

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 September 30, 2024

or
 **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission File No. 001-35621

GLOBUS MEDICAL, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

04-3744954
(I.R.S. Employer Identification No.)

2560 General Armistead Avenue, Audubon, PA 19403-5214
(Address of principal executive offices) (Zip Code)

(610) 930-1800
(Registrant's telephone number, including Area Code)

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

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

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

Yes No

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

Yes No

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

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

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

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

Yes No

The number of shares outstanding of the issuer's common stock (par value \$0.001 per share) as of November 1, 2024 was 136,167,342 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)

<i>(In thousands, except share and per share values)</i>	September 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 622,766	\$ 467,292
Short-term marketable securities	71,940	50,497
Accounts receivable, net of allowances of \$23,542 and \$8,934, respectively	588,047	503,235
Inventories	717,703	848,135
Prepaid expenses and other current assets	50,924	44,580
Income taxes receivable	5,149	1,635
Total current assets	2,056,529	1,915,374
Property and equipment, net of accumulated depreciation of \$505,982 and \$425,695, respectively	567,822	586,932
Operating lease right of use assets	52,824	59,931
Long-term marketable securities	12,297	75,428
Intangible assets, net	842,778	924,603
Goodwill	1,431,666	1,434,540
Other assets	76,643	78,590
Deferred income taxes	45,485	10,685
Total assets	\$ 5,086,044	\$ 5,086,083
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 57,537	\$ 56,671
Accrued expenses	255,260	240,460
Operating lease liabilities	11,040	11,967
Income taxes payable	4,174	3,845
Senior convertible notes	437,142	—
Business acquisition liabilities	32,110	61,035
Deferred revenue	20,802	18,369
Total current liabilities	818,065	392,347
Business acquisition liabilities, net of current portion	81,748	78,323
Operating lease liabilities	86,376	91,037
Senior convertible notes	—	417,400
Deferred income taxes and other tax liabilities	7,475	84,421
Other liabilities	22,983	24,596
Total liabilities	1,016,647	1,088,124
Commitments and contingencies (Note 17)		
Equity:		
Class A common stock; \$0.001 par value. Authorized 500,000,000 shares; issued and outstanding 113,474,233 and 113,905,565 shares at September 30, 2024 and December 31, 2023, respectively	113	114
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 September 30, 2024 and December 31, 2023, respectively	22	22
Additional paid-in capital	2,949,917	2,870,749
Accumulated other comprehensive income/(loss)	(6,963)	(10,192)
Retained earnings	1,126,308	1,137,266
Total equity	4,069,397	3,997,959
Total liabilities and equity	\$ 5,086,044	\$ 5,086,083

See accompanying notes to unaudited condensed consolidated financial statements.

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

<i>(In thousands, except per share amounts)</i>	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Net sales	\$ 625,705	\$ 383,639	\$ 1,862,062	\$ 951,942
Cost of Sales and Operating expenses:				
Cost of sales (exclusive of amortization of intangibles)	270,515	135,390	772,042	282,688
Research and development	35,380	29,329	130,346	71,758
Selling, general and administrative	240,738	156,206	727,567	398,691
Provision for litigation, net	(676)	2,924	628	184
Amortization of intangibles	30,076	13,761	89,461	22,909
Acquisition-related costs	(3,617)	45,625	12,535	52,693
Restructuring costs	5,191	—	23,766	—
Operating income/(loss)	48,098	404	105,717	123,019
Other income/(expense), net				
Interest income/(expense), net	(775)	7,920	(5,004)	22,711
Foreign currency transaction gain/(loss)	10,279	(5,314)	(5,795)	(5,649)
Other income/(expense)	(570)	(475)	1,137	318
Total other income/(expense), net	8,934	2,131	(9,662)	17,380
Income/(loss) before income taxes	57,032	2,535	96,055	140,399
Income tax provision/(benefit)	5,196	1,537	19,576	32,560
Net income/(loss)	\$ 51,836	\$ 998	\$ 76,479	\$ 107,839
Other comprehensive income/(loss), net of tax:				
Unrealized gain/(loss) on marketable securities	912	2,641	1,783	6,979
Foreign currency translation gain/(loss)	3,976	(2,310)	1,446	(1,085)
Total other comprehensive income/(loss), net of tax	4,888	331	3,229	5,894
Comprehensive income/(loss)	\$ 56,724	\$ 1,329	\$ 79,708	\$ 113,733
Earnings per share:				
Basic	\$ 0.38	\$ 0.01	\$ 0.56	\$ 1.03
Diluted	\$ 0.38	\$ 0.01	\$ 0.56	\$ 0.98
Weighted average shares outstanding:				
Basic	135,615	113,537	135,390	104,762
Diluted	138,062	115,245	137,245	110,058

See accompanying notes to unaudited condensed consolidated financial statements.

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

<i>(In thousands)</i>	Class A Common Stock		Class B Common Stock		Additional paid-in capital	Accumulated other comprehensive income/(loss)	Retained earnings	Total
	Shares	\$	Shares	\$				
Balance at December 31, 2023	113,906	\$ 114	22,430	\$ 22	\$ 2,870,749	\$ (10,192)	\$ 1,137,266	\$ 3,997,959
Stock-based compensation	—	—	—	—	17,281	—	—	17,281
Grant of contingent restricted stock units	—	—	—	—	336	—	—	336
Exercise of stock options	112	—	—	—	3,413	—	—	3,413
Issuance of Class A common stock under employee and director equity option plans, net	205	—	—	—	(5,343)	—	—	(5,343)
Comprehensive income/(loss)	—	—	—	—	—	(853)	(7,117)	(7,970)
Repurchase and retirement of common stock	(1,597)	(1)	—	—	—	—	(83,314)	(83,315)
Balance at March 31, 2024	112,626	113	22,430	22	2,886,436	(11,045)	1,046,835	3,922,361
Stock-based compensation	—	—	—	—	12,844	—	—	12,844
Grant of contingent restricted stock units	—	—	—	—	181	—	—	181
Exercise of stock options	329	—	—	—	14,239	—	—	14,239
Issuance of Class A common stock under employee and director equity option plans, net	3	—	—	—	(91)	—	—	(91)
Comprehensive income/(loss)	—	—	—	—	—	(806)	31,760	30,954
Repurchase and retirement of common stock	(30)	—	—	—	—	—	(4,123)	(4,123)
Balance at June 30, 2024	112,928	113	22,430	22	2,913,609	(11,851)	1,074,472	3,976,365
Stock-based compensation	—	—	—	—	12,303	—	—	12,303
Grant of contingent restricted stock units	—	—	—	—	1,339	—	—	1,339
Exercise of stock options	527	—	—	—	23,505	—	—	23,505
Issuance of Class A common stock under employee and director equity option plans, net	19	—	—	—	(839)	—	—	(839)
Comprehensive income/(loss)	—	—	—	—	—	4,888	51,836	56,724
Balance at September 30, 2024	113,474	\$ 113	22,430	\$ 22	\$ 2,949,917	\$ (6,963)	\$ 1,126,308	\$ 4,069,397

