upon written notice to Executive if Executive is unable, due to a disability, to perform the essential functions of his job, with or without a reasonable accommodation, for a period of sixty (60) continuous days. Such termination shall not prejudice any benefits payable to Executive or Executive's beneficiaries that are fully vested or accrued as of the termination date; however, the Company shall have no further obligation or liability to Executive under this Agreement.

(iii) This Agreement shall terminate in the event of the liquidation, dissolution or discontinuance of business by the Company or the filing of any petition by or against the Company under any federal or state bankruptcy or insolvency laws, which petition shall not be dismissed within sixty (60) days after filing.

(e) TERMINATION BY EXECUTIVE FOR GOOD REASON. During the Term of this Agreement, Executive may terminate his employment under this Agreement at any time for "Good Reason." For purposes of this Agreement, "Good Reason" means:

(i) Any materially adverse change or material diminution in the office, title, duties, powers, authority or responsibilities of Executive; or

(ii) Failure of the Company to pay Executive any Base Salary or bonus that has become due and payable; or

(iii) A material reduction in Base Salary; or

(iv) A relocation of Executive's principal worksite of more than 25 miles unless such relocation reduces Executive's commute to such worksite; or

(v) Any material breach of the terms of this Agreement by the Company.

However, none of the foregoing events or conditions will constitute Good Reason unless Executive provides the Company with written objection to the event or condition within 90 days following the occurrence thereof, the Company does not reverse or otherwise cure the event or condition within thirty (30) days of receiving that written objection, and Executive resigns his employment within thirty (30) days following the expiration of that cure period.

(f) TERMINATION FOLLOWING CHANGE IN CONTROL. If (i) all or substantially all of the assets of the Company are sold, liquidated or distributed or (ii) the Company is party to a merger or consolidation, or (iii) a person or entity or related persons or entities acquire a majority of the total voting power of the Company's then-outstanding equity securities (each, a "Change in Control"), the Company may terminate the Executive's employment without cause or the Executive may resign his employment with the Company under circumstances establishing Good Reason.

(g) RESIGNATION AS OFFICER AND DIRECTOR. It is understood that if Executive has been, or at any time hereafter is, appointed to the Board of Directors of the Company, upon termination of this Agreement and Executive's

employment hereunder for any reason, unless otherwise agree between the Company and Executive, Executive shall also be deemed to have resigned as a member, if applicable at such time, of the Company's Board of Directors, as well as any and all positions Executive may hold as an officer of the Company.

7. PAYMENTS ON TERMINATION. Upon termination of this Agreement and Executive's employment hereunder for any reason, all salary and benefits accrued and unreimbursed expenses due as of the date of termination shall be paid to Executive on the Company's next regular payday.

(a) Termination Without Severance Benefits. If this Agreement and Executive's employment hereunder is terminated (i) by Executive for any reason other than Good Reason, including but not limited to termination pursuant to Subsection 6(d) above, or (ii) pursuant to Subsection 6(a) (voluntary resignation), or Subsection 6(c) (by the Company for "Cause"), no other payment or severance benefit will be payable to Executive by the Company.

(b) Termination with Severance Benefits. If Executive's employment is terminated pursuant to Subsection 6(b) (by the Company without "Cause"), 6(e) (for "Good Reason") or 6(f) ("Change in Control"), then Executive shall be entitled to receive: (i) a severance equal to the Base Salary paid in equal installments each month over a period of twelve (12) months; and (ii) reimbursement for monthly premiums paid by Executive for his (and, if applicable, his spouse's and dependents') continued coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") under the group health, dental and/or vision plans sponsored by the Company (or any of its affiliates) for a period of twelve (12) months.

Notwithstanding the foregoing, no amount shall be payable to Executive under this Section 7 unless at the time of resignation or termination, Executive has been employed by Company for more than three (3) months.

Further, notwithstanding the foregoing, the severance benefits described in the preceding paragraph are conditioned on Executive's execution and delivery to the Company and the expiration of all applicable statutory revocation periods, by the 60th day following the effective date of his cessation of employment, of a general release of claims against the Company substantially in the form attached hereto as Exhibit A (the "Release"). Subject to the following paragraph, the severance benefits described in the preceding paragraph will begin to be paid or provided as soon as administratively practicable after the Release becomes irrevocable, provided that if the 60-day period described above begins in one taxable year and ends in a second taxable year such payments or benefits shall not commence until the second taxable year.

