**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, 2022
**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** | **04-3744954** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **2560 General Armistead Avenue, Audubon, PA 19403-5214** | **(610) 930-1800** |
| (Address of principal executive offices) (Zip Code) | (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 1, 2022 was 99,515,064 shares.

**GLOBUS MEDICAL, INC. AND SUBSIDIARIES**
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## PART I. FINANCIAL INFORMATION

### Item 1. Financial Statements

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

| *(In thousands, except share and per share values)* | June 30, 2022 | December 31, 2021 |
|---|---|---|
| **ASSETS** | | |
| **Current assets:** | | |
| Cash and cash equivalents | **$ 150,772** | $ 193,069 |
| Short-term marketable securities | **257,238** | 250,378 |
| Accounts receivable, net of allowances of $4,182 and $4,962, respectively | **192,814** | 164,436 |
| Inventories | **266,043** | 237,001 |
| Prepaid expenses and other current assets | **18,579** | 18,417 |
| Income taxes receivable | **5,722** | 1,215 |
| **Total current assets** | **891,168** | 864,516 |
| Property and equipment, net of accumulated depreciation of $321,999 and $305,575, respectively | **238,882** | 221,076 |
| Long-term marketable securities | **473,663** | 562,475 |
| Intangible assets, net | **59,131** | 68,660 |
| Goodwill | **182,702** | 179,708 |
| Other assets | **34,007** | 36,334 |
| Deferred income taxes | **35,159** | 24,494 |
| **Total assets** | **$ 1,914,712** | $ 1,957,263 |
| | | |
| **LIABILITIES AND EQUITY** | | |
| **Current liabilities:** | | |
| Accounts payable | **$ 34,195** | $ 21,955 |
| Accrued expenses | **82,543** | 91,168 |
| Income taxes payable | **3,471** | 1,046 |
| Business acquisition liabilities | **12,623** | 11,770 |
| Deferred revenue | **13,185** | 12,025 |
| Payable to broker | **—** | 2,200 |
| **Total current liabilities** | **146,017** | 140,164 |
| Business acquisition liabilities, net of current portion | **55,691** | 58,755 |
| Deferred income taxes | **2,511** | 4,314 |
| Other liabilities | **11,400** | 12,642 |
| **Total liabilities** | **215,619** | 215,875 |
| Commitments and contingencies (Note 15) | | |
| **Equity:** | | |
| Class A common stock; $0.001 par value. Authorized 500,000,000 shares; issued and outstanding 77,037,205 and 79,113,916 shares at June 30, 2022 and December 31, 2021, respectively | **77** | 79 |
| Class B common stock; $0.001 par value. Authorized 275,000,000 shares; issued and outstanding 22,430,097 and 22,430,097 shares at June 30, 2022 and December 31, 2021, respectively | **22** | 22 |
| Additional paid-in capital | **581,907** | 553,787 |
| Accumulated other comprehensive income/(loss) | **(25,368)** | (6,772) |
| Retained earnings | **1,142,455** | 1,194,272 |
| **Total equity** | **1,699,093** | 1,741,388 |
| **Total liabilities and equity** | **$ 1,914,712** | $ 1,957,263 |

See accompanying notes to unaudited condensed consolidated financial statements.

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In thousands, except per share amounts)* | **2022** | **2021** | **2022** | **2021** |
| **Net sales** | **$ 263,648** | $ 251,016 | **$ 494,197** | $ 478,360 |
| Cost of goods sold | **68,470** | 63,846 | **127,637** | 118,873 |
| **Gross profit** | **195,178** | 187,170 | **366,560** | 359,487 |
| | | | | |
| **Operating expenses:** | | | | |
| Research and development | **17,395** | 15,547 | **34,807** | 30,471 |
| Selling, general and administrative | **106,718** | 107,254 | **207,466** | 205,145 |
| Provision for litigation | **—** | — | **2,341** | (94) |
| Amortization of intangibles | **4,393** | 4,623 | **8,905** | 9,397 |
| Acquisition related costs | **(1,104)** | 13,870 | **(1,180)** | 14,144 |
| **Total operating expenses** | **127,402** | 141,294 | **252,339** | 259,063 |
| | | | | |
| **Operating income/(loss)** | **67,776** | 45,876 | **114,221** | 100,424 |
| | | | | |
| **Other income/(expense), net** | | | | |
| Interest income/(expense), net | **2,476** | 2,541 | **5,019** | 5,253 |
| Foreign currency transaction gain/(loss) | **(1,107)** | 209 | **(1,498)** | (71) |
| Other income/(expense) | **1,395** | 307 | **1,696** | 521 |
| **Total other income/(expense), net** | **2,764** | 3,057 | **5,217** | 5,703 |
| | | | | |
| **Income/(loss) before income taxes** | **70,540** | 48,933 | **119,438** | 106,127 |
| Income tax provision | **15,950** | 7,388 | **26,764** | 19,253 |
| | | | | |
| **Net income/(loss)** | **$ 54,590** | $ 41,545 | **$ 92,674** | $ 86,874 |
| | | | | |
| **Other comprehensive income/(loss), net of tax:** | | | | |
| Unrealized gain/(loss) on marketable securities | **(5,031)** | (774) | **(13,859)** | (2,440) |
| Foreign currency translation gain/(loss) | **(3,170)** | 1,026 | **(4,737)** | (3,087) |
| Total other comprehensive income/(loss), net of tax | **(8,201)** | 252 | **(18,596)** | (5,527) |
| **Comprehensive income/(loss)** | **$ 46,389** | $ 41,797 | **$ 74,078** | $ 81,347 |
| | | | | |
| **Earnings per share:** | | | | |
| Basic | **$ 0.54** | $ 0.41 | **$ 0.92** | $ 0.87 |
| Diluted | **$ 0.53** | $ 0.40 | **$ 0.90** | $ 0.84 |
| **Weighted average shares outstanding:** | | | | |
| Basic | **100,671** | 100,449 | **101,136** | 100,159 |
| Diluted | **102,884** | 103,475 | **103,480** | 102,931 |

See accompanying notes to unaudited condensed consolidated financial statements.

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

| | Class A Common Stock | | Class B Common Stock | | Additional paid-in capital | Accumulated other comprehensive income/(loss) | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|
| *(In thousands)* | Shares | $ | Shares | $ | | | | |
| **Balance at December 31, 2021** | 79,114 | $ 79 | 22,430 | $ 22 | $ 553,787 | $ (6,772) | $ 1,194,272 | $ 1,741,388 |
| Stock-based compensation | — | — | — | — | 8,353 | — | — | 8,353 |
| Grant of restricted stock units | — | — | — | — | 196 | — | — | 196 |
| Exercise of stock options | 184 | — | — | — | 7,746 | — | — | 7,746 |
| Comprehensive income/(loss) | — | — | — | — | — | (10,395) | 38,084 | 27,689 |
| **Balance at March 31, 2022** | 79,298 | $ 79 | 22,430 | $ 22 | $ 570,082 | $ (17,167) | $ 1,232,356 | $ 1,785,372 |
| Stock-based compensation | — | — | — | — | 8,020 | — | — | 8,020 |
| Grant of restricted stock units | — | — | — | — | 220 | — | — | 220 |
| Exercise of stock options | 90 | — | — | — | 3,585 | — | — | 3,585 |
| Comprehensive income/(loss) | — | — | — | — | — | (8,201) | 54,590 | 46,389 |
| Repurchase and retirement of common stock | (2,351) | (2) | — | — | — | — | (144,491) | (144,493) |
| **Balance at June 30, 2022** | 77,037 | $ 77 | 22,430 | $ 22 | $ 581,907 | $ (25,368) | $ 1,142,455 | $ 1,699,093 |

| | Class A Common Stock | | Class B Common Stock | | Additional paid-in capital | Accumulated other comprehensive income/(loss) | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|
| *(In thousands)* | Shares | $ | Shares | $ | | | | |
| **Balance at December 31, 2020** | 77,284 | $ 77 | 22,430 | $ 22 | $ 457,161 | $ 3,955 | $ 1,045,082 | $ 1,506,297 |
| Stock-based compensation | — | — | — | — | 7,883 | — | — | 7,883 |
| Grant of restricted stock units | — | — | — | — | 163 | — | — | 163 |
| Exercise of stock options | 303 | 1 | — | — | 9,100 | — | — | 9,101 |
| Comprehensive income/(loss) | — | — | — | — | — | (5,779) | 45,329 | 39,550 |
| **Balance at March 31, 2021** | 77,587 | $ 78 | 22,430 | $ 22 | $ 474,307 | $ (1,824) | $ 1,090,411 | $ 1,562,994 |
| Stock-based compensation | — | — | — | — | 7,788 | — | — | 7,788 |
| Grant of restricted stock units | — | — | — | — | 197 | — | — | 197 |
| Exercise of stock options | 716 | 1 | — | — | 26,496 | — | — | 26,497 |
| Comprehensive income/(loss) | — | — | — | — | — | 252 | 41,545 | 41,797 |
| **Balance at June 30, 2021** | 78,303 | $ 79 | 22,430 | $ 22 | $ 508,788 | $ (1,572) | $ 1,131,956 | $ 1,639,273 |

See accompanying notes to unaudited condensed consolidated financial statements.

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

| | Six Months Ended June 30, | |
|---|---|---|
| *(In thousands)* | 2022 | 2021 |
| **Cash flows from operating activities:** | | |
| Net income | **$ 92,674** | $ 86,874 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | **33,764** | 36,287 |
| Amortization of premium (discount) on marketable securities | **3,208** | 1,131 |
| Write-down for excess and obsolete inventories, net | **4,068** | 5,000 |
| Stock-based compensation expense | **15,989** | 15,330 |
| Allowance for doubtful accounts | **(528)** | 590 |
| Change in fair value of business acquisition liabilities | **(1,390)** | 14,128 |
| Change in deferred income taxes | **(7,939)** | (1,783) |
| (Gain)/loss on disposal of assets, net | **200** | 191 |
| Payment of business acquisition related liabilities | **(1,099)** | — |
| (Increase)/decrease in: | | |
| Accounts receivable | **(30,224)** | (25,587) |
| Inventories | **(31,421)** | (6,024) |
| Prepaid expenses and other assets | **1,268** | 845 |
| Increase/(decrease) in: | | |
| Accounts payable | **12,375** | 2,737 |
| Accrued expenses and other liabilities | **(7,408)** | 3,559 |
| Income taxes payable/receivable | **(1,964)** | (10,519) |
| **Net cash provided by/(used in) operating activities** | **81,573** | 122,759 |
| **Cash flows from investing activities:** | | |
| Purchases of marketable securities | **(179,096)** | (293,092) |
| Maturities of marketable securities | **170,572** | 131,739 |
| Sales of marketable securities | **66,655** | 58,154 |
| Purchases of property and equipment | **(43,724)** | (22,058) |
| Acquisition of businesses, net of cash acquired and purchases of intangible and other assets | **(1,175)** | — |
| **Net cash provided by/(used in) investing activities** | **13,232** | (125,257) |
| **Cash flows from financing activities:** | | |
| Payment of business acquisition liabilities | **(3,553)** | (3,105) |
| Proceeds from exercise of stock options | **11,331** | 35,597 |
| Repurchase of common stock | **(144,493)** | — |
| **Net cash provided by/(used in) financing activities** | **(136,715)** | 32,492 |
| Effect of foreign exchange rates on cash | **(387)** | (608) |
| **Net increase/(decrease) in cash and cash equivalents** | **(42,297)** | 29,386 |
| Cash and cash equivalents at beginning of period | **193,069** | 239,397 |
| **Cash and cash equivalents at end of period** | **$ 150,772** | $ 268,783 |
| Supplemental disclosures of cash flow information: | | |
| Income taxes paid | **$ 36,696** | $ 31,597 |
| Purchases of property and equipment included in accounts payable and accrued expenses | **$ 5,019** | $ 3,537 |

See accompanying notes to unaudited condensed consolidated financial statements.

## NOTE 1. BACKGROUND

### *(a) The Company*

Globus Medical, Inc., together with its subsidiaries, is a medical device company that develops and commercializes healthcare solutions with a mission 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 to address new treatment options. With over 220 products launched, 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 we 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. Our 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*

In March 2020, the World Health Organization declared the novel strain of coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. COVID-19 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.

Although the Company cannot reasonably estimate the length or severity of the impact that COVID-19 will have on its financial results, the Company may experience a material adverse impact on its sales, results of operations, and cash flows in 2022 should there be a resurgence impacting hospitals, surgical facilities, our internal operations, or our suppliers.

In response to these developments, the Company will continue to monitor liquidity and cash flow. The Company has the ability to borrow from its existing credit facility, if needed, although we do not expect to do so due to our cash, cash equivalents and short-term marketable securities balances.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *(a) 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 U.S. 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, 2021.

In the opinion of management, these condensed consolidated financial statements include all adjustments necessary, which are of a normal and recurring nature, for the fair presentation of our financial position as of June 30, 2022, and results of operations for the three and six months ended June 30, 2022. The results of operations for any interim period may not be indicative of results for the full year.