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

<i>(In thousands)</i>	Class A Common Stock		Class B Common Stock		Additional paid-in capital	Accumulated other comprehensive income/(loss)	Retained earnings	Total
	Shares	\$	Shares	\$				
Balance at December 31, 2022	77,762	\$ 78	22,430	\$ 22	\$ 630,952	\$ (24,630)	\$ 1,239,951	\$ 1,846,373
Stock-based compensation	—	—	—	—	9,032	—	—	9,032
Grant of contingent restricted stock units	—	—	—	—	219	—	—	219
Exercise of stock options	143	—	—	—	4,859	—	—	4,859
Comprehensive income/(loss)	—	—	—	—	—	5,208	49,129	54,337
Balance at March 31, 2023	77,905	78	22,430	22	645,062	(19,422)	1,289,080	1,914,820
Stock-based compensation	—	—	—	—	8,639	—	—	8,639
Grant of contingent restricted stock units	—	—	—	—	340	—	—	340
Exercise of stock options	108	—	—	—	3,199	—	—	3,199
Comprehensive income/(loss)	—	—	—	—	—	355	57,712	58,067
Balance at June 30, 2023	78,013	78	22,430	22	657,240	(19,067)	1,346,792	1,985,065
Stock-based compensation	—	—	—	—	22,756	—	—	22,756
Grant of contingent restricted stock units	—	—	—	—	951	—	—	951
Exercise of stock options	101	—	—	—	3,299	—	—	3,299
Issuance of Class A common stock under employee and director equity option plans, net	243	—	—	—	(10,267)	—	—	(10,267)
Issuance of equity for NuVasive Merger	39,813	40	—	—	2,184,112	—	—	2,184,152
Comprehensive income/(loss)	—	—	—	—	—	331	998	1,329
Balance at September 30, 2023	118,170	\$ 118	22,430	\$ 22	\$ 2,858,091	\$ (18,736)	\$ 1,347,790	\$ 4,187,285

See accompanying notes to unaudited condensed consolidated financial statements.

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

<i>(In thousands)</i>	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 76,479	\$ 107,839
Adjustments to reconcile net income to net cash provided by operating activities:		
Acquired in-process research and development	12,613	—
Depreciation and amortization	185,796	73,571
Amortization of premiums on marketable securities	(119)	730
Provision for excess and obsolete inventory	16,194	6,700
Amortization of inventory fair value step up	168,097	19,065
Amortization of 2025 Note fair value step up	19,973	—
Stock-based compensation expense	42,284	40,297
Allowance for expected credit losses	15,667	4,284
Change in fair value of business acquisition liabilities	8,608	4,431
Change in deferred income taxes	(92,723)	(45,990)
(Gain)/loss on disposal of assets, net	2,687	1,466
Payment of business acquisition-related liabilities	(18,084)	(2,370)
Net (gain)/loss from foreign currency adjustment	(2,354)	—
(Increase) decrease in:		
Accounts receivable	(100,545)	(36,953)
Inventories	(17,973)	(58,978)
Prepaid expenses and other assets	(3,108)	(1,280)
Increase (decrease) in:		
Accounts payable	1,294	(7,952)
Accrued expenses and other liabilities	389	20,579
Income taxes payable/receivable	(4,876)	13,386
Net cash provided by/(used in) operating activities	310,299	138,825
Cash flows from investing activities:		
Purchases of marketable securities	(13,366)	(100,643)
Maturities of marketable securities	47,746	214,430
Sales of marketable securities	9,644	219,987
Purchases of property and equipment	(98,318)	(55,393)
Acquisition of businesses, net of cash acquired and purchases of intangible and other assets	(17,635)	(296,028)
Net cash provided by/(used in) investing activities	(71,929)	(17,647)
Cash flows from financing activities:		
Payment of business acquisition-related liabilities	(37,003)	(5,908)
Net proceeds from exercise of stock options	41,156	11,357
Payments related to tax withholdings for share-based compensation	(6,795)	—
Repurchase of common stock	(84,787)	—
Net cash provided by/(used in) financing activities	(87,429)	5,449
Effect of foreign exchange rates on cash	4,533	2,527
Net increase/(decrease) in cash and cash equivalents	155,474	129,154
Cash and cash equivalents at beginning of period	467,292	150,466
Cash and cash equivalents at end of period	\$ 622,766	\$ 279,620
Supplemental disclosures of cash flow information:		
Income taxes paid, net	\$ 117,474	\$ 65,171
Non-cash investing and financing activities:		
Equity issued in conjunction with the NuVasive Merger	\$ —	\$ 2,153,860
Accrued purchases of property and equipment	\$ 4,802	\$ 5,971

See accompanying notes to unaudited condensed consolidated financial statements.

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

NOTE 1. BACKGROUND

(a) The Company

Globus Medical, Inc., together with its majority-owned or controlled 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 numerous products launched since the founding of the Company, we offer a comprehensive portfolio of innovative and differentiated technologies that address a variety of musculoskeletal pathologies, anatomies, and surgical approaches.

We are headquartered in Audubon, Pennsylvania, and market and sell our products through our exclusive sales force in the United States, as well as within North, Central & South America, Europe, Asia, Africa and Australia. We sell our products in the U.S. through a sales force comprised primarily of directly-employed and independent sales representatives. Our international sales force is comprised of directly-employed sales personnel, independent sales representatives, as well as exclusive and non-exclusive independent third-party distributors.

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

(b) NuVasive Merger

On September 1, 2023, the Company merged with NuVasive, Inc. (“NuVasive”) and Zebra Merger Sub Inc., a wholly owned subsidiary of the Company (“Merger Sub”). Pursuant to the terms of the Merger Agreement, Merger Sub merged with and into NuVasive (the “Merger”), with NuVasive surviving as a wholly owned subsidiary of the Company. Upon the consummation of the Merger, each issued and outstanding share of common stock of NuVasive, \$0.001 par value per share, was converted into 0.75 fully paid and non-assessable shares of the Company’s Class A Common Stock, and the right to receive cash in lieu of fractional shares. Refer to Note 3, Asset acquisitions and Business Combinations for further information.

Globus Medical was deemed to be the accounting acquirer of NuVasive for accounting purposes under U.S. generally accepted accounting principles (“U.S. GAAP”). Accordingly, prior periods within these condensed consolidated financial statements may not be comparable.

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. 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, 2023.

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 September 30, 2024, and results of operations for the three and nine months ended September 30, 2024. 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 majority-owned or controlled subsidiaries. All intercompany balances and transactions are eliminated in consolidation.

Variable Interest Entities

We provide intraoperative neuromonitoring (“IONM”) services through various majority-owned or controlled subsidiaries, which collectively conduct business as NuVasive Clinical Services. In providing IONM services to surgeons and healthcare facilities across the U.S., the Company maintains contractual relationships with several physician practices (“PCs”). In accordance with authoritative guidance, the Company has determined that the PCs are variable interest entities and therefore, the accompanying consolidated financial statements include the accounts of the PCs from the date of acquisition. During the periods presented, the results of the PCs were immaterial to the Company’s financial statements. The creditors of the PCs have claims only to the assets of the PCs, which are not material, and the assets of the PCs are not available to the Company.

(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 expected credit losses, stock-based compensation, reserves for excess and obsolete inventory, fair value measurements, 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

In accordance with Accounting Standards Codification (“ASC”) 606, Revenue from Contracts with Customers, the Company recognizes revenue upon the transfer of goods or services to a customer at an amount that reflects the expected consideration to be received in exchange for those goods or services. The principles in ASC 606 are applied using the following five steps: (i) identify the contract with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation(s) in the contract; and (v) recognize revenue when (or as) the Company satisfies its performance obligation(s). 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, unique instruments, and neuromonitoring services, 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. For our IONM services, revenue is recognized in the period the service is performed, which can be either at a point in time or over time, depending on how the performance obligation is defined for the amount of consideration expected to be received. Our policy is to classify shipping and handling costs billed to customers as sales and the related expenses as cost of sales.

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, generally at the point in time in which the obligation is fulfilled. 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.