Notwithstanding anything to the contrary in this Agreement, no portion of the benefits or payments to be made under Section 7(b) hereof will be payable until Executive has a "separation from service" from the Company within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, to the extent compliance with the requirements of Treas. Reg. § 1.409A-3(i)(2) (or any successor provision) is necessary to avoid the application of an additional tax under Section 409A of the Code to payments due to Executive upon or following his "separation from service", then notwithstanding any other provision of this Agreement (or any otherwise applicable plan, policy, agreement or arrangement), any such payments that are otherwise due within six months following Executive's "separation from service" (taking into account the preceding sentence of this paragraph) will be deferred without interest and paid to Executive in a lump sum immediately following that six month period. This paragraph should not be construed to prevent the application of Treas. Reg. § 1.409A-1(b)(9)(iii) (or any successor provision) to amounts payable hereunder. For purposes of the application of Section 409A of the Code, each payment in a series of payments will be deemed a separate payment.

8. WITHHOLDING FROM AND OFFSET OF SEVERANCE BENEFITS. The obligation of the Company to make any payment pursuant to Section 7 of this Agreement shall be subject to the following:

(a) Taxes. The Company shall withhold all applicable federal, state and local taxes as required by relevant law and regulation then in effect including, without limitation FICA and other taxes.

(b) Debts and Liabilities of Executive. The Company may withhold from or offset against its payment(s) to Executive any liabilities or debts of Executive to the Company.

9. Section 409A.

(a) Notwithstanding anything herein to the contrary or otherwise, except to the extent any expense, reimbursement or in-kind benefit provided to Executive does not constitute a "deferral of compensation" within the meaning of Section 409A of the Code, and its implementing regulations and guidance, (i) the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year, (ii) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following

the calendar year in which the applicable expense is incurred and (iii) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

(b) Anything to the contrary herein notwithstanding, all benefits or payments provided by the Company to Executive that would be deemed to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code are intended to comply with Section 409A of the Code. Notwithstanding anything in this Agreement to the contrary, distributions may only be made under this Agreement upon an event and in a manner permitted by Section 409A of the Code or an applicable exemption.

(c) If the application of Section 409A impacts Company's tax liability, then Executive agrees to reimburse Company in the amount of the liability incurred.

10. RESERVED.

11. EXECUTIVE REPRESENTATIONS. Executive warrants and represents as follows:

(a) Executive represents that his performance of all of the terms of this Agreement does not and will not breach any arrangement to keep in confidence information acquired by Executive in confidence or in trust prior to Executive's employment by the Company. Executive represents that he has not entered into, and agrees not to enter into, any agreement either oral or written in conflict herewith.

(b) Executive understands as part of the consideration for this Agreement and for Executive's employment or continued employment by the Company, that Executive has not brought and will not bring with Executive to the Company, or use in the performance of Executive's duties and responsibilities for the Company or otherwise on its behalf, any materials or documents of a former employer or other owner that are generally not available to the public, unless Executive has obtained written authorization from the former employer or other owner for their possession and use and has provided the Company with a copy thereof.

(c) Executive understands that during his employment for the Company he is not to breach any obligation of confidentiality that Executive has to a former employer or any other person or entity and agrees to comply with such understanding.

12. RECORDS. All notes, data, tapes, reference materials, sketches, drawings, memoranda, models and records in any way relating to any of the proprietary information or to the Company's business shall belong exclusively to the Company, and Executive agrees to turn over to the Company all such materials and all copies and reproduction capabilities concerning such materials or compilations of information therefrom in his possession or then under his control at the request of the Company or, in the absence of such request, upon the termination of Executive's employment with the Company.

13. WAIVER. No waiver of any provision of this Agreement shall be valid unless the same is in writing and signed by the party against whom such waiver is sought to be enforced. Failure or delay of the Company at any time to insist upon strict compliance with any of the terms, covenants or conditions hereof, or to exercise any of its powers, rights or remedies with respect to any term or provision of this Agreement or any other aspect of Executive's conduct or employment, shall not be deemed a waiver of such terms, covenants, conditions, powers, rights or remedies, nor shall any waiver or relinquishment of any right or power granted hereunder at any particular time be deemed a waiver or relinquishment of such rights or power at any other time or times.