### *(b) 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.

***(c) 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 estimates include revenue recognition, intangible assets, business acquisition liabilities, allowance for doubtful accounts, stock-based compensation, reserves 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.

***(d) 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. For purposes of disclosure, 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 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 contain multiple performance obligations, including maintenance and support, and revenue is recognized as we fulfill each performance obligation. When contracts have 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 generally 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 can affect the customer’s final acceptance of the sale.

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. Any revenue related to the provision of maintenance and support is recognized as we satisfy the performance obligation. 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. Maintenance and support services are generally invoiced annually, at the beginning of each contract period, and revenue is recognized ratably over the maintenance period. For the three and six months ended June 30, 2022, there was an immaterial amount of revenue recognized from previously deferred revenue.

***(e) Cash and Cash Equivalents***

The Company considers all short-term, highly liquid investments with original maturities of 90 days or less at acquisition date to be cash equivalents. Cash equivalents, which consist of money market accounts, commercial paper and corporate debt securities are stated at fair value.

***(f) Marketable Securities***

Our marketable securities include municipal bonds, corporate debt securities, commercial paper, asset-backed securities, and securities of government, federal agency, and other sovereign obligations and are classified as available-for-sale as of June 30, 2022. Short-term and long-term marketable securities are recorded at fair value on our condensed consolidated balance sheets. Any change in fair value of our available-for-sale securities, that do not result in recognition or reversal of an allowance for credit loss or write-down, are 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 marketable securities are determined on a specific identification basis. Realized gains and losses, interest income and the amortization/accretion of premiums/discounts are included in other income/(expense), net, on our condensed consolidated statements of operations and comprehensive income. Interest receivable is recorded in prepaid expenses and other current assets on our condensed consolidated balance sheets.

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 declines in the fair value of our securities to determine whether they are resulting from expected credit losses or other factors. If the assessment indicates a credit loss exists, we recognize any measured impairment as an allowance for credit loss in our condensed consolidated statements of operations. Any other impairments not recorded through allowance for credit losses is recognized in our other comprehensive income.

***(g) Fair Value Measurements***

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

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.

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.

*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 date, with the excess recorded as goodwill. We utilize Level 3 inputs in the determination of the initial fair value.

Contingent consideration represents contingent milestone, performance and revenue-sharing payment obligations related to acquisitions and is measured at fair value, based on significant inputs that are not observable in the market, which represents a Level 3 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 assumptions on an ongoing basis as additional data impacting the assumptions is obtained. The fair value of contingent consideration recorded in business acquisition liabilities on our condensed consolidated balance sheets, and changes in the fair value of contingent consideration are recognized in acquisition related costs in the condensed consolidated statements of operations and comprehensive income. The fair value of contingent restricted stock unit ("RSU") grants are recorded as additional paid-in capital in the consolidated balance sheet on the day of the grant due to the remote likelihood of forfeiture.

***(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 inventory is finished goods and we utilize both in-house manufacturing and third-party suppliers to produce our products. We periodically evaluate the carrying value of our inventories in relation to estimated forecasts of product demand, which takes into consideration the 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.

***(i) Goodwill and Intangible Assets***

Goodwill represents the excess of purchase price over the fair values of the identifiable assets acquired less the liabilities assumed in the acquisition of a business. Goodwill is tested for impairment at least annually or whenever events or circumstances indicate that a carrying amount may not be recoverable. Goodwill is tested for impairment at the reporting unit level by comparing the reporting unit's carrying amount to the estimated fair value of the reporting unit. Fair values are estimated using an income and discounted cash flow approach. We perform our annual impairment test of goodwill in the fourth quarter of each year. We consider qualitative indicators of the fair value of a reporting unit when it is unlikely that a reporting unit has impaired goodwill. During the six months ended June 30, 2022 and 2021, we did not record any impairment charges related to goodwill.

Intangible assets consist of purchased in-process research and development ("IPR&D"), developed technology, supplier network, patents, customer relationships, re-acquired rights, and non-compete agreements. Intangible assets with finite useful lives are amortized over the period of estimated benefit using the straight-line method and estimated useful lives ranging from one to sixteen years. Intangible assets with finite useful lives are tested whenever events or circumstances indicate that a carrying amount of an asset (asset group) may not be recoverable. If an impairment is indicated, we measure the amount of the impairment loss as the amount by which the carrying amount exceeds the fair value of the asset. Fair value is generally determined using a discounted future cash flow analysis. There were no impairments of finite-lived intangible assets during the six months ended June 30, 2022 or 2021.

IPR&D has an indefinite life and is not amortized until completion of the project at which time the IPR&D becomes an amortizable asset. Intangible assets with indefinite useful lives are tested for impairment annually or whenever events or circumstances indicate that a carrying amount of an asset (asset group) may not be recoverable. If the related project is not completed in a timely manner, we may have an impairment related to the IPR&D, calculated as the excess of the asset's carrying value over its fair value. There were no impairments of IPR&D during the six months ended June 30, 2022 or 2021.

***(j) Stock-Based Compensation***

The cost of employee and non-employee director awards is measured at the grant date fair value of the award and is recognized as expense over the requisite service period, which is generally the vesting period of the equity award. Compensation expense for awards includes the impact of forfeiture in the period when they occur.

We estimate the fair value of stock options utilizing the Black-Scholes option-pricing model. Inputs to the Black-Scholes model include our stock price, expected volatility, expected term, risk-free interest rate and expected dividends. Expected volatility is based on the historical volatility of the Company's common stock over the most recent period commensurate with the estimated expected term of the Company's stock options offering period which is derived from historical experience. The risk-free interest rate assumption is based on observed interest rates of U.S. Treasury securities appropriate for the expected terms of the stock options. The dividend yield assumption is based on the history and expectation of no dividend payouts. The fair value of restricted stock units is estimated on the date of the grant using the closing price of the Company's common stock.

***(k) Recently Issued Accounting Pronouncements***

None applicable.

***(l) Recently Adopted Accounting Pronouncements***

On March 12, 2020, the FASB issued ASU No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued. The ASU is effective for all entities as of March 12, 2020, and will apply through December 31, 2022. To date, we have had no impacts on our investment portfolio or our credit agreement with Citizens Bank, N.A. related to reference rate reform. We will continue to evaluate the impact this guidance could have on our condensed consolidated financial statements and related disclosures.

**NOTE 3. ASSET ACQUISITIONS AND BUSINESS COMBINATIONS**

***Asset Acquisitions***

During the fourth quarter of 2021, the Company acquired substantially all the assets of Capstone Surgical Technologies, LLC, which engages in the business of advanced drill and robotic surgery platforms. The purchase price consisted of $24.5 million of cash paid at closing, subject to net working capital and other post-closing adjustments, if applicable. The transaction also provides for additional consideration contingent upon the developed products obtaining approval from the U.S. Food and Drug Administration (the “FDA”) of up to $15.0 million, and additional consideration of up to $10.0 million contingent upon the achievement of certain performance milestones. Contingent consideration is not recorded in an asset acquisition until the milestone is met.

Also during the fourth quarter of 2021, the Company acquired substantially all the assets of a company that engages in the development of technology for use in robotic surgery platforms which was not considered material to the consolidated financial statements during the periods presented. The purchase price consisted of $10.0 million of cash paid at closing and also provides for additional consideration of $5.0 million contingent upon the achievement of certain performance milestones. Contingent consideration is not recorded in an asset acquisition until the milestone is met.

During the second quarter of 2020, the Company acquired Synoste Oy, 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. During the fourth quarter of 2021, the contractual holdback and net working capital and other post-closing adjustments were settled for $2.7 million. The transaction also provides for additional consideration of $8.0 million contingent upon the developed product obtaining approval from the FDA within the third anniversary, or $4.0 million if within the fourth anniversary of the acquisition closing date, respectively. Contingent consideration is not recorded in an asset acquisition until the milestone is met.

The Company accounted for each of these transactions as asset acquisitions because substantially all of the fair value of the assets acquired in each transaction was concentrated in a single identified asset, in-process research and development (“IPR&D”) of the acquired technology, thus satisfying the requirements of the screen test in ASU 2017-1. At the date of the acquisitions, the Company determined that the development of the projects underway had not yet reached technological feasibility and that the research in process had no alternative future use. Accordingly, the acquired IPR&D of $34.3 million and $24.4 million was charged to research and development expense in the condensed consolidated statements of operations and comprehensive income for years ended 2021 and 2020, respectively.

***Business Combinations***

During 2022, the Company completed one acquisition in the second quarter that was not considered material to the condensed consolidated financial statements during the periods presented. This acquisition has been included in the condensed consolidated financial statements from the date of acquisition. The purchase price consisted of approximately $0.2 million of cash paid at closing and $4.4 million of contingent consideration payments, resulting in goodwill of $4.6 million based on the estimated fair values. The contingent payments for this acquisition are based upon achieving various performance milestones over a period of 10 years and are payable in a combination of cash and RSUs.

During 2021, the Company completed three acquisitions that were not considered material, individually or collectively, to the condensed consolidated financial statements during the periods presented. Two acquisitions were completed in the third quarter, while the third acquisition was completed in the fourth quarter. These acquisitions have been included in the condensed consolidated financial statements from the date of acquisition. The purchase price of the acquisition in the fourth quarter consisted of approximately $0.3 million of cash paid at closing and $13.0 million of contingent consideration payments, resulting in goodwill of $13.3 million based on the estimated fair values. The combined purchase price of the two acquisitions in the third quarter consisted of approximately $12.6 million of contingent consideration payments. The Company recorded other intangible assets of $1.6 million, with a weighted average useful life of 3.8 years, and goodwill of $11.0 million based on their estimated fair values. The contingent payments for all three acquisitions are based upon achieving various performance milestones over a period of 10 years and are payable in a combination of cash and RSUs.

During the fourth quarter of 2020, the Company completed two acquisitions that were not considered material, individually or collectively, to the overall consolidated financial statements during the periods presented. These acquisitions have been included in the condensed consolidated financial statements from the date of acquisition. The combined purchase price consisted of approximately $1.5

million of cash paid at closing, plus $0.3 million of other liabilities and $33.2 million of contingent consideration payments. The contingent payments are based upon achieving various performance milestones over a period of 10 years and are payable in a combination of cash and RSUs. The Company recorded other intangible assets of $8.8 million, with a weighted average useful life of 4.2 years, and goodwill of $26.2 million based on their fair values.

## NOTE 4. NET SALES

The following table represents net sales by product category:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In thousands)* | 2022 | 2021 | 2022 | 2021 |
| Musculoskeletal Solutions | $ 234,242 | $ 230,263 | $ 451,644 | $ 442,679 |
| Enabling Technologies | 29,406 | 20,753 | 42,553 | 35,681 |
| Total net sales | $ 263,648 | $ 251,016 | $ 494,197 | $ 478,360 |

## NOTE 5. MARKETABLE SECURITIES

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

| | June 30, 2022 | | | |
|---|---|---|---|---|
| *(In thousands)* | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| **Short-term:** | | | | |
| Municipal bonds | $ 54,222 | $ — | $ (563) | $ 53,659 |
| Corporate debt securities | 161,078 | — | (2,204) | 158,874 |
| Commercial paper | 25,790 | — | (23) | 25,767 |
| Asset-backed securities | 6,000 | — | — | 6,000 |
| Government, federal agency, and other sovereign obligations | 13,035 | — | (97) | 12,938 |
| Total short-term marketable securities | $ 260,125 | $ — | $ (2,887) | $ 257,238 |
| | | | | |
| **Long-term:** | | | | |
| Municipal bonds | $ 78,945 | $ 36 | $ (2,376) | $ 76,605 |
| Corporate debt securities | 296,821 | 1 | (11,450) | 285,372 |
| Asset-backed securities | 95,929 | 10 | (2,461) | 93,478 |
| Government, federal agency, and other sovereign obligations | 18,666 | — | (458) | 18,208 |
| Total long-term marketable securities | $ 490,361 | $ 47 | $ (16,745) | $ 473,663 |

| (In thousands) | December 31, 2021 Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|---|---|---|---|---|
| **Short-term:** | | | | |
| Municipal bonds | $ 66,379 | $ 99 | $ (11) | $ 66,467 |
| Corporate debt securities | 107,102 | 434 | (65) | 107,471 |
| Commercial paper | 38,252 | 2 | (1) | 38,253 |
| Asset-backed securities | 12,931 | 58 | — | 12,989 |
| Government, federal agency, and other sovereign obligations | 25,231 | — | (33) | 25,198 |
| Total short-term marketable securities | $ 249,895 | $ 593 | $ (110) | $ 250,378 |
| **Long-term:** | | | | |
| Municipal bonds | $ 91,185 | $ 4 | $ (409) | $ 90,780 |
| Corporate debt securities | 324,492 | 351 | (1,318) | 323,525 |
| Asset-backed securities | 128,139 | 101 | (578) | 127,662 |
| Government, federal agency, and other sovereign obligations | 20,539 | — | (31) | 20,508 |
| Total long-term marketable securities | $ 564,355 | $ 456 | $ (2,336) | $ 562,475 |

The short-term marketable securities have effective maturity dates of less than one year and the long-term marketable securities have effective maturity dates ranging from one to three years as of June 30, 2022 and December 31, 2021, respectively.