Revenue associated with products holding rights of return or trade-in are recognized when the Company concludes there is not a risk of significant revenue reversal in future periods for the expected consideration in the transaction. Our policy is to classify shipping and handling costs billed to customers as sales and the related expenses as cost of sales.

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.

The changes to contract liabilities related to deferred revenue are as follows:

<i>(In thousands)</i>	Nine Months Ended September 30, 2024	
Beginning contract liabilities	\$	27,749
Revenue recognized from contract liabilities		(20,566)
Advance consideration received during the period		23,681
Ending contract liabilities	\$	<u>30,864</u>

(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, government securities, 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 September 30, 2024. 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 as a component of other income/(expense), net, on our condensed consolidated statements of operations and comprehensive income. Interest receivable is recorded as a component of 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

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.

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 is 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.

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.

(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.

Intangible assets consist of purchased developed technology, customer relationships, in-process research and development (“IPR&D”), supplier network, patents, 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 1 to 21 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.

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.

During the three and nine months ended September 30, 2024, there were no impairments in goodwill, finite-lived intangible assets, or IPR&D.

(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. Expense for performance-based restricted stock units is recognized when the performance condition is deemed to be probable. 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 respective fair values of restricted stock units and performance restricted stock units are estimated on the day of grant based on the closing price of the Company’s common stock.

We assumed equity-classified awards for certain NuVasive restricted stock units (“RSUs”), and performance restricted stock units (“PRSUs”), as part of the Merger. These RSUs and PRSUs are measured at the grant date based on the estimated fair value of the award. The fair value of equity instruments that are expected to vest is recognized and amortized over the requisite service period. The Company has granted awards with up to five-year graded or cliff vesting terms (in each case, with service through the date of vesting being required). No exercise price or other monetary payment is required for receipt of the shares issued in settlement of the respective award; instead, consideration is furnished in the form of the participant’s service to the Company.

The fair value of RSUs including PRSUs with pre-defined performance criteria is based on the stock price on the date of grant whereas the expense for PRSUs with pre-defined performance criteria is adjusted with the probability of achievement of such performance criteria at each period end.

(k) Derivative Financial Instruments

The Company recognizes all derivative instruments as assets or liabilities in its unaudited condensed Consolidated Balance Sheets and measures these instruments at fair value by revaluing these assets and liabilities at the end of each reporting period. Gains and losses are recorded as a component of other expense, net in the unaudited condensed consolidated statements of operations and comprehensive income. The effects of these derivative instruments are immaterial to the Company’s financial statements.

(l) Other Comprehensive Income (Loss)

Other comprehensive income (loss) is defined as the change in equity during a period from transactions and other events and circumstances from non-owner sources. Other comprehensive income (loss) includes net of tax, unrealized gains or losses on the Company’s marketable debt securities and foreign currency translation adjustments.

(m) Acquisition-Related Costs

Acquisition-related costs represents the change in fair value of business acquisition-related contingent consideration and specific costs related to the consummation of the acquisition process such as banker fees, legal fees and other acquisition-related professional fees.

(n) Restructuring Costs

Restructuring costs represent costs associated with the 2024 Synergy Plan. This plan was designed to optimize the organizational structure, merge synergies and leverage the strength of both commercial organizations. As a result of aligning the cost structure of the Company’s businesses and corporate functions with its financial objectives; the Company also recorded employee separation charge and one-time termination benefits.

(o) Accounts Receivable and Related Valuation Accounts

Accounts receivable in the accompanying unaudited condensed consolidated balance sheets are presented net of allowances for expected credit losses. We maintain an allowance for expected credit losses resulting from the inability of its customers, including hospitals, ambulatory surgery centers, and distributors, to make required payments.

The allowance for credit losses is calculated quarterly and is estimated on a region-by-region basis considering a number of factors including age of account balances, collection history, historical account write-offs, third-party credit reports, identified trends, current economic conditions, and supportable forecasted economic expectations. The allowance is adjusted on a specific identification basis for certain accounts as well as pooling of accounts with similar characteristics. An increase in the provision for credit losses may be required when the financial condition of our customers or their collection experience deteriorates. Our exposure to credit losses may also increase if its customers are adversely affected by changes in healthcare laws, coverage and reimbursement, macroeconomic pressures or uncertainty associated with local or global economic recessions, disruption associated with pandemics, or other customer-specific factors.

(p) Recently Issued Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (the “FASB”), issued Accounting Standards Update (“ASU”) No. 2023-09, *Income Taxes (Topic 740), Improvements to Income Tax Disclosures*, to enhance the transparency and decision-making utility of income tax disclosures. The enhancement will provide information to better assess how an entity’s operations and related tax risks and tax planning and operational opportunities affect its tax rate and prospects for future cash flows. Investors currently rely on the rate reconciliation table and other disclosures, including total income taxes paid, to evaluate income tax risks and opportunities. This update is effective for fiscal years beginning after December 15, 2024 and early adoption is permitted. The amendments should be applied prospectively with retrospective applications also permitted. The Company is currently evaluating the impact the standard will have on its consolidated financial statements and related disclosures.

In November 2023, the FASB, issued ASU No. 2023-07, *Segment Reporting (Topic 280), Improvements to Reportable Segment Disclosures*, to improve reportable segment disclosure requirements. The amendment introduced new requirements to disclose significant segment expenses regularly provided to the chief operating decision maker (“CODM”), extend certain annual disclosures to interim periods, clarify that single reportable segment entities must apply ASC 280 in its entirety, permit more than one measure of segment profit or loss to be reported under certain conditions, and require disclosure of the title and position of the CODM. This update is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years after December 15, 2024, early adoption is permitted. The amendments should be applied retrospectively. The Company is currently evaluating the impact the standard will have on its consolidated financial statements and related disclosures.

(q) Recently Adopted Accounting Pronouncements

In June 2022, the FASB issued ASU No. 2022-03, *Fair Value Measurement (Topic 820), Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*, which clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The ASU introduces new disclosure requirements to provide investors with information about contractual restrictions, including the nature and remaining duration of such restrictions. This update is effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years, with early adoption permitted. The amendments should be applied prospectively with any adjustments from the adoption of the amendments recognized in earnings and disclosed on the date of adoption. The Company adopted ASU No. 2022-03 as of January 1, 2024. The adoption did not have any material impact on the Company’s consolidated financial statements.

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which requires an entity (acquirer) to recognize and measure contract assets and liabilities acquired in a business combination in accordance with Accounting Standards Codification (“ASC”) Topic 606, Revenue from Contracts with Customers. This update is effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years, with early adoption permitted. The amendments should be applied prospectively to business combinations occurring on or after the effective date of the amendments. The Company adopted ASU No. 2021-08 as of January 1, 2023. The adoption did not have a material impact on the Company’s consolidated financial statements.

NOTE 3. ASSET ACQUISITIONS AND BUSINESS COMBINATIONS

Asset Acquisitions

During the first quarter of 2024, the Company completed a share acquisition of a biotech company focused on research and development for hemostasis solutions. The fair value of the assets acquired are concentrated in a similar identified asset, IPR&D of the acquired technology, thus satisfying the requirements of the screen test in ASC 805, Business Combinations. At the date of the acquisition, 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 \$12.6 million was charged to research and development expense in the condensed consolidated statements of operations and comprehensive income. The purchase price consisted of \$12.0 million of cash paid at closing. The transaction also provides for \$12.0 million contingent consideration which is payable upon meeting the Good Manufacturing Process milestones, as promulgated by the U.S. Food and Drug Administration (the “FDA”), and consideration of \$10.0 million contingent upon the developed products obtaining approval from the FDA. Contingent consideration will not be recorded in this asset acquisition until the milestone is met.