14. RESERVED.

15. SEVERABILITY. The provisions of this Agreement shall be deemed severable, and the invalidity or unenforceability of any provision (or part thereof) of this Agreement shall in no way affect the validity or enforceability of any other provision (or remaining part thereof) or the enforceability thereof under different circumstances.

16. GOVERNING LAW; VENUE. This Agreement shall be governed by and construed according to the laws of the Commonwealth of Pennsylvania, without reference to the choice of law or conflict of law provisions of such laws, provided that federal law shall govern copyright, patent and trademark issues. The Parties further agree that the Court of Common Pleas of Montgomery County, Pennsylvania or the United States District Court for the Eastern District of Pennsylvania in Philadelphia, Pennsylvania shall adjudicate any disputes related to this Agreement. The parties hereto consent to the personal jurisdiction of such courts.

17. NOTICES. Any notice required to be given hereunder shall be sufficient if in writing and sent by certified or registered United States mail, return receipt requested, first-class postage prepaid, in the case of Executive, to the last known address as shown on the Company's records, and in the case of the Company, to its principal office in the Commonwealth of Pennsylvania.

18. BENEFIT. This Agreement shall be binding upon and shall inure to the benefit of each of the parties hereto, and to their respective heirs, representatives, successors and permitted assigns. Executive may not assign any of his rights or delegate any of his duties under this Agreement.

19. ENTIRE AGREEMENT. This Agreement and the No Competition and Non-Disclosure Agreement between the Company and Executive dated June 19, 2019 (the "NCND Agreement") contain the entire agreement and understandings by and between the Company and Executive with respect to the covenants herein and therein described, and no representations, promises, agreements or understandings, written or oral, not herein or therein contained shall be of any force or effect. The NCND Agreement shall remain in full force and effect following the execution of this Agreement. No change or modification hereof shall be valid or binding unless the same is in writing and signed by the Parties hereto. Executive represents and agrees that he fully understands his right to discuss all aspects of this Agreement with counsel of his choice, that to the extent he desired, he availed himself of this right, that he has carefully read and fully understands the meaning, intent and consequences of all provisions of this entire Agreement, that he is competent to execute this Agreement, that his decision to execute this Agreement has not been obtained by any duress, and that he freely and voluntarily enters into this Agreement.

20. CAPTIONS. The captions in this Agreement are for convenience only and in no way define, bind or describe the scope or intent of this Agreement.

21. SURVIVAL. The provisions set forth in Sections 7 through 20 hereof shall survive the termination of this Agreement and any period of applicability stated therein shall be extended to the extent of any period of time during which the Executive is in violation thereof.

IN WITNESS WHEREOF, the parties have executed this Executive Employment Agreement effective as of the day and year first above written.

GLOBUS MEDICAL, INC.

By: /s/ David C. Paul
Name: David C. Paul
Title: Executive Chairman

EXECUTIVE

/s/ Keith Pfeil
Keith Pfeil

EXHIBIT A

Form of Release

SEPARATION AGREEMENT AND GENERAL RELEASE

In consideration of a payment of: (1) \$_____ representing a severance payment of one (1) month salary which I will receive from Globus Medical, Inc. ("Globus") by check (less appropriate payroll taxes which will be withheld); and (2) \$_____ representing the cost of extending my medical and health benefits for one (1) month, both payments to be sent within ten (10) calendar days after Globus receives a signed copy of this

Agreement and the return of all inventory, equipment and materials pursuant to section 1 below, I, _____, intending to be legally bound by this Separation Agreement and General Release ("Agreement"), hereby agree to release Globus from all claims, demands, actions or liabilities I may have against Globus of whatever kind, known or unknown, including but not limited to those which arise out of or are related to my employment with Globus or the separation or termination of that employment. I agree that this also releases from liability Globus' subsidiaries, successors, operating units, assigns, affiliates, related corporations and entities, and all of their present and future partners, principals, shareholders, employees, officers, directors, agents, attorneys, divisions, and any person or entity which can be held jointly and severally liable with any of them (hereinafter, "those associated with Globus").