Purchases of marketable securities include amounts payable to brokers of $2.2 million as of December 31, 2021. Purchases of marketable securities included no amounts payable to brokers as of June 30, 2022.

## NOTE 6. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value on a recurring basis included the following:

| (In thousands) | Balance at June 30, 2022 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Assets:** | | | | |
| Cash equivalents | $ 53,986 | $ 48,601 | $ 5,385 | $ — |
| Municipal bonds | 130,264 | — | 130,264 | — |
| Corporate debt securities | 444,246 | — | 444,246 | — |
| Commercial paper | 25,767 | — | 25,767 | — |
| Asset-backed securities | 99,478 | — | 99,478 | — |
| Government, federal agency, and other sovereign obligations | 31,146 | — | 31,146 | — |
| **Liabilities:** | | | | |
| Business acquisition liabilities | 68,314 | — | — | 68,314 |

| (In thousands) | Balance at December 31, 2021 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Assets:** | | | | |
| Cash equivalents | $ 26,684 | $ 3,768 | $ 22,916 | $ — |
| Municipal bonds | 157,247 | — | 157,247 | — |
| Corporate debt securities | 430,996 | — | 430,996 | — |
| Commercial paper | 38,253 | — | 38,253 | — |
| Asset-backed securities | 140,651 | — | 140,651 | — |
| Government, federal agency, and other sovereign obligations | 45,706 | — | 45,706 | — |
| **Liabilities:** | | | | |
| Business acquisition liabilities | 70,525 | — | — | 70,525 |

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***

Fair value of the revenue-based business acquisition liabilities was determined using a discounted cash flow model and an option pricing model. The significant inputs of such models are not observable in the market, such as certain financial metric growth rates, volatility and discount rates, market price risk adjustment, projections associated with the applicable milestone, the interest rate, and the related probabilities and payment structure in the contingent consideration arrangement.

The following are the significant unobservable inputs used in the two valuation techniques:

| Unobservable input | Range | | | Weighted Average* |
|---|---|---|---|---|
| Revenue risk premium | 2.4% | - | 4.9% | 2.4% |
| Revenue volatility | 14.0% | - | 15.8% | 14.9% |
| Discount rate | 3.8% | - | 8.5% | 6.2% |
| Projected year of payment | 2022 | - | 2032 | |

** The weighted average rates were calculated based on the relative fair value of each business acquisition liability.*

The change in the carrying value of the business acquisition liabilities during the three and six months ended June 30, 2022 and 2021, respectively included the following:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In thousands)* | 2022 | 2021 | 2022 | 2021 |
| Beginning balance | $ 68,036 | $ 36,020 | $ 70,525 | $ 37,270 |
| Purchase price contingent consideration | 4,414 | — | 4,414 | — |
| Contingent cash payments | (2,193) | (1,523) | (4,607) | (3,015) |
| Contingent RSU grants | (220) | (197) | (416) | (360) |
| Changes in fair value of business acquisition liabilities | (1,126) | 13,870 | (1,390) | 14,128 |
| Contractual payable reclassification | (597) | (175) | (212) | (28) |
| Ending balance | $ 68,314 | $ 47,995 | $ 68,314 | $ 47,995 |

Changes in the fair value of business acquisition liabilities are driven by changes in market conditions and the achievement of certain performance conditions.

## NOTE 7. INVENTORIES

Inventories included the following:

| *(In thousands)* | June 30, 2022 | December 31, 2021 |
|---|---|---|
| Raw materials | $ 54,028 | $ 41,819 |
| Work in process | 16,789 | 17,401 |
| Finished goods | 195,226 | 177,781 |
| Total inventories | $ 266,043 | $ 237,001 |

During the three months ended June 30, 2022 and 2021, net adjustments to cost of sales related to excess and obsolete inventory were $2.3 million and $3.4 million, respectively. The net adjustments for the three months ended June 30, 2022 and 2021 reflect a combination of additional expense for excess and obsolete related provisions ($5.2 million and $7.6 million, respectively) offset by sales and disposals ($2.9 million and $4.2 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, 2022 and 2021, net adjustments to cost of sales related to excess and obsolete inventory were $4.1 million and $5.0 million, respectively. The net adjustments for the six months ended June 30, 2022 and 2021 reflect a combination of additional expense for excess and obsolete related provisions ($8.6 million and $11.4 million, respectively) offset by sales and disposals ($4.5 million and $6.4 million, respectively) of inventory for which an excess and obsolete provision was provided previously through expense recognized in prior periods.

## NOTE 8. PROPERTY AND EQUIPMENT

Property and equipment included the following:

| *(In thousands)* | Useful Life | June 30, 2022 | December 31, 2021 |
|---|---|---|---|
| Land | — | $ 8,275 | $ 8,296 |
| Buildings and improvements | 31.5 | 46,805 | 44,672 |
| Equipment | 5-15 | 131,298 | 113,301 |
| Instruments | 5 | 295,654 | 285,762 |
| Modules and cases | 5 | 45,799 | 44,185 |
| Other property and equipment | 3-5 | 33,050 | 30,435 |
| | | 560,881 | 526,651 |
| Less: accumulated depreciation | | (321,999) | (305,575) |
| Total | | $ 238,882 | $ 221,076 |

Instruments are hand-held devices used by surgeons to install implants during surgery. Modules and cases are used to store and transport the instruments and implants.

Depreciation expense related to property and equipment was as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In thousands)* | 2022 | 2021 | 2022 | 2021 |
| Depreciation | $ 12,535 | $ 14,506 | $ 24,860 | $ 26,890 |

## NOTE 9. GOODWILL AND INTANGIBLE ASSETS

The change in the carrying amount of goodwill during the twelve months ended December 31, 2021 and the six months ended June 30, 2022, respectively included the following:

| *(In thousands)* | |
|---|---|
| **December 31, 2020** | $ 156,716 |
| Additions and adjustments | 24,251 |
| Foreign exchange | (1,259) |
| **December 31, 2021** | 179,708 |
| Additions and adjustments | 4,589 |
| Foreign exchange | (1,595) |
| **June 30, 2022** | $ 182,702 |

The composition of intangible assets was as follows:

| | | June 30, 2022 | | |
|---|---|---|---|---|
| *(In thousands)* | Weighted Average Amortization Period (in years) | Gross Carrying Amount | Accumulated Amortization | Intangible Assets, net |
| Supplier network | 10.0 | $ 4,000 | $ (3,067) | $ 933 |
| Customer relationships & other intangibles | 6.4 | 51,422 | (37,658) | 13,764 |
| Developed technology | 8.0 | 72,086 | (32,928) | 39,158 |
| Patents | 16.0 | 8,760 | (3,484) | 5,276 |
| Total intangible assets | | $ 136,268 | $ (77,137) | $ 59,131 |

| (In thousands) | Weighted Average Amortization Period (in years) | December 31, 2021 Gross Carrying Amount | Accumulated Amortization | Intangible Assets, net |
|---|---|---|---|---|
| Supplier network | 10.0 | $ 4,000 | $ (2,867) | $ 1,133 |
| Customer relationships & other intangibles | 6.4 | 56,264 | (37,842) | 18,422 |
| Developed technology | 8.0 | 71,947 | (28,545) | 43,402 |
| Patents | 16.1 | 8,938 | (3,235) | 5,703 |
| Total intangible assets | | $ 141,149 | $ (72,489) | $ 68,660 |

The following table summarizes amortization of intangible assets for future periods as of June 30, 2022:

| (In thousands) | Annual Amortization |
|---|---|
| Remaining 2022 | $ 8,867 |
| 2023 | 15,816 |
| 2024 | 13,203 |
| 2025 | 8,917 |
| 2026 | 5,474 |
| Thereafter | 6,854 |
| Total | $ 59,131 |

## NOTE 10. ACCRUED EXPENSES

Accrued expense included the following:

| (In thousands) | June 30, 2022 | December 31, 2021 |
|---|---|---|
| Compensation and other employee-related costs | $ 46,373 | $ 52,407 |
| Legal and other settlements and expenses | 4,007 | 6,124 |
| Accrued non-income taxes | 9,630 | 6,415 |
| Royalties | 4,440 | 4,558 |
| Rebates | 8,619 | 8,725 |
| Other | 9,474 | 12,939 |
| Total accrued expenses | $ 82,543 | $ 91,168 |

## NOTE 11. DEBT

### *Line of Credit*

In August 2020, we entered into a credit agreement with Citizens Bank, N.A. (the “Credit Agreement”) that provides a revolving credit facility permitting borrowings up to $125.0 million (as amended, the “Revolving Credit Facility”), and has a termination date of August 2, 2023. The Revolving Credit Facility includes up to a $25.0 million sub limit for letters of credit. Revolving loans under the Credit Agreement will bear interest, at the Company’s option, at either a base rate or the Daily Bloomberg Short-Term Bank Yield (“BSBY”) (as defined in the Credit Agreement), plus, in each case, an applicable margin, as determined in accordance with the provisions of the Credit Agreement. The base rate will be the highest of: the rate of interest announced publicly by Citizens Bank, N.A. from time to time as its “prime rate”; the federal funds effective rate plus 1/2 of 1%; and the Daily BSBY Rate plus 1%. The applicable margin is subject to adjustment as provided in the Credit Agreement. The Credit Agreement contains financial and other customary covenants, including a maximum leverage ratio. As of June 30, 2022, we have not borrowed under the Credit Agreement.

## NOTE 12. EQUITY

### *Share Repurchases*

On March 11, 2020, the Company announced a share repurchase program, which authorized the Company to repurchase up to $200 million of the Company's Class A common stock. On March 4, 2022, the share repurchase program was expanded by authorizing the Company to repurchase an additional $200 million of the Company's Class A common stock. The repurchase program has no time limit and may be suspended for periods or discontinued at any time. As of June 30, 2022, the Company is authorized to repurchase a total of $150.8 million of Class A common stock. 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. Funding of share repurchases is expected to 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 |
| July 1, 2020 - September 30,2020 | — | — | — | 95,294 |
| October 1, 2020 - December 31, 2020 | — | — | — | 95,294 |
| January 1, 2021 - March 31, 2021 | — | — | — | 95,294 |
| April 1, 2021 - June 30, 2021 | — | — | — | 95,294 |
| July 1, 2021 - September 30, 2021 | — | — | — | 95,294 |
| October 1, 2021 - December 31, 2021 | — | — | — | 95,294 |
| January 1, 2022 - March 31, 2022 | — | — | — | 295,294 |
| April 1, 2022 - June 30, 2022 | 2,351 | 61.45 | 144,493 | $ 150,801 |
| **January 1, 2020 - June 30, 2022** | 5,042 | $ 49.42 | $ 249,199 | |

[(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").

The holders of Class A Common are entitled to one vote for each share of Class A Common held. The holders of Class B Common are entitled to 10 votes for each share of Class B Common held. The holders of Class A Common and Class B Common vote together as one class of common stock on all matters submitted to a vote of stockholders, except as required by law or our amended and restated Certificate of Incorporation. Each share of our Class B Common is convertible at any time at the option of the holder into one share of our Class A Common. In addition, each share of our Class B Common will convert automatically into one share of our Class A Common upon any transfer, whether or not for value, except for permitted transfers. For more details relating to the conversion of our Class B Common please see "Exhibit 4.2, Description of Securities of the Registrant" filed with our Annual Report on Form 10-K on February 17, 2022.

### *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) for the six months ended June 30, 2022 and 2021, respectively:

| *(In thousands)* | Unrealized loss on marketable securities, net of tax | Foreign currency translation adjustments | Accumulated other comprehensive loss |
|---|---|---|---|
| Accumulated other comprehensive income/(loss), net of tax, at December 31, 2021 | $ (1,053) | $ (5,719) | $ (6,772) |
| Other comprehensive income/(loss) before reclassifications | (18,204) | (4,737) | (22,941) |
| Amounts reclassified from accumulated other comprehensive income/(loss), net of tax | 4,345 | — | 4,345 |
| Other comprehensive income/(loss), net of tax | (13,859) | (4,737) | (18,596) |
| Accumulated other comprehensive income/(loss), net of tax, at June 30, 2022 | $ (14,912) | $ (10,456) | $ (25,368) |

| *(In thousands)* | Unrealized loss on marketable securities, net of tax | Foreign currency translation adjustments | Accumulated other comprehensive loss |
|---|---|---|---|
| Accumulated other comprehensive income/(loss), net of tax, at December 31, 2020 | $ 5,001 | $ (1,046) | $ 3,955 |
| Other comprehensive income/(loss) before reclassifications | (3,188) | (3,087) | (6,275) |
| Amounts reclassified from accumulated other comprehensive income/(loss), net of tax | 748 | — | 748 |
| Other comprehensive income/(loss), net of tax | (2,440) | (3,087) | (5,527) |
| Accumulated other comprehensive income/(loss), net of tax, at June 30, 2021 | $ 2,561 | $ (4,133) | $ (1,572) |

Amounts reclassified from accumulated other comprehensive loss, net of tax, related to unrealized gains/losses on marketable securities were released to other income, net in our condensed consolidated statements of operations and comprehensive income.