Business Combinations

During the third quarter of 2024, the Company completed one acquisition that was not material to the overall 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 \$0.1 million of cash paid at closing and \$1.6 million in contingent consideration payments, resulting in goodwill of \$1.7 million based on the estimated fair values. The contingent payments for this acquisition are based upon achieving various performance milestones over a period of five years and are payable in cash.

During the second quarter of 2024, the Company completed one acquisition that was not material to the overall 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 \$0.1 million of cash paid at closing and \$1.9 million in contingent consideration payments, resulting in goodwill of \$2.0 million based on the estimated fair values. The contingent payments for this acquisition are based upon achieving various performance milestones over a period of five years and are payable in cash.

During the first quarter of 2024, the Company completed one acquisition that was not material to the overall 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 \$0.5 million of cash paid at closing and \$19.1 million of contingent consideration payments, resulting in goodwill of \$17.9 million and reacquired rights of \$1.8 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 the first quarter of 2023, the Company completed one acquisition that was not material to the condensed consolidated financial statements and has been included in our financial statements from the date of acquisition. The purchase price consisted of approximately \$1.4 million of cash. The Company recorded identifiable assets of \$0.4 million of instruments and \$1.0 million of inventory.

During the fourth quarter of 2022, the Company acquired the membership interests of Harvest Biologics LLC, which engages in the business of selling systems that produce autologous biologics. The purchase price consisted of approximately \$30.0 million of cash paid at closing, plus \$1.4 million of preliminary post-closing adjustments. The Company recorded identifiable net assets, based on their estimated fair values, for inventory of \$3.3 million, goodwill of \$15.2 million, customer relationships and other intangibles of \$10.5 million with a weighted average useful life of 20 years, and developed technology of \$2.4 million with a weighted average useful life of 8 years. The Company finalized the purchase price allocation of the assets and liabilities acquired within one year from the date of acquisition.

During the second quarter of 2022, the Company completed one acquisition that was not material to the overall 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.

NuVasive Merger

On September 1, 2023, the Company merged with NuVasive, Inc. (“NuVasive”) and Zebra Merger Sub Inc., a wholly owned subsidiary of the Company (“Merger Sub”). Pursuant to the terms of the Merger Agreement, Merger Sub merged with and into NuVasive (the “Merger”), with NuVasive surviving as a wholly owned subsidiary of the Company. Upon the consummation of the Merger, each issued and outstanding share of common stock of NuVasive, \$0.001 par value per share, was converted into 0.75 fully paid and non-assessable shares of the Company’s Class A Common Stock, and the right to receive cash in lieu of fractional shares.

As part of the Merger, the Company assumed equity awards for certain NuVasive RSUs and NuVasive PRSUs in accordance with the terms of the Merger Agreement. Certain awards included a change in control provision (single trigger) which accelerated the vesting of the awards on the closing date of the Merger. These awards were considered as part of the total purchase price. The unvested awards will continue to vest in accordance with the terms of the original award agreement, except for certain PRSUs that were converted into RSUs. Once vested, the holders will receive shares of the Company’s Class A Common Stock. Of the total consideration for the assumed equity awards, \$28.6 million was allocated to the purchase price and \$42.3 million was deemed compensatory as it was attributable to post acquisition vesting. Of the \$42.3 million of total compensation related to the assumed awards, \$12.9 million was expensed on the acquisition date due to accelerated vesting of the awards, recognized as Merger related costs, and \$29.4 million relates to future services and will be expensed over the remaining service periods of the unvested awards on a straight-line basis. Of the \$29.4 million related to future services, \$15.4 million of expense has been recognized as of September 30, 2024.

Concurrently with the Merger, the Company repaid the outstanding \$420.8 million under NuVasive’s revolving senior credit facility in addition to assuming the 0.375% Senior Convertible Notes due 2025 (“2025 Notes”), the privately negotiated call options (“2025 Hedge”) and the privately negotiated warrants (“2025 Warrants”).

The aggregate consideration in connection with the closing of the Merger was as follows:

<i>(In thousands)</i>	
NuVasive shares outstanding as of September 1, 2023	52,451
NuVasive accelerated equity awards	632
Globus exchange ratio	0.75
Globus Class A Common Stock issued in exchange for NuVasive shares	39,813
Globus closing share price	\$ 54.10
Total Value Class A Common Stock	\$ 2,153,860
2025 Warrants	579
Repayment of revolving credit facility	420,762
Fair value of assumed equity awards	28,635
Total purchase price	\$ 2,603,836

We accounted for the Merger using the acquisition method of accounting, which requires the NuVasive assets and liabilities to be recorded on our balance sheet at fair value as of the acquisition date. The following table summarizes the final purchase price allocation for the Merger as of September 30, 2024:

<i>(In thousands)</i>	Preliminary Purchase Price Allocation as of September 1, 2023	Measurement Period and Other Adjustments	Preliminary Purchase Price Allocation as of December 31, 2023 (as adjusted)	Measurement Period and Other Adjustments	Final Purchase Price Allocation
Current assets (excluding accounts receivable and inventories)	\$ 158,112	\$ 38	\$ 158,150	\$ —	\$ 158,150
Accounts receivable	249,591	(6,912)	242,679	—	242,679
Inventories	570,300	(12,266)	558,034	16,969	575,003
Property, plant, and equipment	361,118	598	361,716	(1,019)	360,697
Operating lease ROU asset	90,457	(32,174)	58,283	—	58,283
Intangible assets	1,222,000	(323,000)	899,000	—	899,000
Other long-term assets	25,973	13,111	39,084	—	39,084
Deferred income taxes	4,837	977	5,814	—	5,814
Total Assets	\$ 2,682,388	\$ (359,628)	\$ 2,322,760	\$ 15,950	\$ 2,338,710
Current Liabilities	185,175	(1,718)	183,457	13,387	196,844
Operating lease liabilities, including current portion	109,110	(7,758)	101,352	—	101,352
Business acquisition liabilities, including current portion	66,873	—	66,873	—	66,873
Senior convertible notes	409,500	—	409,500	—	409,500
Deferred income taxes and other tax liabilities	194,553	(16,035)	178,518	(19,501)	159,017
Other liabilities	37,496	(23,797)	13,699	(2,471)	11,228
Total liabilities	\$ 1,002,707	\$ (49,308)	\$ 953,399	\$ (8,585)	\$ 944,814
Fair value of acquired identifiable assets and liabilities	\$ 1,679,681	\$ (310,320)	\$ 1,369,361	\$ 24,535	\$ 1,393,896
Purchase price	\$ 2,603,836		\$ 2,603,836		\$ 2,603,836
Less: Fair value of acquired identifiable assets and liabilities	(1,679,681)		(1,369,361)		(1,393,896)
Goodwill	\$ 924,155		\$ 1,234,475		\$ 1,209,940

The excess of the purchase price over the net tangible and intangible assets is recorded to Goodwill and primarily reflects the assembled workforce and expected synergies. The majority of goodwill is non-deductible for tax purposes.

Details of our valuation methodology and significant inputs for fair value measurements are included below. The fair value measurements for property, plant and equipment and intangible assets are based on significant inputs that are not observable in the market and, therefore, represent Level 3 measurements.

The fair value of work-in-process and finished goods inventory utilizes a sales comparison approach which estimates the selling price of the inventory in completed condition less costs of disposal and a reasonable profit allowance for the selling effort.

The fair value of property and equipment utilizes a combination of the cost approach, income approach, and sales comparison approach less amounts for capitalized research and development costs existing on NuVasive's closing balance sheet.