I agree that I have voluntarily executed this release on my own behalf, and also on behalf of any heirs, agents and representatives that I may have now or in the future. I knowingly and voluntarily waive any and all claims under any and all laws which provide legal restrictions on Globus or the rights of those associated with Globus to terminate my employment or to affect the terms and conditions of my employment, including but not limited to claims under any federal, state, or other governmental statute, regulation or ordinance, including, without limitation: (1) Title VII of the Civil Rights Act of 1964 and the Civil Rights Act of 1991; (2) the Americans With Disabilities Act; (3) the Pennsylvania Human Relations Act; (4) the Age Discrimination in Employment Act ("ADEA"); (5) the Older Workers Benefit Protection Act; (6) The Family and Medical Leave Act ("FMLA"); (7) Sections 1981 through 1988 of Title 42 of the United States Code; (8) the Employee Retirement Income Security Act of 1974 ("ERISA"); (9) the federal Food Drug and Cosmetic Act; (10) the Occupational Safety and Health Act; (11) all other federal, state or local laws of a similar nature to any of the foregoing enumerated laws and any amendments to the foregoing statutes.

I also waive any other common law or statutory claims against Globus and those associated with Globus, including but not limited to any claim for personal injury, wrongful discharge, public policy, negligence, infliction of emotional distress, whistleblower, retaliation, negligent hiring or retention, or any form of tort, whether negligent, reckless or intentional, or any claims based on theories of contract, including any claims for legal fees or costs, or any other form of action.

I understand that I am waiving any claims pertaining to my separation from employment as provided for by this Agreement.

I also understand that nothing in this Agreement is intended to waive claims (i) for unemployment or workers' compensation benefits, (ii) for vested rights under ERISA-covered employee benefit plans as applicable on the date I sign this Agreement, (iii) that may arise after I sign this Agreement, (iv) for reimbursement of expenses under the Company's expense reimbursement policies, or (v) which cannot be released by private agreement. In addition, nothing in this Agreement including but not limited to the acknowledgments, release of claims, proprietary information, confidentiality, cooperation, and non-disparagement provisions, (w) waives my right to testify in an administrative, legislative, or judicial proceeding concerning alleged criminal conduct or alleged sexual harassment on the part of the Company, or on the part of the agents or employees of the Company, when I have been required or requested to attend such a proceeding pursuant to a court order, subpoena, or written request from an administrative agency or the legislature, (x) prevents me from communicating with, filing a charge or complaint with or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission, National Labor Relations Board, the Securities and Exchange Commission, or any other any federal, state or local agency charged with the enforcement of any laws, including providing documents or any other information, or (y) limits me from exercising rights under Section 7 of the NLRA to engage in protected, concerted activity with other employees, although by signing this Agreement I am waiving rights to individual relief (including back pay, front pay, reinstatement or other legal or equitable relief) in any charge, complaint, or lawsuit or other proceeding brought by you or on your behalf by any third party, except for any right I may have to receive a payment or award from a government agency (and not the Company) for information provided to the government agency or otherwise where prohibited.

This Agreement shall operate as a general release of any and all claims to the fullest extent of applicable law. I acknowledge and understand that the aforementioned releases are general releases of all known and unknown claims.

I further acknowledge and agree that:

1. The payment above is contingent on my return of all Globus inventory, sets, implants, instrumentation, customs, literature, phone, computer or electronic equipment, and confidential information ("Property") in my possession to Globus by _____, or through other arrangements made with the consent and approval of Globus. I understand that my point of contact for return of all Property is _____ and will coordinate with him on this process.

2. The payment as described above constitutes consideration for this release, in that it is a payment or other accommodation to which I would not have been entitled under any Globus policy, procedure or plan had I not signed this release.

3. As of the date set forth below, payment has been made in full for all hours worked and that I am not owed or entitled to any additional compensation in the form of salary, wages, overtime, vacation pay, fringe benefits or otherwise, related to any employment with Globus or those associated with Globus.