### *Earnings Per Common Share*

The Company computes basic earnings per share using the weighted-average number of common shares outstanding during the period. Diluted earnings per share assumes the conversion, exercise or issuance of all potential common stock equivalents, unless the effect of inclusion would be anti-dilutive. For purposes of this calculation, common stock equivalents include the Company's stock options and unvested RSUs. The contingently issuable shares are included in basic net income per share as of the date that all necessary conditions have been satisfied and are included in the denominator for dilutive calculation for the entire period if such shares would be issuable as of the end of the reporting period assuming the end of the reporting period was the end of the contingency period.

The following table sets forth the computation of basic and diluted earnings per share:

| *(In thousands, except per share amounts)* | Three Months Ended June 30, 2022 | Three Months Ended June 30, 2021 | Six Months Ended June 30, 2022 | Six Months Ended June 30, 2021 |
|---|---|---|---|---|
| Numerator: | | | | |
| Net income/(loss) | 54,590 | $ 41,545 | $ 92,674 | $ 86,874 |
| Denominator for basic and diluted net income per share: | | | | |
| Weighted average shares outstanding for basic | 100,671 | 100,449 | 101,136 | 100,159 |
| Dilutive stock options and RSUs | 2,213 | 3,026 | 2,344 | 2,772 |
| Weighted average shares outstanding for diluted | 102,884 | 103,475 | 103,480 | 102,931 |
| Earnings per share: | | | | |
| Basic | 0.54 | $ 0.41 | $ 0.92 | $ 0.87 |
| Diluted | 0.53 | $ 0.40 | $ 0.90 | $ 0.84 |
| | | | | |
| Anti-dilutive stock options and RSUs excluded from the calculation | 3,419 | 1,680 | 3,397 | 2,372 |

## NOTE 13. STOCK-BASED AWARDS

We have two stock plans: our 2012 Equity Incentive Plan (the “2012 Plan”) and our 2021 Equity Incentive Plan (the “2021 Plan”), together with the 2012 Plan, the “Plans”. The 2021 Plan is the only active stock plan. The purpose of the 2012 Plan was, and of the 2021 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, which is generally not more than ten years from the grant date. Options granted 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. The 2012 Plan terminated pursuant to its terms in 2022. Following the effectiveness of the 2021 Plan, we have not issued any additional awards under the 2012 Plan; however, awards previously granted under the 2012 Plan remain outstanding and are administered by our Board under the terms and conditions of the 2012 Plan. Under the 2012 Plan, the aggregate number of shares of Class A Common that were able to 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 Equity Incentive 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 were able to be issued or transferred pursuant to incentive stock options under the 2012 Plan was limited to 10,769,230 shares. The shares of Class A Common covered by the 2012 Plan included authorized but unissued shares, treasury shares or shares of common stock purchased on the open market.

The 2021 Plan was approved by our Board in March 2021, and by our stockholders in June 2021. Under the 2021 Plan, as originally approved, the aggregate number of shares of Class A Common that were able to be issued subject to options and other awards was equal to the sum of (i) 2,000,000 shares, (ii) any shares available for issuance under the 2012 Plan as of June 3, 2021 and (iii) any shares underlying awards outstanding under the 2012 Plan or 2021 Plan as of June 3, 2021 that, on or after that date, were forfeited, terminated, expired or lapse for any reason, or were settled for cash without delivery of shares. The number of shares that could be issued or transferred pursuant to incentive stock options under the 2021 Plan was limited to 2,000,000 shares. The shares of Class A Common covered by the 2021 Plan include authorized but unissued shares, treasury shares or shares of common stock purchased on the open market.

On June 2, 2022, the Company’s stockholders approved an amendment to the 2021 Plan (the “2021 Plan Amendment”). The 2021 Plan Amendment increased the number of shares of Class A Common that may be issued or transferred pursuant to awards under the 2021 Plan by 2,000,000 shares to 4,000,000 shares. The 2021 Plan Amendment also increased the aggregate number of shares of Class A Common that may be issued or transferred under the 2021 Plan pursuant to incentive stock options under Section 422 of the Code from 2,000,000 to 4,000,000.

As of June 30, 2022, pursuant to the 2021 Plan, there were 5,514,293 shares of Class A Common reserved and 3,520,451 shares of Class A Common available for future grants.

***Stock Options***

Stock option activity during the six months ended June 30, 2022 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, 2021 | 9,462 | $ 48.01 | | |
| Granted | 1,604 | 65.04 | | |
| Exercised | (274) | 41.56 | | |
| Forfeited | (593) | 59.84 | | |
| Outstanding at June 30, 2022 | 10,199 | $ 50.19 | 6.9 | $ 96,142 |
| Exercisable at June 30, 2022 | 5,557 | $ 42.62 | 5.8 | $ 79,720 |
| Expected to vest at June 30, 2022 | 4,642 | $ 59.26 | 8.2 | $ 16,423 |

The total intrinsic value of stock options exercised was $2.7 million and $25.0 million during the three months ended June 30, 2022, and 2021, respectively. The total intrinsic value of stock options exercised was $7.4 million and $35.1 million during the six months ended June 30, 2022, and 2021, respectively.

The fair value of the options was estimated on the date of the grant using a Black-Scholes option pricing model with the following assumptions:

| | Six Months Ended June 30, 2022 | Six Months Ended June 30, 2021 |
|---|---|---|
| Risk-free interest rate | 1.46% - 3.36% | 0.40% - 0.84% |
| Expected term (years) | 4.7 - 4.8 | 4.8 |
| Expected volatility | 34.0% - 35.0% | 34.0% |
| Expected dividend yield | —% | —% |

The weighted average grant date fair value of stock options granted during the three months ended June 30, 2022, and 2021 was $23.93 and $21.30 per share, respectively. The weighted average grant date fair value of stock options granted during the six months ended June 30, 2022, and 2021 was $21.05 and $19.58 per share, respectively.

***Restricted Stock Units***

Restricted stock unit activity during the six months ended June 30, 2022 is summarized as follows:

| | Restricted Stock Units (thousands) | Weighted average grant date fair value per share | Weighted average remaining contractual life (years) |
|---|---|---|---|
| Outstanding at December 31, 2021 | 29 | $ 72.54 | |
| Granted | 6 | 66.08 | |
| Vested | — | — | |
| Forfeited | — | — | |
| Outstanding at June 30, 2022 | 35 | $ 71.37 | 8.3 |

***Stock-Based Compensation***

Compensation expense related to stock options granted to employees and non-employees under the Plans was as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In thousands)* | 2022 | 2021 | 2022 | 2021 |
| Stock-based compensation expense | $ 7,837 | $ 7,632 | $ 15,989 | $ 15,330 |
| Net stock-based compensation capitalized into inventory | 184 | 156 | 384 | 341 |
| Total stock-based compensation cost | $ 8,021 | $ 7,788 | $ 16,373 | $ 15,671 |

As of June 30, 2022, there was $68.8 million of unrecognized compensation expense related to unvested employee stock options that are expected to vest over a weighted average period of approximately three years.

## NOTE 14. INCOME TAXES

In computing our income tax provision, we make certain estimates and 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 for the three and six months ended June 30, 2022 and 2021, respectively:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Effective income tax rate | 22.6% | 15.1% | 22.4% | 18.1% |

## NOTE 15. 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 considered probable and the amount can be reasonably estimated. If the reasonable estimate of a probable loss is a range, and no amount in 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 probable, and the amount 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. 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.

*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 six patents by making, using, offering for sale or selling the COALITION®, COALITION MIS®, COALITION AGX®, CORBEL®, MONUMENT®, MAGNIFY®-S, HEDRON IA™, HEDRON IC®, INDEPENDENCE®, INDEPENDENCE MIS®, INDEPENDENCE MIS AGX®, FORTIFY® and XPAND® families, SABLE®, RISE®, RISE® INTRALIF, RISE®-L, ELSA®, ELSA® ATP, ALTERA®, ARIEL®, CALIBER® and CALIBER®-L products. Moskowitz seeks monetary damages and injunctive relief. On July 2, 2020, this suit was transferred from the U.S. District Court for the Western District of Texas to the U.S. District Court for the Eastern District of Pennsylvania. The outcome of this litigation cannot be determined, nor can we estimate a range of potential loss, therefore, we have not recorded a liability related to this litigation as of June 30, 2022.

## NOTE 16. SEGMENT AND GEOGRAPHIC INFORMATION

Operating segments are defined as components of an enterprise for which separate 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 manage our business globally within one operating segment, and segment information is consistent with how the chief operating decision makers review the business, make investing and resource allocation decisions and assess operating performance.

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In thousands)* | 2022 | 2021 | 2022 | 2021 |
| United States | $ 225,280 | $ 215,119 | $ 421,683 | $ 408,436 |
| International | 38,368 | 35,897 | 72,514 | 69,924 |
| Total net sales | $ 263,648 | $ 251,016 | $ 494,197 | $ 478,360 |

## 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 in conjunction with our unaudited condensed consolidated financial statements and related notes that appear in Item 1 of this Quarterly Report on Form 10-Q and with our audited consolidated financial statements and related notes for the year ended December 31, 2021, which are included in our Annual Report on Form 10-K filed with the SEC on February 17, 2022.

### 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 and 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, ambulatory surgery centers 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.

Globus is an engineering-driven company with a history of rapidly developing and commercializing advanced products and procedures to address treatment challenges. With over 220 product launches to date, we offer a comprehensive portfolio of innovative and differentiated technologies that are used to treat a variety of musculoskeletal conditions. 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

We continue to monitor the rapidly evolving situation and guidance from international and domestic authorities, including federal, state and local public health authorities, regarding the COVID-19 pandemic, and we may need to make changes to our business based on their recommendations. Under 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, if a resurgence of COVID-19 infections occurs and governments mandate restrictions, including restrictions on elective surgeries, we do expect that it could have a material adverse impact on our revenue growth, operating profit and cash flow, 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 sustain and grow our business.

### Product Categories

While we group our products into two categories, Musculoskeletal Solutions and Enabling Technologies, 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 safely and effectively treat patients based on their specific anatomy and condition, and is customized to the surgeon's training and surgical preference.

*Musculoskeletal Solutions*

Our Musculoskeletal Solutions consist primarily of implantable devices, biologics, accessories, and unique surgical instruments used in an expansive range of spinal, orthopedic and neurosurgical procedures. Musculoskeletal disorders are a leading driver of healthcare costs worldwide. Disorders range in severity from mild pain and loss of feeling to extreme pain and paralysis. These disorders are primarily caused by degenerative and congenital conditions, deformity, tumors and traumatic injuries. Treatment alternatives for musculoskeletal disorders range from non-operative conservative therapies to surgical interventions depending on the pathology. Conservative therapies include bed rest, medication, casting, bracing, and physical therapy. When conservative therapies are not indicated, or fail to provide adequate quality of life improvements, surgical interventions may be used. Surgical treatments for musculoskeletal disorders can be instrumented, which include the use of implants, or non-instrumented, which forego the use of hardware but may include biologics.

*Enabling Technologies*

Our Enabling Technologies are comprised of imaging, navigation and robotics ("INR") solutions for assisted surgery which are advanced computer-assisted intelligent systems designed to enhance a surgeon's capabilities, and ultimately improve patient care and reduce radiation exposure for all involved, by streamlining surgical procedures to be safer, less invasive, and more accurate. The market for our Enabling Technologies in spine and orthopedic surgery is still in its infancy stage and consists primarily of imaging, navigation and robotic systems. In spine, a majority of these technologies are limited to surgical planning and assistance in implant placement for increased accuracy and time savings with less intraoperative radiation exposure to the patient and surgical staff. As our Enabling Technologies become more fully integrated with our Musculoskeletal Solutions, a continued rise in adoption is expected. Furthermore, we believe as new technologies such as augmented reality and artificial intelligence are introduced, Enabling Technologies have the potential to transform the way surgery is performed and most importantly, continue to improve patient outcomes.

**Geographic Information**

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 exclusive independent distributors, who distribute our products 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, 2022, international net sales accounted for approximately 14.7% of our total net sales. We have sold our products in approximately 50 countries other than the United States through a combination of 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 through the commercialization of additional products.

**Seasonality**

Our business is generally not seasonal in nature. However, sales of our 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. Sales of our Enabling Technologies products may be influenced by longer capital purchase cycles and the timing of budget approvals for major capital purchases.

**Critical Accounting Policies and Estimates**

The preparation of the consolidated financial statements requires us to make assumptions, estimates and judgments that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as of the date of the consolidated financial statements, and the reported amounts of sales and expenses during the reporting periods. There have been no material changes to the critical accounting policies and estimates as previously disclosed in Part II, Item 7 of our Annual Report on Form 10-K for the year-ended December 31, 2021.