The fair value of the identifiable intangible assets was determined using variations of the income approach, namely the multi-period excess earnings and relief from royalty methodologies. The most significant assumptions applied in the development of the intangible asset fair values include: the amount and timing of future cash flows, the selection of discount and royalty rates, and the assessment of the asset's economic life.

The identifiable intangible assets acquired are amortized on a straight-line basis over their estimated useful lives. The following table summarizes the estimated fair value of NuVasive's identifiable intangible assets acquired and their amortization period (in years):

<i>(In thousands)</i>	Fair Value as of September 30, 2024	Useful Life
Developed Technology	\$ 607,000	8
Customer Relationships	292,000	11

Fair value of the 2025 Notes was determined using the publicly traded price.

NuVasive's results have been included in the Company's financial statements for the period subsequent to the date of the acquisition on September 1, 2023. Due to the continuing integration of NuVasive's operations into the Company, it is impractical to determine NuVasive's net income/loss during the current period, which is included in the Company's Net Income.

The following unaudited pro forma information for the Company presents combined net sales and net income, as if the merger had been completed on January 1, 2022, and is presented for informational purposes only:

<i>(In thousands)</i>	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
Pro forma net sales	\$ 585,478	\$ 1,779,278
Pro forma net income	49,416	98,783

NOTE 4. NET SALES

The following table represents net sales by product category:

<i>(In thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Musculoskeletal Solutions	\$ 587,402	\$ 355,978	\$ 1,755,011	\$ 864,440
Enabling Technologies	38,303	27,661	107,051	87,502
Total net sales	<u>\$ 625,705</u>	<u>\$ 383,639</u>	<u>\$ 1,862,062</u>	<u>\$ 951,942</u>

NOTE 5. MARKETABLE SECURITIES

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

September 30, 2024				
<i>(In thousands)</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term:				
Municipal bonds	\$ 7,225	\$ 5	\$ (36)	\$ 7,194
Corporate debt securities	33,430	4	(151)	33,283
Asset-backed securities	21	—	—	21
Government, federal agency, and other sovereign obligations	31,597	11	(166)	31,442
Total short-term marketable securities	<u>\$ 72,273</u>	<u>\$ 20</u>	<u>\$ (353)</u>	<u>\$ 71,940</u>
Long-term:				
Corporate debt securities	1,749	—	—	1,749
Asset-backed securities	10,625	—	(77)	10,548
Government, federal agency, and other sovereign obligations	—	—	—	—
Total long-term marketable securities	<u>\$ 12,374</u>	<u>\$ —</u>	<u>\$ (77)</u>	<u>\$ 12,297</u>
December 31, 2023				
<i>(In thousands)</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term:				
Municipal bonds	\$ 11,210	\$ —	\$ (224)	\$ 10,986
Corporate debt securities	38,416	—	(853)	37,563
Government, federal agency, and other sovereign obligations	2,004	—	(56)	1,948
Total short-term marketable securities	<u>\$ 51,630</u>	<u>\$ —</u>	<u>\$ (1,133)</u>	<u>\$ 50,497</u>
Long-term:				
Municipal bonds	\$ 7,180	\$ —	\$ (109)	\$ 7,071
Corporate debt securities	21,707	—	(432)	21,275
Asset-backed securities	17,499	—	(338)	17,161
Government, federal agency, and other sovereign obligations	30,363	—	(442)	29,921
Total long-term marketable securities	<u>\$ 76,749</u>	<u>\$ —</u>	<u>\$ (1,321)</u>	<u>\$ 75,428</u>

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 September 30, 2024 and December 31, 2023, respectively.

NOTE 6. FAIR VALUE MEASUREMENTS

The following table represents the fair value of assets and liabilities, as of September 30, 2024 and December 31, 2023, respectively, including the following:

<i>(In thousands)</i>	Balance at September 30, 2024	Level 1	Level 2	Level 3
Assets:				
Cash equivalents	\$ 296,668	\$ 296,169	\$ 499	\$ —
Municipal bonds	7,194	—	7,194	—
Corporate debt securities	35,032	—	35,032	—
Asset-backed securities	10,569	—	10,569	—
Government, federal agency, and other sovereign obligations	31,442	—	31,442	—
2025 Hedge	471	—	471	—
Liabilities:				
Senior Convertible Notes due 2025	439,179	439,179	—	—
Bifurcated Conversion Option of the Senior Convertible Notes due 2025	471	—	471	—
Business acquisition liabilities	113,858	—	—	113,858

<i>(In thousands)</i>	Balance at December 31, 2023	Level 1	Level 2	Level 3
Assets:				
Cash equivalents	\$ 203,689	\$ 203,689	\$ —	\$ —
Municipal bonds	18,057	—	18,057	—
Corporate debt securities	58,838	—	58,838	—
Asset-backed securities	17,161	—	17,161	—
Government, federal agency, and other sovereign obligations	31,869	2,928	28,941	—
2025 Hedge	687	—	687	—
Liabilities:				
Senior Convertible Notes due 2025	417,363	417,363	—	—
Bifurcated Conversion Option of the Senior Convertible Notes due 2025	687	—	687	—
Business acquisition liabilities	139,358	—	—	139,358

Our marketable securities and certain cash equivalents 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.

The bifurcated conversion option and 2025 Hedge are classified as Level 2 within the fair value hierarchy, based on implied equity volatility. The estimated fair value of the 2025 Notes, inclusive of the embedded conversion option, at September 30, 2024 was \$439.7 million. The fair value was determined based on the quoted price of the 2025 Notes in an active market on the last trading day of the reporting period and has been classified as Level 1 within the fair value hierarchy.

Fair value of the revenue-based business acquisition liabilities was determined using a discounted cash flow model, probability model, and an option pricing methodology. 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	1.9%	- 5.7%	3.0%
Revenue volatility	14.0%	- 20.0%	14.8%
Discount rate	5.2%	- 8.5%	6.4%
Projected year of payment	2024	- 2034	

* 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 nine months ended September 30, 2024 and 2023, respectively included the following:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Beginning balance	\$ 121,332	\$ 65,352	\$ 139,358	\$ 68,258
Purchase price contingent consideration	1,603	66,873	22,669	66,873
Changes resulting from foreign currency fluctuations	—	—	246	—
Contingent cash payments	(4,201)	(2,754)	(55,087)	(8,278)
Contingent RSU grants	(1,339)	(951)	(1,856)	(1,510)
Changes in fair value of business acquisition liabilities	(4,132)	1,151	8,608	4,431
Contractual payable reclassification	595	295	(80)	192
Ending balance	<u>\$ 113,858</u>	<u>\$ 129,966</u>	<u>\$ 113,858</u>	<u>\$ 129,966</u>

Purchase price contingent consideration includes obligations acquired in the NuVasive Merger in addition to other immaterial acquisitions. 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)	September 30,	December 31,
	2024	2023
Raw materials	\$ 115,834	\$ 103,349
Work in process	43,578	37,321
Finished goods	558,291	707,465
Total inventories	<u>\$ 717,703</u>	<u>\$ 848,135</u>

As part of the NuVasive Merger, a net step up in the value of inventory of \$219.6 million was recorded, with certain acquired inventory receiving a step up of \$286.7 million, and certain acquired inventory receiving a step down of \$67.1 million. The net step up was composed of \$3.1 million for work in process and \$216.5 million for finished goods. The amortization of the inventory step up recorded in product cost of sales was \$60.7 million and \$167.9 million for the three and nine months ended September 30, 2024, respectively. Of the \$60.7 million amortization in the three months ended September 30, 2024, \$5.5 million related to a prior period catchup of amortization associated with the final measurement period valuation adjustment recorded to the inventory balance. As of September 30, 2024, the total remaining balance of inventory fair value adjustment was a step down of \$19.8 million.