4. I have been given the opportunity to take a period of at least twenty-one (21) days to consider this release ("Consideration Period"), I have not been pressured or coerced to waive this Consideration Period, and I have been given the opportunity to discuss it with counsel of my choice.

5. I have carefully read this release, have had a reasonable time to review it, and have signed it voluntarily, without coercion and with knowledge of the nature and consequences thereof.

6. This release does not waive any claims I may have which arise after the date I sign this release.

7. I have not relied on any representations or promises of any kind made to me in connection with my voluntary decision to sign this release except for those set forth in this release.

8. I will keep the terms of this release, including the payment and accommodations made hereunder, in strict confidence, and will not make public or disclose the terms or payment to any person except for my spouse, my attorneys or accountants or governmental authorities as may be required by law.

9. I shall not make or publish any statement (orally or in writing) or instigate, assist or participate in the making or publication of any statement which shall tend to disparage or demean Globus, or any of its present or former employees, officers and directors.

10. If Globus receives any requests for references concerning my employment, Globus will only disclose my position and dates of employment.

11. I agree not to seek employment or be employed with Globus or those associated with Globus, and forever waive and relinquish all rights to assert any claim for recall, reemployment, or tenure with Globus or those associated with Globus. I agree that Globus and those associated with Globus need not accept or consider any application for employment from me, may deny employment to me based upon this provision, and I hereby release Globus and those associated with Globus from any liability for failure to hire or rehire me in the

future. If I should apply for employment or reemployment with Globus or those associated with Globus in the future, this Agreement shall constitute my irrevocable request that such application be withdrawn and not considered and, if already hired, shall constitute my irrevocable resignation.

12. I agree I will never institute or be a party to a claim of any kind against Globus or those associated with Globus regarding the subject matter of this release. If I violate this release by instituting a claim against Globus or those associated with Globus, I agree I will pay all costs Globus or those associated with Globus incur in defending against the claim, including reasonable attorneys' fees.

13. I agree to timely pay any taxes due on sums paid pursuant to this Agreement and hereby indemnify and holds harmless Globus for any taxes and penalties assessed on account of sums paid pursuant to this Agreement.

14. I understand that the sums paid pursuant to this Agreement will not be included in compensation for purposes of calculating the benefits to which I am entitled under any 401(k), pension or other retirement plan.

15. I agree to execute any documents and to take any other actions necessary to implement the terms of this Agreement.

16. I understand that this Agreement sets forth the terms of the entire agreement between me and Globus concerning my employment and separation from employment and extinguish the terms of any other agreement between the parties; provided, however, that the provisions of the No Competition and Non-Disclosure Agreement that I signed as an employee of Globus shall remain in full force and effect. I am not entitled to any benefit or consideration not set forth in this Agreement nor shall I be entitled to any duplication of the consideration or benefits described in this Agreement.

17. I understand that no oral statement of any person whatsoever shall in any manner or degree modify or otherwise affect the terms and provisions of this Agreement. To the extent the terms of this Agreement and any other agreement conflict, the terms of this Agreement shall govern and supersede such inconsistent terms.

18. I understand and agree that if, after 30 days from receipt of this Agreement, I do not sign and return it to Globus, that the terms and conditions of this offer shall expire at Globus' discretion and without any

**Certification By Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, David M. Demski, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Globus Medical, 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 (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2020

/s/ DAVID M. DEMSKI
David M. Demski
Chief Executive Officer
President

**Certification By Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Keith Pfeil, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Globus Medical, 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 (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2020

/s/ KEITH PFEIL
Keith Pfeil
Senior Vice President
Chief Financial Officer

**Certification Pursuant to 18 U.S.C. Section 1350, as Adopted
Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code), David M. Demski, Chief Executive Officer, and Keith Pfeil, Senior Vice President and Chief Financial Officer of Globus Medical, Inc. (the "Company"), each certifies with respect to the Quarterly Report of the Company on Form 10-Q for the period ended June 30, 2020 (the "Report") that, to the best of his knowledge:

- (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.

Date: August 5, 2020

/s/ DAVID M. DEMSKI

David M. Demski
Chief Executive Officer
President

Date: August 5, 2020

/s/ KEITH PFEIL

Keith Pfeil
Senior Vice President
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code) and is not being filed as part of the Report or as a separate disclosure document.