**Results of Operations**

**Three Months Ended June 30, 2022 Compared to the Three Months Ended June 30, 2021**

*Net Sales*

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

| | Three Months Ended June 30, | | Change | |
|---|---|---|---|---|
| *(In thousands, except percentages)* | 2022 | 2021 | $ | % |
| United States | $ 225,280 | $ 215,119 | $ 10,161 | 4.7% |
| International | 38,368 | 35,897 | 2,470 | 6.9% |
| Total net sales | $ 263,648 | $ 251,016 | $ 12,631 | 5.0% |

In the United States, the increase in net sales of $10.2 million for the three month period ended June 30, 2022 was due to an increase in sales volume of enabling technologies and spine product sales, including robotic instruments, resulting from penetration in existing territories.

International net sales increased by $2.5 million for the three month period ended June 30, 2022 due to an increase in sales volume of enabling technologies and spine product sales, including robotic instruments, resulting from penetration in existing territories, partially offset by lower sales in Japan due to the transition of our sales force composition.

*Cost of Goods Sold*

| *(In thousands, except percentages)* | Three Months Ended June 30, 2022 | Three Months Ended June 30, 2021 | Change $ | Change % |
|---|---|---|---|---|
| Cost of goods sold | $ 68,470 | $ 63,846 | $ 4,624 | 7.2% |
| Percentage of net sales | 26.0% | 25.4% | | |

The $4.6 million increase in cost of goods sold was primarily due to increased volume, unfavorable freight trends, and unfavorable production variances, partially offset by lower depreciation and inventory reserves and write-offs.

*Research and Development Expenses*

| *(In thousands, except percentages)* | Three Months Ended June 30, 2022 | Three Months Ended June 30, 2021 | Change $ | Change % |
|---|---|---|---|---|
| Research and development | $ 17,395 | $ 15,547 | $ 1,848 | 11.9% |
| Percentage of net sales | 6.6% | 6.2% | | |

The $1.8 million increase in research and development expenses was primarily due to an increase in personnel related expenses due to our continued investment in product development.

*Selling, General and Administrative Expenses*

| *(In thousands, except percentages)* | Three Months Ended June 30, 2022 | Three Months Ended June 30, 2021 | Change $ | Change % |
|---|---|---|---|---|
| Selling, general and administrative | $ 106,718 | $ 107,254 | $ (536) | -0.5% |
| Percentage of net sales | 40.5% | 42.7% | | |

The balances for selling, general and administrative expenses are consistent for the three month period ended June 30, 2022 compared to the three month period ended June 30, 2021.

*Provision for Litigation*

| *(In thousands, except percentages)* | Three Months Ended June 30, 2022 | Three Months Ended June 30, 2021 | Change $ | Change % |
|---|---|---|---|---|
| Provision for litigation | $ — | $ — | $ — | — |
| Percentage of net sales | 0.0% | 0.0% | | |

The provision for litigation was immaterial for the three month periods ended June 30, 2022 and 2021.

*Amortization of Intangibles*

| *(In thousands, except percentages)* | Three Months Ended June 30, 2022 | Three Months Ended June 30, 2021 | Change $ | Change % |
|---|---|---|---|---|
| Amortization of intangibles | $ 4,393 | $ 4,623 | $ (230) | -5.0% |
| Percentage of net sales | 1.7% | 1.8% | | |

The decrease in the amortization of intangibles is primarily due to individual intangible assets reaching their full amortization.

*Acquisition Related Costs*

| *(In thousands, except percentages)* | Three Months Ended June 30, 2022 | Three Months Ended June 30, 2021 | Change $ | Change % |
|---|---|---|---|---|
| Acquisition related costs | $ (1,104) | $ 13,870 | $ (14,974) | -108.0% |
| Percentage of net sales | -0.4% | 5.5% | | |

The decrease in acquisition related costs is due to changes in fair value of business acquisition liabilities.

*Other Income/(expense), Net*

| *(In thousands, except percentages)* | Three Months Ended June 30, 2022 | Three Months Ended June 30, 2021 | Change $ | Change % |
|---|---|---|---|---|
| Other income/(expense), net | $ 2,764 | $ 3,057 | $ (293) | -9.6% |
| Percentage of net sales | 1.0% | 1.2% | | |

The decrease in other income/(expense) is due to an unfavorable change in foreign exchange rates partially offset by a reimbursement for damaged inventory and instrumentation.

*Income Tax Provision*

| *(In thousands, except percentages)* | Three Months Ended June 30, 2022 | Three Months Ended June 30, 2021 | Change $ | Change % |
|---|---|---|---|---|
| Income tax provision | $ 15,950 | $ 7,388 | $ 8,562 | 115.9% |
| Effective income tax rate | 22.6% | 15.1% | | |

The increase in the effective income tax rate was primarily due to the lower impact of stock option exercises.

A discussion of our Results of Operations for the three months ended June 30, 2021 can be found in "**Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations: Results of Operations; Three Months Ended June 30, 2021 Compared to the Three Months Ended June 30, 2020.**" on our Form 10-Q filed on August 4, 2021.

**Six Months Ended June 30, 2022 Compared to the Six Months Ended June 30, 2021**

*Net Sales*

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

| *(In thousands, except percentages)* | Six Months Ended June 30, 2022 | Six Months Ended June 30, 2021 | Change $ | Change % |
|---|---|---|---|---|
| United States | $ 421,683 | $ 408,436 | $ 13,247 | 3.2% |
| International | 72,514 | 69,924 | 2,590 | 3.7% |
| Total net sales | $ 494,197 | $ 478,360 | $ 15,837 | 3.3% |

In the United States, the increase in net sales of $13.2 million was due primarily to increased spine product sales, including robotic spine instruments, resulting from penetration in existing territories and an increase in sales volume of enabling technologies.

International net sales increased by $2.6 million, which was due primarily to increased spine product sales, including robotic spine instruments, resulting from penetration in existing territories and an increase in sales volume of enabling technologies, partially offset by lower sales in Japan due to the transition of our sales force composition.

*Cost of Goods Sold*

| *(In thousands, except percentages)* | Six Months Ended June 30, 2022 | Six Months Ended June 30, 2021 | Change $ | Change % |
|---|---|---|---|---|
| Cost of goods sold | $ 127,637 | $ 118,873 | $ 8,764 | 7.4% |
| Percentage of net sales | 25.8% | 24.9% | | |

The $8.8 million increase in cost of goods sold was primarily due to increased volume, unfavorable production variances, and unfavorable freight trends, partially offset by lower depreciation.

*Research and Development Expenses*

| *(In thousands, except percentages)* | Six Months Ended June 30, 2022 | Six Months Ended June 30, 2021 | Change $ | Change % |
|---|---|---|---|---|
| Research and development | $ 34,807 | $ 30,471 | $ 4,336 | 14.2% |
| Percentage of net sales | 7.0% | 6.4% | | |

The $4.3 million increase in research and development expenses was primarily due to an increase in personnel related expenses due to our continued investment in product development.

*Selling, General and Administrative Expenses*

| *(In thousands, except percentages)* | Six Months Ended June 30, 2022 | Six Months Ended June 30, 2021 | Change $ | Change % |
|---|---|---|---|---|
| Selling, general and administrative | $ 207,466 | $ 205,145 | $ 2,321 | 1.1% |
| Percentage of net sales | 42.0% | 42.9% | | |

The increase in selling, general and administrative expenses was primarily due to an increase in travel and meeting expenses, partially offset by a decrease in employee benefit costs.

*Provision for Litigation*

| *(In thousands, except percentages)* | Six Months Ended June 30, 2022 | Six Months Ended June 30, 2021 | Change $ | Change % |
|---|---|---|---|---|
| Provision for litigation | $ 2,341 | $ (94) | $ 2,435 | -2590.4% |
| Percentage of net sales | 0.5% | 0.0% | | |

The provision for litigation for the six month period ended June 30, 2022 includes a legal settlement and for the period ended June 30, 2021 includes a receipt of a settlement.

*Amortization of Intangibles*

| *(In thousands, except percentages)* | Six Months Ended June 30, 2022 | Six Months Ended June 30, 2021 | Change $ | Change % |
|---|---|---|---|---|
| Amortization of intangibles | $ 8,905 | $ 9,397 | $ (492) | -5.2% |
| Percentage of net sales | 1.8% | 2.0% | | |

The decrease in the amortization of intangibles is primarily due to individual intangible assets reaching their full amortization.

*Acquisition Related Costs*

| *(In thousands, except percentages)* | Six Months Ended June 30, 2022 | Six Months Ended June 30, 2021 | Change $ | Change % |
|---|---|---|---|---|
| Acquisition related costs | $ (1,180) | $ 14,144 | $ (15,324) | -108.3% |
| Percentage of net sales | -0.2% | 3.0% | | |

Acquisition related costs increased due to changes in fair value of business acquisition liabilities.

*Other Income/(expense), Net*

| *(In thousands, except percentages)* | Six Months Ended June 30, 2022 | Six Months Ended June 30, 2021 | Change $ | Change % |
|---|---|---|---|---|
| Other income, net | $ 5,217 | $ 5,703 | $ (486) | -8.5% |
| Percentage of net sales | 1.1% | 1.2% | | |

The decrease in other income/(expense) is due to change in foreign exchange rates partially offset by a reimbursement for damaged inventory and instrumentation.

*Income Tax Provision*

| *(In thousands, except percentages)* | Six Months Ended June 30, 2022 | Six Months Ended June 30, 2021 | Change $ | Change % |
|---|---|---|---|---|
| Income tax provision | $ 26,764 | $ 19,253 | $ 7,511 | 39.0% |
| Effective income tax rate | 22.4% | 18.1% | | |

The increase in the effective income tax rate was primarily due to the lower impact of stock option exercises.

A discussion of our Results of Operations for the six months ended June 30, 2021 can be found in "**Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations: Results of Operations; Six Months Ended June 30, 2021 Compared to the Six Months Ended June 30, 2020.**" on our Form 10-Q filed on August 4, 2021.

**Liquidity and Capital Resources**

Our principal source of liquidity is cash flow from operating activities as well as our cash and cash equivalents and marketable securities, which we believe will provide sufficient funding for us to meet our liquidity requirements for the foreseeable future. Our principal liquidity requirements are to fund working capital, research and development, including clinical trials, capital expenditures primarily related to investment in 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. To the extent that we require new sources of liquidity, we may consider incurring debt, including borrowing against our existing credit facility, convertible debt instruments, and/or raising additional funds through an equity offering. 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.

In August 2020, we entered into the Credit Agreement with Citizens Bank, N.A. which provides a Revolving Credit Facility permitting borrowings up to $125.0 million. As amended, the Credit Agreement has a termination date of August 2, 2023. The Revolving Credit Facility includes up to a $25.0 million sub limit for letters of credit. As of June 30, 2022, we have not borrowed under the Credit Agreement.

## Cash Flows

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

| (In thousands) | Six Months Ended June 30, 2022 | Six Months Ended June 30, 2021 | 2022-2021 Change $ |
|---|---|---|---|
| Net cash provided by/(used in) operating activities | $ 81,573 | $ 122,759 | $ (41,186) |
| Net cash provided by/(used in) investing activities | 13,232 | (125,257) | 138,489 |
| Net cash provided by/(used in) financing activities | (136,715) | 32,492 | (169,207) |
| Effect of foreign exchange rate changes on cash | (387) | (608) | 221 |
| Increase (decrease) in cash and cash equivalents | $ (42,297) | $ 29,386 | $ (71,683) |

*Cash Provided by Operating Activities*

The net cash provided by operating activities for the six months ended June 30, 2022 was primarily cash flow from net income and favorable changes in accounts payable, partially offset by unfavorable changes in accounts receivables and outflows for inventories and accrued expenses and other liabilities.

*Cash Used in Investing Activities*

The cash provided by investing activities for the six months ended June 30, 2022 was primarily from the net inflows of purchases, maturities and sales of marketable securities, partially offset by purchases of property and equipment.

*Cash Used in Financing Activities*

The net cash used in financing activities for the six months ended June 30, 2022 was primarily the result of the repurchased Class A common stock.

A discussion of our Cash Flows for the six months ended June 30, 2021 can be found in “**Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations: Results of Operations; Cash Flows.**” on our Form 10-Q filed on August 4, 2021.

## Contractual Obligations and Commitments

There have been no material changes to our contractual obligations during the six months ended June 30, 2022.

## Backlog

We work closely with our suppliers to ensure that our inventory needs are met while maintaining high quality and reliability. To date, we have experienced delays in locating and obtaining the materials necessary to fulfill our production requirements, which has extended our lead times but has not caused a meaningful backlog of sales orders. Despite the current delays, which we believe are primarily driven by the dynamic nature of COVID-19 and geopolitical impacts on the global supply chain, we believe our supplier relationships and facilities will support our capacity needs for the foreseeable future for Musculoskeletal Solutions. However, it is possible that the impacts of COVID-19 and geopolitical disruptions could cause a backlog of sales orders for Musculoskeletal Solutions products. The delays experienced for sourcing certain components of Enabling Technology products may cause a backlog of sales orders in the foreseeable future.