During the three months ended September 30, 2024 and 2023, net adjustments to cost of sales related to excess and obsolete inventory were \$5.7 million and \$2.7 million, respectively. The net adjustments for the three months ended September 30, 2024 and 2023 reflect a combination of additional expense for excess and obsolete related provisions (\$6.9 million and \$4.7 million, respectively) offset by sales and disposals (\$1.2 million and \$2.0 million, respectively) of inventory for which an excess and obsolete provision was provided previously through expense recognized in prior periods.

During the nine months ended September 30, 2024 and 2023, net adjustments to cost of sales related to excess and obsolete inventory were \$16.2 million and \$6.7 million, respectively. The net adjustments for the nine months ended September 30, 2024 and 2023 reflect a combination of additional expense for excess and obsolete related provisions (\$20.7 million and \$11.6 million, respectively) offset by sales and disposals (\$4.5 million and \$4.9 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:

<i>(In thousands)</i>	Useful Life	September 30, 2024	December 31, 2023
Land	—	\$ 9,752	\$ 9,748
Buildings and improvements	31.5	100,885	102,449
Equipment	5-15	216,873	206,392
Instruments, modules, and cases	5	716,267	672,018
Other property and equipment	3-5	30,027	22,020
		1,073,804	1,012,627
Less: accumulated depreciation and amortization		(505,982)	(425,695)
Total		<u>\$ 567,822</u>	<u>\$ 586,932</u>

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:

<i>(In thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Depreciation	\$ 36,873	\$ 23,627	\$ 96,335	\$ 50,662

NOTE 9. GOODWILL AND INTANGIBLE ASSETS

The change in the carrying amount of goodwill during the twelve months ended December 31, 2023 and the nine months ended September 30, 2024, respectively included the following:

<i>(In thousands)</i>	
December 31, 2022	\$ 197,471
Additions and adjustments	1,235,890
Foreign exchange	1,179
December 31, 2023	1,434,540
Additions and adjustments	(2,993)
Foreign exchange	119
September 30, 2024	<u>\$ 1,431,666</u>

Intangible assets as of September 30, 2024 included the following:

<i>(In thousands)</i>	Weighted Average Amortization Period (in years)	September 30, 2024		
		Gross Carrying Amount	Accumulated Amortization	Intangible Assets, net
Supplier network	10.0	\$ 4,000	\$ (3,967)	\$ 33
Customer relationships & other intangibles	10.6	355,703	(78,456)	277,247
Developed technology	8.0	701,679	(140,453)	561,226
Patents	16.1	9,312	(5,040)	4,272
Total intangible assets		<u>\$ 1,070,694</u>	<u>\$ (227,916)</u>	<u>\$ 842,778</u>

Intangible assets as of December 31, 2023 included the following:

	Weighted Average Amortization Period (in years)	December 31, 2023		
		Gross Carrying Amount	Accumulated Amortization	Intangible Assets, net
<i>(In thousands)</i>				
Supplier network	10.0	\$ 4,000	\$ (3,667)	\$ 333
Customer relationships & other intangibles	10.6	353,849	(54,871)	298,978
Developed technology	8.0	695,226	(74,636)	620,590
Patents	16.1	9,266	(4,564)	4,702
Total intangible assets		<u>\$ 1,062,341</u>	<u>\$ (137,738)</u>	<u>\$ 924,603</u>

The following table summarizes amortization of intangible assets for future periods as of September 30, 2024:

<i>(In thousands)</i>	Annual Amortization
Remaining 2024	\$ 30,162
2025	114,936
2026	111,150
2027	110,048
2028	106,596
Thereafter	369,886
Total	<u>\$ 842,778</u>

NOTE 10. ACCRUED EXPENSES

Accrued expenses as of September 30, 2024 and December 31, 2023, respectively included the following:

<i>(In thousands)</i>	September 30, 2024	December 31, 2023
Compensation and other employee-related costs	\$ 138,452	\$ 140,817
Legal and other settlements and expenses	7,576	9,335
Accrued non-income taxes	42,481	23,726
Royalties	8,850	10,130
Rebates	32,834	27,605
Other	25,067	28,847
Total accrued expenses	<u>\$ 255,260</u>	<u>\$ 240,460</u>

NOTE 11. DEBT

The carrying values of the Company's 2025 Notes, acquired in the NuVasive merger, as of September 30, 2024, were as follows:

<i>(In thousands)</i>	September 30, 2024	December 31, 2023
0.375% Senior Convertible Notes due 2025:		
Principal	\$ 449,987	\$ 449,987
Unamortized fair value adjustment for acquisition accounting	13,315	33,275
0.375% Senior Convertible Notes due 2025:	<u>436,672</u>	<u>416,712</u>
Embedded Conversion Option	471	687
Debt, net of unamortized fair value adjustments for acquisition accounting	<u>\$ 437,142</u>	<u>\$ 417,399</u>

<i>(In thousands)</i>	Three Months September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Interest expense:				
Contractual coupon interest	\$ 422	\$ 141	\$ 1,266	\$ 141
Amortization of fair value adjustments for acquisition accounting	6,658	223	19,973	223
Total interest expense recognized on Senior Convertible Notes due 2025	<u>\$ 7,080</u>	<u>\$ 364</u>	<u>\$ 21,239</u>	<u>\$ 364</u>

Effective interest rates:

Senior Convertible Notes due 2025	6.5%	1.1%	6.5%	1.1%
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Line of Credit

In September 2023, we entered into an unsecured credit agreement with U.S. Bank National Association, as administrative agent, Citizens Bank, N.A., as syndication agent, Royal Bank of Canada, as documentation agent, U.S. Bank National Association and Citizens Bank, N.A., as joint lead arrangers and joint book runners, and the other lenders referred to therein (the “September 2023 Credit Agreement”) that provides a revolving credit facility permitting borrowings up to \$400.0 million and has a termination date of September 27, 2028. We may request an increase in the revolving commitments in an aggregate amount not to exceed (i) \$200 million or (ii) so long as the Leverage Ratio (as defined in the September 2023 Credit Agreement) is at least 0.25 to 1.00 less than the applicable Leverage Ratio then required under the September 2023 Credit Agreement, an unlimited amount. Revolving Loans under the September 2023 Credit Agreement bear interest at either a base rate or the Term SOFR Rate (as defined in the Revolving Credit Facility) plus, in each case, an applicable margin, as determined in accordance with the provisions of the September 2023 Credit Agreement. The Applicable Margin ranges from 0.125% to 0.625% for the Base Rate and 1.125% to 1.625% for the Term SOFR Rate. We may also request Swingline Loans (as defined in the September 2023 Credit Agreement) at either the Base Rate or the Daily Term SOFR Rate. The September 2023 Credit Agreement is guaranteed by certain direct or indirect wholly owned subsidiaries of the Company. The September 2023 Credit Agreement contains financial and other customary covenants, including a funded net indebtedness to adjusted EBITDA ratio. As of September 30, 2024, we have not borrowed under the September 2023 Credit Agreement and we were in compliance with all covenants.

0.375% Senior Convertible Notes due 2025

On September 1, 2023, in connection with the closing of the Merger, the Company, NuVasive and Wilmington Trust National Association, as trustee (the “Trustee”) entered into a supplemental agreement (the “First Supplemental Indenture”) to the Indenture, dated March 2, 2020 (the “Base Indenture”), by and between NuVasive and the Trustee, relating to NuVasive’s \$450.0 million in aggregate principal amount of 0.375% Convertible Senior Notes due 2025. As of the closing date of the Merger, \$450 million of aggregate principal amount of the 2025 Notes were outstanding.