A majority of our product inventory is held primarily with our sales representatives and at hospitals throughout the United States. We stock inventory in our warehouse facilities and retain title to consigned inventory which is maintained with our field representatives and hospitals in sufficient quantities so that products are available when needed for surgical procedures. Safety stock levels are determined based on a number of factors, including demand, manufacturing lead times, and quantities required to maintain service levels.

**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 2. 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, 2021, particularly those set forth under **"Item 1. Business," "Item 1A. Risk Factors," "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Item 7A. Quantitative and Qualitative Disclosure About Market Risk"**, and those discussed in other documents we file with the U.S. 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 for the year ended December 31, 2021 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, 2022. 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, 2022, 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, 2022 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 15. Commitments and Contingencies"** above.

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

### Item 1A. Risk Factors

Not applicable.

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

Purchases of Equity Securities by the Issuer

We repurchase shares of the Company's Class A common stock pursuant to the publicly announced share repurchase program authorized by the Board of Directors in March 2020 and the expansion of the stock repurchase plan authorized by the Board of Directors in March 2022. All of our share repurchases during the second quarter of 2022 were made through a broker in the open market.

The following table contains information for shares repurchased during the three months ended June 30, 2022. 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 [(b)] | Total number of shares purchased as part of publicly announced plans or programs [(a)] | Approximate dollar value of shares that may yet be purchased under the plans or programs [(a)] |
|---|---|---|---|---|
| April 1, 2022 - April 30, 2022 | — | $ — | — | $ 295,294 |
| May 1, 2022 - May 31, 2022 | 1,866 | 63.35 | 1,866 | 177,094 |
| June 1, 2022 - June 30, 2022 | 485 | $ 54.16 | 485 | $ 150,801 |
| **Total** | 2,351 | | 2,351 | |

(a) *On March 11, 2020, our Board of Directors authorized a share repurchase program that allows for the repurchase up to $200 million of the Company's Class A common stock. On March 4, 2022, our Board of Directors authorized the expansion of the share repurchase program of the Company's Class A common stock by an additional $200 million. The shares may be purchased through privately negotiated or open market transactions. This program has no time limit and may be suspended for periods or discontinued at any time.*
(b) *Inclusive of an immaterial amount of commission fees.*

### Item 3. Defaults Upon Senior Securities

Not applicable.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

Form 8-K Item 1.01 Disclosure

On August 3, 2022, the Company entered into an amendment to the Credit Agreement with Citizens Bank, N.A. (the "Credit Agreement Amendment") to, among other things, extend the maturity date of the Company's Revolving Credit Facility to August 2, 2023.

The foregoing description of the Credit Agreement Amendment is qualified in its entirety by reference to the text of the Credit Agreement Amendment, which is being filed herewith as Exhibit 10.1 and the terms of which are incorporated herein by reference.

Form 8-K Item 2.03 Disclosure

The information provided under "Form 8-K Item 1.01 Disclosure" is incorporated by reference into this Item 2.03.

**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* | Second Amendment to Credit Agreement, dated as of August 3, 2022, by and among Globus Medical, Inc., Globus Medical North America, Inc., and Citizens Banks, N.A.*** |
| 10.2 | 2021 Equity Incentive Plan, as amended (incorporated by reference to Exhibit 10.1 to our Form 8-K filed on June 3, 2022). |
| 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.

*** Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish on a supplemental basis a copy of the omitted schedules and exhibits to the Commission upon request.

## 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 4, 2022 | **/s/ DANIEL T. SCAVILLA** |
| | Daniel T. Scavilla<br>Chief Executive Officer<br>President<br>(Principal Executive Officer) |
| Dated: August 4, 2022 | **/s/ KEITH PFEIL** |
| | Keith Pfeil<br>Chief Financial Officer<br>Chief Accounting Officer<br>Senior Vice President<br>(Principal Financial Officer) |

# SECOND AMENDMENT TO CREDIT AGREEMENT

This SECOND AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is entered into as of August 3, 2022, by and among GLOBUS MEDICAL, INC., a Delaware corporation (the "Company"), GLOBUS MEDICAL NORTH AMERICA, INC., a Delaware corporation, ("North America", and, together with the Company, the "Borrowers") and CITIZENS BANK, N.A., as Lender.

W I T N E S S E T H:

WHEREAS, the Borrowers and the Lender are parties to that certain Credit Agreement dated as of August 6, 2020, as amended by that certain First Amendment to Credit Agreement dated as of August 4, 2021 (and as further amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement"); and

WHEREAS, the Borrowers have requested that the Lender amend the Credit Agreement as set forth herein and, subject to the satisfaction of the conditions set forth herein, the Lender is willing to do so;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, and other valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties agree as follows:

Section 1. Defined Terms. Capitalized terms used but not defined herein (including in the recitals hereto) shall have the meanings assigned to them in the Credit Agreement, as amended hereby.

Section 2. Amendments to Credit Agreement. Upon satisfaction of the conditions set forth in Section 4 hereof, the Credit Agreement is hereby amended as follows:

2.1 The Credit Agreement is hereby amended by deleting Exhibits C and D thereof and restating them with Exhibits A and B attached to this Amendment.

2.2 Section 1.1 of the Credit Agreement is hereby amended by deleting in their entirety the definitions of "Adjusted LIBOR Rate", "Interpolated Screen Rate", "LIBOR Rate", "LIBOR Loan", "LIBOR Scheduled Unavailability Date," "LIBOR Successor Rate", and "LIBOR Successor Rate Conforming Changes".

2.3 Section 1.1 of the Credit Agreement is hereby amended by restating the following definitions in their entirety as follows:

> "Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Rate in effect on such day plus 0.50% per annum and (c) the Daily BSBY Rate in effect on such day plus 1.00% per annum, provided that the Alternate Base Rate shall at no time be less than 1.00% per annum. If Lender shall have determined (which determination shall be conclusive absent clearly manifest error) that it is unable to ascertain the Federal Funds Rate or the Daily BSBY Rate for any reason, including the inability or failure of Lender to obtain sufficient quotations in accordance with the terms of the definition of the term Federal Funds Rate, the Alternate Base Rate shall be determined without regard to clause (b) or (c), as applicable, of the preceding sentence until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Rate or the Daily BSBY Rate, as applicable, shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Rate or the Daily BSBY Rate, as applicable, respectively.

"Applicable Margin" means, in the case of (a) ABR Loans, 0.00% per annum, and (b) BSBY Loans, 1.00% per annum.

"Business Day" means any day other than a Saturday, Sunday or day on which banks in New York City, New York are authorized or required by law to close.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority or the compliance therewith by Lender; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines and directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Committed Loan Notice" means a notice of a Loan, a conversion of a Loan from one Type to the other, or a continuation of a BSBY Loan pursuant to Section 2.2(a), which, if in writing, shall be substantially in the form of Exhibit C attached hereto.

"Interest Payment Date" means, (a) for any ABR Loan or Daily BSBY Loan, the last Business Day of each calendar month and the maturity date of the credit facility under which such ABR Loan was made, (b) for any Daily BSBY Loan, the last Business Day of each calendar month and the maturity date of the credit facility under which such Daily BSBY Loan was made, and (c) as to any BSBY Loan, the last day of the Interest Period therefor and, in the case of any Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at a three-month interval after the first day of such Interest Period, and the maturity date of the credit facility under which such BSBY Loan was made.

"Interest Period" means, as to any Loan, the period commencing on the date of such Loan and ending on the numerically corresponding day in the calendar month that is one, three or six months thereafter (in each case, subject to the availability thereof), as specified in the applicable Committed Loan Notice; provided that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period, (iii) no Interest Period shall extend beyond the Maturity Date and (iv) no tenor that has been removed from this definition pursuant to clause (d) of Section 3.3 shall be available for specification in such Committed Loan Notice. For purposes hereof, the date of a Loan initially shall be the date on which such Loan is made and thereafter shall be the effective date of the most recent conversion or continuation of such Loan. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

"Loan Minimum" means (a) in the case of a BSBY Loan, $1,000,000, (b) in the case of an ABR Loan, $1,000,000, and (c) in the case of a Daily BSBY Loan, $1,000,000.

"Maturity Date" means August 2, 2023, provided that if such day is not a Business Day, the Maturity Date shall be the Business Day immediately preceding such day.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any basic, marginal, special, emergency, supplemental or other reserve requirements) expressed as a decimal that are prescribed by the Federal Reserve Board for determining the reserve requirements to which the Lender is subject with respect to BSBY Loans. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Type", when used in reference to any Loan, refers to whether the rate of interest on such Loan, is determined by reference to the BSBY Rate, the Daily BSBY Rate or the Alternate Base Rate.

2.4 Section 1.1 of the Credit Agreement is hereby amended by inserting the following definitions in such Section in appropriate alphabetical order:

"Available Tenor(s)" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an Interest Period pursuant to this Agreement or the Note or (y) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof), as applicable, that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark pursuant to this Agreement or the Note, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to clause (d) of Section 3.3.

"Benchmark" means, initially, BSBY; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to BSBY or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 3.3(a). Any reference to "Benchmark" shall include, as applicable, the published component used in the calculation thereof.

"Benchmark Replacement" means, for any Available Tenor, the first alternative set forth in the order below that can be determined by Lender for the applicable Benchmark Replacement Date:

(a) the sum of (i) Term SOFR and (ii) the related Benchmark Replacement Adjustment;

(b) the sum of (i) Daily Simple SOFR and (ii) the related Benchmark Replacement Adjustment; or

(c) the sum of (i) the alternate benchmark rate that has been selected by Lender as the replacement for such Available Tenor of such Benchmark giving due consideration to any evolving or then-prevailing market convention for determining a benchmark rate and an adjustment as a replacement for the then-current Benchmark, including any recommendations made by a Relevant Governmental Body, for Dollar-denominated syndicated or bilateral credit facilities at such time and (ii) the related Benchmark Replacement Adjustment; provided, that any such Benchmark Replacement shall be administratively feasible as determined by Lender in its sole discretion. If the Benchmark Replacement as determined pursuant to clause (a), (b) or (c) above would be less than the Floor, such Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement, the Note and the other Loan Documents.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Available Tenor for any setting of such Unadjusted Benchmark Replacement, the first alternative set forth in the order below that can be determined by the Lender:

(a) if the then-current Benchmark is BSBY, an adjustment (which may be a positive or negative value or zero) equal to the BSBY Long-Term Spread Adjustment for such Corresponding Tenor as of the Reference Time such Benchmark Replacement is first set and is displayed on a screen or other information service that publishes such adjustment from time to time as selected by Lender; and

(b) an adjustment (which may be a positive or negative value or zero), that has been selected by Lender as the replacement for such Available Tenor giving due consideration to any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Available Tenor of such Benchmark with the applicable Unadjusted Benchmark Replacement, including any applicable recommendations made by a Relevant Governmental Body, for Dollar- denominated credit facilities at such time; provided that, if the then-current Benchmark is a term rate, more than one tenor of such Benchmark is available as of the applicable Benchmark Replacement Date and the applicable Unadjusted Benchmark Replacement that will replace such Benchmark in accordance with Section 3.3 will not be a term rate, the Available Tenor of such Benchmark for purposes of Section 3.3 shall be deemed to be the Available Tenor that has approximately the same length (disregarding business day adjustments) as the payment period for interest calculated with reference to such Unadjusted Benchmark Replacement.

"Benchmark Replacement Date" means a date and time determined by Lender, which date shall be no later than the earliest to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) of the definition of "Benchmark Transition Event", the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which all Available Tenors of such Benchmark (or the published component used in the calculation thereof) are no longer available or permitted to be used for determining the interest rate of Dollar-denominated loans, or shall cease;

(b) in the case of clause (b) of the definition of "Benchmark Transition Event", the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by or on behalf of (i) the administrator of such Benchmark (or such component thereof) or (ii) the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative or a Governmental Authority exercising regulatory authority over the Lender or not to be compliant with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks; provided, that such nonrepresentativeness or non-compliance, as the case may be, will be determined by reference to the most recent statement or publication referenced in such clause (b) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date; or

(c) in the case of clause (c) of the definition of "Benchmark Transition Event", a date and time determined by Lender as administratively feasible in its reasonable discretion and no later than ninety (90) days following the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (a), (b) or (c) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors hereunder of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) or a Governmental Authority having jurisdiction over such administrator with respect to its publication of such Benchmark (or such component), or a Governmental Authority having jurisdiction over Lender, in each case, acting in such capacity, identifying a specific date after which all Available Tenors of such Benchmark (or such component thereof) (i) shall or will no longer be made available or permitted to be used for determining the interest rate of Dollar-denominated loans, or (ii) shall or will otherwise cease, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof), or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative, or a public statement or publication of information by or on behalf of any Governmental Authority exercising regulatory supervisory authority over the Lender identifying a specific date after which all Available Tenors of the Benchmark are not or will no longer be compliant with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks; or

(c) if the then-current Benchmark is BSBY, one or more public statements or publications of information by the administrator of the Benchmark (including a "Technical Note" published on the BSBY Website) announcing or indicating, in effect, that a BSBY Final Step Event has occurred for all Available Tenors of the Benchmark.

"Benchmark Unavailability Period" means, so long as a Benchmark Transition Event has occurred, the period (if any) (a) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 3.3 and (b) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 3.3.

"Bloomberg" means Bloomberg Index Services Limited (or a successor administrator of BSBY).

"Borrowing" means Loans of the same Type which are made, converted, or continued on the same date, in the case of BSBY Loans, as to which a single Interest Period is in effect.

"BSBY" means the Dollar wholesale funding rate known as BSBY (the Bloomberg Short-Term Bank Yield Index) and provided by Bloomberg as administrator of the benchmark.

"BSBY Final Step Event" means, for any Available Tenor, either (i) the twentieth (20th) consecutive Government Securities Business Day or (ii) the thirtieth (30th) Government Securities Business Day within a rolling ninety (90)-day period on which BSBY is calculated in accordance with "Level 6" (or any successor final step) of the Alternative Calculation Waterfall defined or set forth in BSBY's index methodology and rulebook, as published on the BSBY Website.

"BSBY Loan(s)" means a Loan that bears interest at a rate based on the BSBY Rate.

"BSBY Rate" means, for any Interest Period, the rate per annum equal to the greater of (a) the product obtained by multiplying (i) the BSBY Screen Rate determined as of the first day of such Interest Period with a term equivalent to such Interest Period by (ii) the Statutory Reserve Rate and (b) the Floor.

"BSBY Rate Margin" means 1.00% per annum.

"BSBY Screen Rate" means, for any day, BSBY as published as of the Reference Time on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by Lender from time to time), provided that if the BSBY Screen Rate for any Available Tenor is not published as of the Reference Time and a Benchmark Replacement Date with respect to BSBY has not occurred, then the BSBY Screen Rate for such Available Tenor as of such Reference Time shall be the BSBY Screen Rate as published in respect of the first preceding Government Securities Business Day for which the BSBY Screen Rate was published, so long as such first preceding Government Securities Business Day is not more than three (3) Government Securities Business Days prior to such Reference Time.

"BSBY Long-Term Spread Adjustment" means the most recently dated "BSBY SOFR 5Y Spread Adjustment" published on the BSBY Website.

"BSBY Website" means the "Bloomberg Short-Term Bank Yield Index" website at https://www.bloomberg.com/professional/product/indices/bsby/ (or any successor website).

"CEA Swap Obligation" means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

"Conforming Changes" means, with respect to either the use or administration of the Benchmark, or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including, for example and not by way of limitation or prescription, changes to the definition of "Alternate Base Rate," the definition of "BSBY" or "BSBY Rate," the definition of "Business Day," the definition of "Interest Period" or any similar or analogous definition, the definition of "Statutory Reserve Rate", timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of Section 3.5 and other technical, administrative or operational matters) that Lender decides may be appropriate in connection with the use or administration of the Benchmark or to reflect the adoption and implementation of any Benchmark Replacement or to permit the use and administration thereof by Lender in a manner substantially consistent with market practice (or, if Lender decides that adoption of any portion of such market practice is not administratively feasible or if Lender determines that no market practice for the administration of any such rate exists, in such other manner of administration as Lender decides is reasonably necessary in connection with the administration of this Agreement, the Note and the other Loan Documents).

"Corresponding Tenor" with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor; provided that, (i) if any Available Tenor does not correspond to a tenor applicable to the Unadjusted Benchmark Replacement, the closest corresponding tenor of the Unadjusted Benchmark Replacement shall be applied, and (ii) if applicable, if a tenor of the Unadjusted Benchmark Replacement corresponds equally to two tenors of the then-current Benchmark, the corresponding tenor of the shorter duration shall be applied.

"Daily BSBY Loan(s)" means a Loan bearing interest based on the Daily BSBY Rate.

"Daily BSBY Rate" means, for any day, a rate per annum equal to the BSBY Rate in effect on such day for a one month Interest Period (subject to the Floor set forth in the definition of "BSBY Rate").

"Daily BSBY Margin" means 1.00% per annum.

"Daily Simple SOFR" means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by Lender in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining "Daily Simple SOFR" for business loans; provided, that if Lender decides that any such convention is not administratively feasible for Lender, then Lender may establish another convention in its reasonable discretion.

"Excluded CEA Swap Obligation" means, with respect to any guarantor, any CEA Swap Obligation if, and only to the extent that, all or a portion of the guarantee of such guarantor of, or the grant by such guarantor of a security interest to secure, such CEA Swap Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof), including by virtue of such guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guarantee of such guarantor or the grant of such security interest becomes effective with respect to such CEA Swap Obligation. If a CEA Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such CEA Swap Obligation that is attributable to swaps for which such guarantee or security interest is or becomes illegal.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System of the United States.

"Floor" means 0.00% per annum.

"Government Securities Business Day" means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

"Reference Time" with respect to any setting of the then-current Benchmark means (1) if such Benchmark is BSBY, 8:00 a.m. (New York City time) on the day that is two (2) Government Securities Business Days preceding the date of such setting, and (2) if such Benchmark is not BSBY, the time determined by Lender in its reasonable discretion.

"Relevant Governmental Body" means the Federal Reserve Board or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board or the Federal Reserve Bank of New York, or any successor thereto.

"Swap Agreement Obligations" means any and all obligations of the Borrower, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under any and all Swap Agreements with Lender or any of its Affiliates, provided that Swap Agreement Obligations shall not include, with respect to any guarantor, Excluded CEA Swap Obligations of such guarantor.

"Term SOFR" means, for the applicable Corresponding Tenor, the forward-looking term rate based on SOFR administered by CME Group Benchmark Administration Limited (or a successor administrator selected by Lender in its reasonable discretion).

2.5 Section 1.9 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"[Reserved]"

2.6 Section 1.11 of the Credit Agreement is hereby deleted in its entirety.

2.7 Sections 2.1, 2.2, 2.7, and 3.1(c) of the Credit Agreement are hereby amended by deleting the phrase "LIBOR Loan" wherever it appears and replacing it with the phrase "BSBY Loan".

2.8 Section 3.1 (a) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(a) Rates Generally. Lender does not warrant or accept responsibility for, and shall not have any liability with respect to (i) administration, construction, calculation, publication, continuation, discontinuation, movement, or regulation of, or any other matter related to, the Alternate Base Rate, the Benchmark (including, in the case of the BSBY Screen Rate, the Alternative Calculation Waterfall defined or set forth in BSBY's index methodology and rulebook, as published on the BSBY Website), or any alternative, successor or replacement rate thereto (including any Benchmark Replacement), any component definition thereof or rates referred to in the definition thereof, including whether any Benchmark is similar to, or will produce the same value or economic equivalence of, any other rate or whether financial instruments referencing or underlying the Benchmark will have the same volume or liquidity as those referencing or underlying any other rate, (ii) the impact of any regulatory statements about, or actions taken with respect to any Benchmark (or component thereof), (iii) changes made by any administrator to the methodology used to calculate any Benchmark (or component thereof) or (iv) the effect, implementation or composition of any Conforming Changes. Lender and its affiliates or other related entities may engage in transactions that affect the calculation of the Alternate Base Rate, the Benchmark, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto, in each case, in a manner adverse to Borrower. Lender does not warrant or accept responsibility for, and shall not have any liability with respect to, such transactions. Lender may select information sources or services in its reasonable discretion to ascertain the Alternate Base Rate, the Benchmark, or any alternative, successor or replacement rate (including any Benchmark Replacement), in each case pursuant to the terms of this Agreement and the Note, and shall have no liability to Borrower, Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

2.9 Section 3.1(d) of the Credit Agreement is hereby amended by deleting the last sentence thereof in its entirety.

2.10 Section 3.1 of the Credit Agreement is hereby further amended by adding new subsections (e) and (f) as follows:

(e) Disclosure Regarding BSBY. The Borrower acknowledges and understands that:

(i) BSBY is administered, constructed, calculated and published by Bloomberg and its administration, construction, calculation, publication, continuation, discontinuation, movement, and regulation is not controlled by Lender and may change without prior notice to Lender,

(ii) BSBY is a relatively new variable term rate designed to represent average yields at which large, global banks access Dollar senior unsecured marginal wholesale funding,

(iii) Bloomberg constructs BSBY by observing activity in various financial instruments and markets in which the Lender may engage or participate, including bank deposits, certificates of deposit, commercial paper markets, and corporate bonds,

(iv) BSBY is considered a so-called “credit sensitive rate” that could increase during times of market stress as it is expected to vary depending on market conditions that impact banks and other market participants,

(v) BSBY is constructed in a manner that could lead to changes in its calculation during times of stress, and could lead to this Agreement and the Note transitioning from BSBY to a Benchmark Replacement Rate,

(vi) banking regulators have emphasized their expectations that banks conduct diligence regarding rates replacing LIBOR, including new rates like BSBY, and

(vii) Bloomberg may change the terms of its license that governs Lender’s or the Borrower’s use of BSBY.

Notwithstanding the above, Borrower agrees to the use of BSBY for all purposes provided under the Loan Documents, accepting any inherent risks associated with such utilization.

(f) BSBY Rate Conforming Changes. In connection with the use or administration of the BSBY Rate, Lender will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming

Changes will become effective without any further action or consent of any other party to this Agreement, the Note or any other Loan Document. Lender will promptly notify the Borrower of the effectiveness of any Conforming Changes in connection with the use or administration of the BSBY Rate.

2.11 Section 3.3 of the Credit Agreement is hereby amended in its entirety as follows:

3.3 Benchmark Replacement Setting.

(a) Benchmark Replacement. Notwithstanding anything to the contrary in this Agreement, the Note or in any other Loan Document (and a Swap Agreement shall be deemed not to be a "Loan Document" for purposes of this Section 3.3) , if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (a) or (b) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent (subject to clause (y) below) of any other party to, this Agreement, the Note or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (c) of the definition of "Benchmark Replacement" or clause (b) of the definition of "Benchmark Replacement Adjustment" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the date notice of such Benchmark Replacement is provided to Borrower without any amendment to, or further action or consent of any other party to, this Agreement, the Note or any other Loan Document.

(b) Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, Lender will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement, the Note, or any other Loan Document.

(c) Notices; Standards for Decisions and Determinations. Lender will promptly notify Borrower of (i) the implementation of any Benchmark Replacement and (ii) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Lender will notify the Borrower of (x) the removal or reinstatement of any tenor of a Benchmark pursuant to Section 3.3(d) and (y) the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by Lender pursuant to this Section 3.3, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement, the Note, or any other Loan Document, except, in each case, as expressly required pursuant to this Section 3.3.

(d) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation or a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including BSBY or Term SOFR) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by Lender in its reasonable discretion, (B) the administrator of such Benchmark or a Government Authority having jurisdiction over such administrator with respect to its publication of such Benchmark of a Governmental Authority having jurisdiction over Lender, in each case acting in such capacity, has provided a public statement or publication of information identifying a specific date after which any tenor shall or will no longer be made available, or permitted to be used for determining, the interest rate of Dollar-denominated loans, or (C) the administrator of such Benchmark or the regulatory supervisor for the administrator of such Benchmark has provided one or more public statements or publications of information (including by means of a technical note published on the BSBY Website) announcing or indicating in effect, that any tenor for such Benchmark is not or will not be representative or that a BSBY Final Step Event has occurred with respect to any tenor of such Benchmark, then Lender may modify the definition of "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such impacted or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement), or (B) is not (or is no longer) subject to an announcement described in clause (i)(B) or (i)(C) above, then Lender may modify the definition of "Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(e) Benchmark Unavailability Period. Upon Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of BSBY Loans or Daily BSBY Loans, as applicable, to be made, converted or continued during any Benchmark Unavailability Period and, failing that, Borrower will be deemed to have converted any such request into a request for a Borrowing of or conversion to ABR Loans. During a Benchmark Unavailability Period with respect to the then-current Benchmark or at any time that a tenor for any then-current Benchmark is not an Available Tenor, the component of the Alternate Base Rate based upon such then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Alternate Base Rate.

2.12 Section 3.4 of the Credit Agreement is hereby amended in its entirety as follows:

3.4 Increased Costs; Illegality.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve (including pursuant to regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement), special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended by, Lender (except any reserve requirement reflected in the BSBY Rate);

(ii) subject Lender to any Taxes (other than Indemnified Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on Lender any other condition, cost or expense (other than Taxes) affecting this Agreement, the Note or Loans made by Lender or any letter of credit;

and the result of any of the foregoing shall be to increase the cost to Lender of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any such Loan, or to increase the cost to Lender of issuing or maintaining any letter of credit (or of maintaining its obligation to issue any letter of credit), or to reduce the amount of any sum received or receivable by Lender hereunder (whether of principal, interest or any other amount) then, upon request of Lender, Borrower will pay to Lender such additional amount or amounts as will compensate Lender for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If Lender determines that any Change in Law affecting Lender or Lender's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on Lender's capital or on the capital of Lender's holding company, if any, as a consequence of this Agreement, the Note, any commitment of the Lender to make a loan, the Loans or any letters of credit issued by Lender, to a level below that which Lender or Lender's holding company could have achieved but for such Change in Law (taking into consideration Lender's policies and the policies of Lender's holding company with respect to capital adequacy), then from time to time Borrower will pay to Lender such additional amount or amounts as will compensate Lender or Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of Lender setting forth the amount or amounts necessary to compensate Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to Borrower, shall be conclusive absent manifest error. Borrower shall pay Lender, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of Lender to demand compensation pursuant to this Section shall not constitute a waiver of Lender's right to demand such compensation.