Pursuant to the First Supplemental Indenture, the 2025 Notes are convertible into the Company’s Class A Common at a conversion rate of 8.0399 shares per \$1,000 principal amount of 2025 Notes, which is equivalent to a conversion price of approximately \$124.38 per share, subject to adjustments. The 2025 Notes may be settled in cash, stock, or a combination thereof, solely at the Company’s discretion. Pursuant to the terms of the First Supplemental Indenture, Globus agreed to guarantee NuVasive’s obligations under the Indenture. The 2025 Notes bear interest at a rate of 0.375% per annum, payable semi-annually in arrears on March 15 and September 15 of each year. The 2025 Notes mature on March 15, 2025, unless earlier converted, redeemed, or repurchased in accordance with their terms.

The Merger constituted a Merger Event as defined in the Base Indenture. In the event of a Merger Event, the Company is required to execute a supplemental indenture providing for (i) each holder of 2025 Notes with the right to convert each \$1,000 principal amount of 2025 Notes into the same type of consideration that holders would have been entitled to receive if such holders had held a number of shares of NuVasive Common Stock equal to the applicable conversion rate in effect immediately prior to such Merger Event, and (ii) subsequent adjustments to the conversion rate set forth in the Base Indenture.

Until the close of business on the second scheduled trading day immediately preceding March 15, 2025, holders may convert their 2025 Notes at any time. In addition, following certain corporate events that occur prior to the maturity date or if the Company issues a notice of redemption, the Company will increase the conversion rate for a holder who elects to convert its 2025 Notes in connection with such a corporate event or in connection with such redemption in certain circumstances.

No principal payments are due on the 2025 Notes prior to maturity. Other than restrictions relating to certain fundamental changes and consolidations, mergers or asset sales and customary anti-dilution adjustments, the 2025 Notes do not contain any financial covenants and do not restrict the Company from conducting significant restructurings, paying dividends or issuing or repurchasing any of its other securities.

Upon the initial recognition of the 2025 Notes pursuant to the purchase accounting for the Merger, the embedded conversion feature does not meet the equity scope exception described in ASC 815-40, Contracts in Entity’s Own Equity. The embedded conversion

feature is bifurcated and presented as a liability on the consolidated balance sheet with subsequent measurement at fair value with changes in fair value recognized as “Other income/(expense)”. The Company recognized, at Merger closing, the embedded conversion feature at fair value of \$0.7 million and allocated the residual \$407.8 million of the 2025 Notes fair value to the host debt instrument. As of the September 30, 2024, the fair value of the embedded conversion feature was \$0.5 million. As a result of the Merger and recognizing the fair value of the 2025 Notes, along with the embedded conversion feature, as of the acquisition date, the Company recorded \$42.2 million debt discount to be accreted as interest expense over the life of the notes.

2025 Hedges

On September 1, 2023, in connection with the closing of the Merger, the Company, NuVasive, and certain dealers entered into amendment and guarantee agreements with respect to privately negotiated call option transactions (“2025 Hedges”) pursuant to which NuVasive purchased options from such dealers exercisable into its own common stock in connection with the sale of the 2025 Notes. Pursuant to such amendment and guarantee agreements, the 2025 Hedges are exercisable into Globus Class A Common in certain circumstances and the Company guaranteed NuVasive’s obligations under the 2025 Hedges. Subject to the amended 2025 Hedge, the Company is entitled to purchase up to 3,617,955 shares of the Company’s Class A Common at a strike price of \$124.38. The 2025 Hedge will expire on the second scheduled trading day immediately preceding March 15, 2025 and is expected to reduce the potential equity dilution upon conversion of the 2025 Notes if the daily volume-weighted average price per share of the Company’s common stock exceeds the strike price of the 2025 Hedge.

In accordance with ASC 805, the Company recognized the 2025 Hedge at an acquisition date fair value of \$1.7 million. The 2025 Hedge does not meet the equity scope exception described in ASC 815-40, Contract in Entity’s Own Equity, and will be presented as asset on the consolidated balance sheet with subsequent measurement at fair value with changes in fair value recognized as “Other income/(expense)”. As of September 30, 2024, the fair value of the 2025 Hedge is \$0.5 million recorded within the Other Assets with the consolidated balance sheet. An assumed exercise of the 2025 Hedge by NuVasive is considered anti-dilutive since the effect of the inclusion would always be anti-dilutive with respect to the calculation of diluted earnings per share.

2025 Warrants

On September 1, 2023, in connection with the closing of the Merger, the Company, NuVasive, and certain dealers entered into amendment and guarantee agreements with respect to privately negotiated warrant transactions (“2025 Warrants”), pursuant to which NuVasive sold warrants to such dealers for its own common stock in connection with the initial sale of the 2025 Notes. Pursuant to such amendment and guarantee agreements, the warrants are exercisable into Globus Class A Common in certain circumstances and the Company guaranteed NuVasive’s obligations under the 2025 Warrants. Subject to the amended 2025 Warrants, the holders of the 2025 Warrants are entitled to purchase up to 3,617,955 shares of the Company’s common stock at a strike price of \$170.45. The 2025 Warrants will expire on various dates from June 2025 through October 2025 and may be settled in net shares or cash, at the Company’s election.

In accordance with ASC 805, the Company recognized the 2025 Warrants at an acquisition date fair value of \$0.6 million within additional paid-in capital. The 2025 Warrants could have a dilutive effect on the Company’s earnings per share to the extent that the price of the Company’s common stock during a given measurement period exceeds the strike price of the 2025 Warrants, which is \$170.45 per share. The Company uses the treasury share method for assumed exercise of its 2025 Warrants to compute the weighted average common shares outstanding for diluted earnings per share.

NOTE 12. EQUITY

Share Repurchases

On March 11, 2020, the Company announced a share repurchase program, which authorized the Company to repurchase up to \$200.0 million of the Company’s Class A common stock (“Class A Common”). On March 4, 2022, the share repurchase program was expanded by authorizing the Company to repurchase an additional \$200.0 million of the Company’s Class A Common. On September 27, 2023, the share repurchase program was expanded by authorizing the Company to repurchase an additional \$350.0 million of the Company’s Class A Common. The repurchase program has no time limit and may be suspended for periods or discontinued at any time. The Company repurchased no shares during the three months ended September 30, 2024. The Company repurchased 1.6 million shares under this program at an average price of \$52.14, for a total dollar amount of \$84.8 million during the nine months ended September 30, 2024. As of September 30, 2024, the Company has remaining authorization to repurchase a total of \$190.3 million of the Company’s Class A Common. 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 shares. The value of the retired shares includes the 1% excise tax accrual as a result of the Inflation Reduction Act of 2022. The Company made an accounting policy election to charge the excess of repurchase price over par value entirely to retained earnings.

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, 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. 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 21, 2024. The holders of Class A Common and Class B Common vote together as one class of common stock. Except for voting rights, the Class A Common and Class B Common have the same rights and privileges.