(e) Illegality. If Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for Lender to make, maintain or fund Loans whose interest is determined by reference to BSBY or the BSBY Rate, or to determine or charge interest rates based upon BSBY or the BSBY Rate, then, upon notice thereof by Lender to Borrower, (a) any obligation of Lender to make BSBY Loans or Daily BSBY Loans, and any right of Borrower to continue BSBY Loans or to convert ABR Loans to BSBY Loans or Daily BSBY Loans, shall be suspended, and (b) the interest rate on which ABR Loans shall, if necessary to avoid such illegality, be determined by Lender without reference to clause (c) of the definition of "Alternate Base Rate", in each case until Lender notifies Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (i) Borrower shall, if necessary to avoid such illegality, upon demand from Lender, prepay or, if applicable, convert all BSBY Loans and Daily BSBY Loans to ABR Loans (the interest rate on which ABR Loans of Lender shall, if necessary to avoid such illegality, be determined by Lender without reference to clause (c) of the definition of "Alternate Base Rate"), on the last day of the Interest Period therefor in the case of BSBY Loans and immediately in the case of Daily BSBY Loans, if Lender may lawfully continue to maintain such BSBY Loans to such day, or immediately, if Lender may not lawfully continue to maintain such BSBY Loans to such day, and (ii) if necessary to avoid such illegality, Lender shall during the period of such suspension compute the Alternate Base Rate without reference to clause (c) of the definition of "Alternate Base Rate" in each case until Lender determines that it is no longer illegal for Lender to determine or charge interest rates based upon BSBY or the BSBY Rate. Upon any such prepayment or conversion, Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to Section 3.5.

2.13 Section 3.5 of the Credit Agreement is hereby amended in its entirety as follows:

Section 3.5 Compensation for Losses. In the event of (a) the payment or prepayment of any principal of any BSBY Loan other than on the last day of the Interest Period applicable thereto whether voluntary, mandatory, automatic, by reason of acceleration (including as a result of an Event of Default), (b) the conversion of any BSBY Loan other than on the last day of the Interest Period applicable thereto (including as a result of an Event of Default), (c) the failure to borrow, convert, continue or prepay any BSBY Loan on the date specified in any notice delivered pursuant hereto, then, in any such event, Borrower shall compensate Lender for any loss, cost and expense attributable to such event, including any loss, cost or expense arising from the liquidation or redeployment of funds. A certificate of Lender setting forth any amount or amounts that Lender is entitled to receive pursuant to this Section shall be delivered to Borrower and shall be conclusive absent manifest error. Borrower shall pay Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

2.14 Section 3.6 of the Credit Agreement is hereby amended in its entirety as follows:

Section 3.6 Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of the Borrower or Lender) requires the deduction or withholding of any Tax from any such payment by any such party, then such party shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made. For purposes of this Section 3.6, the term "applicable law" includes FATCA.

(b) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of Lender timely reimburse it for the payment of, any Other Taxes.

(c) Indemnification by the Borrower. Borrower shall indemnify Lender, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by Lender or required to be withheld or deducted from a payment to Lender and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by Lender.

(d) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 4.4, Borrower shall deliver to Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Lender.

(e) Confidentiality. Nothing contained in this Section shall require Lender or any other indemnified party to make available any of its Tax returns (or any other information that it deems to be confidential or proprietary) to the indemnifying party or any other Person.

2.15 Section 3.7 of the Credit Agreement is hereby added to read in its entirety as follows:

Section 3. **7** Inability to Determine Rates**.** Subject to Section 3.3, if, on or prior to the first day of any Interest Period for any BSBY Loan or prior to setting the daily interest rate for a Daily BSBY Loan:

(a) Lender determines (which determination shall be conclusive and binding absent manifest error) that the “BSBY Rate” or the Daily BSBY Rate cannot be determined pursuant to the definition thereof; or

(b) Lender determines that for any reason in connection with any request for a BSBY Loan or a Daily BSBY Loan or a conversion thereto or a continuation thereof that the BSBY Rate for any requested Interest Period with respect to a proposed BSBY Loan or Daily BSBY Loan does not adequately and fairly reflect the cost to Lender of funding such Loan;

Lender will promptly so notify Borrower.

Upon notice thereof by Lender to Borrower, any obligation of Lender to make BSBY Loans or Daily BSBY Loans, and any right of Borrower to continue BSBY Loans or to convert ABR Loans to BSBY Loans or Daily BSBY Loans shall be suspended (to the extent of the affected Interest Periods) until Lender revokes such notice. Upon receipt of such notice, (i) Borrower may revoke any pending request for a borrowing of, conversion to or continuation of BSBY Loans (to the extent of the affected Interest Periods) or Daily BSBY Loans or, failing that, Borrower will be deemed to have converted any such request into a request for a Loan of or conversion to ABR Loans in the amount specified therein and (ii) any outstanding affected BSBY Loans and Daily BSBY Loans will be deemed to have been converted into ABR Loans at the end of the applicable Interest Period. Upon any such conversion, Borrower shall also pay accrued interest on the amount so converted, together with any additional amounts required pursuant to Section 3.5. Subject to Section 3.3, if Lender determines (which determination shall be conclusive and binding absent manifest error) that the "BSBY Rate" cannot be determined pursuant to the definition thereof on any given day, the interest rate on ABR Loans shall be determined by Lender without reference to clause (c) of the definition of "Alternate Base Rate" until Lender revokes such determination.

Section 4. Conditions to Effectiveness. The effectiveness of this Amendment is subject to the satisfaction of the following conditions (the date on which all such conditions are satisfied and/or waived, the "Second Amendment Effective Date"):

(i) Amendment. The Lender (or its counsel) shall have received a counterpart of this Amendment (which may include facsimile transmission or electronic mail transmission of a signed signature page of this Amendment) that, when taken together, bear the signatures of the Borrowers and the Lender.

(ii) Officers' Closing Certificate. The Lender shall have received a certificate of the President or a Vice President and the Secretary or Assistant Secretary of each Loan Party, dated the Closing Date, substantially in the form of Exhibit F to the Credit Agreement (with appropriate modifications reasonably satisfactory to the Lender to reflect the nature of this Amendment and consistent with the officer's certificate provided with the First Amendment).

(iii) Fees and Expenses. Substantially contemporaneously with the making of the Loans to be made on the Closing Date, the Borrowers shall have paid all reasonable fees, disbursements and other charges of counsel to the Lender in connection with this Amendment to the extent invoiced on or prior to the date hereof.

(iv) USA PATRIOT Act; KYC. At least five days prior to the date hereof, the Lender shall have received:

(A) any and all documentation and other information requested by the Lender in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including the USA PATRIOT Act; and

(B) to the extent either Borrower constitutes a "legal entity customer" under the Beneficial Ownership Regulation, a completed Beneficial Ownership Certification in relation to such Borrower.

(v) Legal Impediments. No law or regulation shall be applicable that restrains, prevents or imposes materially adverse conditions upon the Credit Facility as amended hereby.

(vi) No Material Adverse Effect. There shall not have occurred a Material Adverse Effect or any event or circumstance that could reasonably be expected to result in a Material Adverse Effect.

(vii) Financial Officer Certificate. The Lender shall have received a certificate, dated the Closing Date and signed by a Financial Officer of the Company confirming that the conditions set forth in clause (vii) above and clauses (ix) and (x) below shall be satisfied.

(viii) Representations and Warranties. Each of the representations and warranties of the Loan Parties set forth in the Loan Documents shall be true and correct in all material respects, in each case on and as of such date as if made on and as of such date, provided that to the extent that such representations and warranties specifically refer to an earlier date, they shall be true and correct in all material respects as of such earlier date; provided further that any representation and warranty that is qualified as to "materiality", "Material Adverse Effect" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates.

(ix) Absence of Defaults. No Default shall exist, or would result from such proposed Credit Extension or from the application of the proceeds therefrom.

Section 5. Acknowledgments and Affirmations of the Loan Parties. Each Loan Party hereby expressly acknowledges the terms of this Amendment and confirms and reaffirms, as of the date hereof, (a) the covenants and agreements contained in each Loan Document to which it is a party, including, in each case, such covenants and agreements as in effect immediately after giving effect to this Amendment and the transactions contemplated hereby and thereby (as amended hereby) and (b) its guarantee of the Obligations under the Credit Agreement.

Section 6. Miscellaneous.

6.1 Representations and Warranties. To induce the Lender to enter into this Amendment, each Borrower represents and warrants to the Lender as follows:

(a) Each Borrower has all requisite power and authority to execute, deliver and perform this Amendment and all documents and instruments delivered in connection herewith, such Loan Party has taken all necessary organizational action to authorize the execution, delivery and performance of this Amendment and all documents and instruments delivered in connection herewith, and this Amendment has been duly executed and delivered on behalf of each Borrower.

(b) This Amendment constitutes a legal, valid and binding obligation of each Borrower, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

6.2 Effect of this Amendment.

(a) Except as specifically amended hereby, all terms, conditions, covenants, representations and warranties contained in the Credit Agreement and the other Loan Documents, all rights of the Lender and all of the Obligations shall remain in full force and effect. The Borrower hereby confirm that the Credit Agreement and the other Loan Documents are in full force and effect and that neither Borrower has any right of setoff, recoupment or other offset or any defense as of the date hereof with respect to any of the Obligations, the Credit Agreement or any other Loan Document.

(b) The execution, delivery and effectiveness of this Amendment shall not directly or indirectly constitute (i) a novation of any of the Obligations under the Credit Agreement or the other Loan Documents or (ii) constitute a course of dealing or, except as expressly amended hereby, other basis for altering any Obligations or any other contract or instrument (including, without limitation, the Credit Agreement and the other Loan Documents).

(c) From and after the date hereof, (i) the term "Agreement" in the Credit Agreement, and all references to the Credit Agreement in any other Loan Document, shall mean the Credit Agreement as amended hereby, and (ii) the term "Loan Documents" in the Credit Agreement and the other Loan Documents shall include, without limitation, this Amendment and any agreements, instruments and other documents executed and/or delivered in connection herewith.

6.3 Counterparts. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed signature page counterpart hereof by telecopy, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart hereof. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Amendment and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic association of signatures and records on electronic platforms, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, any other similar state laws based on the Uniform Electronic Transactions Act, the Uniform Commercial Code, each as amended, and the parties hereto hereby waive any objection to the contrary, provided that (x) nothing herein shall require the Lender to accept electronic signature counterparts in any form or format and (y) Lender reserves the right to require, at any time and at its sole discretion, the delivery of manually executed counterpart signature pages to this Amendment and the parties hereto agree to promptly deliver such manually executed counterpart signature page.

6.4 Governing Law, etc.

(a) This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

(b) Each of the parties hereto irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the courts of the State of New York sitting in New York County and of the United States District Court of the for the Southern District of New York and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Amendment, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Amendment shall affect any right that the Lender may otherwise have to bring any action or proceeding relating to this Credit Agreement or any other Loan Document against either Borrower or any other Loan Party or its properties in the courts of any jurisdiction.

(c) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Amendment in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each of the parties hereto irrevocably consents to service of process in the manner provided for notices in Section 10.1 of the Credit Agreement. Nothing in this Amendment will affect the right of any party to this Amendment to serve process in any other manner permitted by law.

6.5 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AMENDMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AMENDMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

6.6 Headings. Section headings used herein are for convenience of reference only, are not part of this Amendment and shall not affect the construction of, or be taken into consideration in interpreting, this Amendment.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

**GLOBUS MEDICAL, INC.**

By: **/s/ KEITH PFEIL**
Name: Keith Pfeil
Title: Chief Financial Officer

**GLOBUS NORTH AMERICA, INC.**

By: **/s/ KEITH PFEIL**
Name: Keith Pfeil
Title: Chief Financial Officer

**CITIZENS BANK, N.A.**, as Lender

By: **/s/ JAMES P. HARBESON**
Name: James P. Harbeson
Title: Director

**EXHIBIT 31.1**

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

I, Daniel T. Scavilla, 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 4, 2022

**/s/ DANIEL T. SCAVILLA**

Daniel T. Scavilla
Chief Executive Officer
President

**EXHIBIT 31.2**

**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 4, 2022

**/s/ KEITH PFEIL**

Keith Pfeil
Chief Financial Officer
Senior Vice President

**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), Daniel T. Scavilla, 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, 2022 (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 4, 2022 | **/s/ DANIEL T. SCAVILLA** |
| | Daniel T. Scavilla<br>Chief Executive Officer<br>President |
| Date: August 4, 2022 | **/s/ KEITH PFEIL** |
| | Keith Pfeil<br>Chief Financial Officer<br>Senior Vice President |

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.