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 three months ended September 30, 2024 and 2023, respectively:

<i>(In thousands)</i>	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, 2023	\$ (1,862)	\$ (8,330)	\$ (10,192)
Other comprehensive income/(loss) before reclassifications	2,045	1,446	3,491
Amounts reclassified from accumulated other comprehensive income/(loss), net of tax	(262)	—	(262)
Other comprehensive income/(loss), net of tax	1,783	1,446	3,229
Accumulated other comprehensive income/(loss), net of tax, at September 30, 2024	\$ (79)	\$ (6,884)	\$ (6,963)

<i>(In thousands)</i>	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, 2022	\$ (15,093)	\$ (9,537)	\$ (24,630)
Other comprehensive income/(loss) before reclassifications	9,149	(1,085)	8,064
Amounts reclassified from accumulated other comprehensive income/(loss), net of tax	(2,170)	—	(2,170)
Other comprehensive income/(loss), net of tax	6,979	(1,085)	5,894
Accumulated other comprehensive income/(loss), net of tax, at September 30, 2023	\$ (8,114)	\$ (10,622)	\$ (18,736)

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, unvested RSUs, and PRSUs. These 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:

<i>(In thousands, except per share amounts)</i>	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Numerator:				
Net income/(loss) for basic	\$ 51,836	\$ 998	\$ 76,479	\$ 107,839
Interest and amortization of debt discount costs on the 0.375% Senior Convertible Notes due 2025, net of tax	—	—	—	364
Adjusted net income (loss) for diluted	\$ 51,836	\$ 998	76,479	108,203
Denominator for basic and diluted net income per share:				
Weighted average shares outstanding for basic	135,615	113,537	135,390	104,762
Dilutive stock options, RSUs, and PRSUs	2,447	1,708	1,855	1,678
Senior Convertible Notes due 2025	—	—	—	3,618
Weighted average shares outstanding for diluted	138,062	115,245	137,245	110,058
Earnings per share:				
Basic	\$ 0.38	\$ 0.01	\$ 0.56	\$ 1.03
Diluted	\$ 0.38	\$ 0.01	\$ 0.56	\$ 0.98
Anti-dilutive stock options and RSUs excluded from the calculation	3,672	5,942	6,314	5,698
Anti-dilutive warrants excluded from the calculation	3,618	3,618	3,618	3,618
Anti-dilutive Senior Convertible Notes due 2025 excluded from the calculation	3,618	3,618	3,618	—
Total	\$ 10,908	\$ 13,178	\$ 13,550	\$ 9,316

In accordance with ASU No. 2020-06, Debt with Conversion and Other Options (Subtopic 470-20), the Company applies the if-converted method in computing the effect of the Company's 2025 Notes on diluted net income per share. For periods in which the Company reports net income, the numerator of the diluted per share computation is adjusted for interest expense and amortization of debt issuance costs, net of tax, and the denominator is adjusted for the weighted average number of shares into which each of the Company's 2025 Notes could be converted. The effect is only included in the calculation of diluted net income per share for those 2025 Notes which reduce net income per share.

NOTE 13. STOCK-BASED AWARDS

We have four stock plans: our 2012 Equity Incentive Plan (the "2012 Plan") and our 2021 Equity Incentive Plan (the "2021 Plan"), the NuVasive 2014 Equity Incentive Plan (the "NuVasive 2014 Plan"), and the Ellipse Technologies 2015 Incentive Award Plan (the "Ellipse 2015 Plan"). The 2021 Plan, the NuVasive 2014 Plan and the Ellipse 2015 Plan are the only active stock plans. The purpose of the 2012 Plan was, and of the 2021 Plan is, to provide incentive to employees, directors, and consultants of Globus. The 2012 Plan, 2021 Plan, and Ellipse 2015 Plan 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 2012 Plan and 2021 Plan. The options granted expire on a date specified by the Board, which is ten years from the grant date. Options granted to employees 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 as to new awards pursuant to its terms in 2022. Following 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 amended to date, the aggregate number of shares of Class A Common that are able to be issued subject to options and other awards is equal to the sum of (i) 9,000,000 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, are forfeited, terminated,

expired or lapse for any reason, or are settled for cash without delivery of shares. The number of shares that may be issued or transferred pursuant to incentive stock options under the 2021 Plan is limited to 9,000,000 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.

In connection with the Merger, the Company assumed outstanding awards for the RSUs and PRSUs under the NuVasive 2014 Plan and the Ellipse 2015 Plan in accordance with the terms in the Merger Agreement. The ultimate issuance amount of the PRSUs is determined by the Company's Compensation Committee. Share payout levels range from 0% to 100% depending on the respective terms of an award.

As of September 30, 2024, pursuant to the 2021 Plan, the NuVasive 2014 Plan, and the Ellipse 2015 Plan, there were 9,887,190 shares, 297,607 shares, and 372,523 shares, respectively, of Class A Common reserved and 3,185,194 shares, no shares, and 285,757 shares, respectively of Class A Common available for future grants. The NuVasive 2014 Plan terminated as to new awards pursuant to its terms in the second quarter of 2024.

Stock Options

Stock option activity during the nine months ended September 30, 2024 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, 2023	11,401	\$ 53.02		
Granted	2,592	55.15		
Exercised	(968)	42.48		
Forfeited	(643)	57.35		
Outstanding at September 30, 2024	12,382	54.09	6.5	\$ 220,604
Exercisable at September 30, 2024	7,366	52.27	5.2	144,581
Expected to vest at September 30, 2024	5,015	\$ 56.76	8.4	\$ 76,022

The total intrinsic value of stock options exercised was \$14 million and \$2.2 million during the three months ended September 30, 2024, and 2023, respectively. The total intrinsic value of stock options exercised was \$23.9 million and \$10.3 million during the nine months ended September 30, 2024, and 2023, 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:

	Nine Months Ended September 30,					
	2024		2023			
Risk-free interest rate	3.52%	-	4.75%	3.45%	-	4.45%
Expected term (years)	4.7	-	7.5	4.7	-	4.8
Expected volatility	34.0%	-	39.0%	35.0%	-	38.0%
Expected dividend yield	—%				—%	

The weighted average grant date fair value of stock options granted during the three months ended September 30, 2024, and 2023 was \$28.63 and \$20.61 per share, respectively. The weighted average grant date fair value of stock options granted during the nine months ended September 30, 2024, and 2023 was \$21.90 and \$21.95 per share, respectively.

Restricted Stock Units

Restricted stock unit activity during the nine months ended September 30, 2024 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, 2023	820	\$ 54.98	
Granted	28	65.19	
Vested	(353)	54.10	
Forfeited	(62)	54.10	
Outstanding at September 30, 2024	433	\$ 56.49	2.68

Performance-Based Restricted Stock Units

Performance-based restricted stock unit activity during the nine months ended September 30, 2024 is summarized as follows:

	Performance-Based Restricted Stock Units (thousands)	Weighted average grant date fair value per share	Weighted average remaining contractual life (years)
Outstanding at December 31, 2023	106	\$ 53.61	
Granted	—	—	
Vested	(9)	54.10	
Forfeited	(21)	54.10	
Outstanding at September 30, 2024	76	\$ 53.46	1.91

Stock-Based Compensation

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
(In thousands)	2024	2023	2024	2023
Stock-based compensation expense	\$ 12,211	\$ 9,877	\$ 42,284	\$ 27,418
Stock-based compensation expense classified in Acquisition-Related Costs	—	12,878	—	12,878
Net stock-based compensation capitalized into inventory	92	1	144	130
Total stock-based compensation cost	\$ 12,303	\$ 22,756	\$ 42,428	\$ 40,426

As of September 30, 2024, there was \$96.2 million of unrecognized compensation expense related to unvested employee stock options, RSUs, and PRSUs that vest over a weighted average period of 2.57 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, 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 nature and timing of cumulative adjustment is recorded.

The following table provides a summary of our effective income tax rate for the three and nine months ended September 30, 2024 and 2023, respectively:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Effective income tax rate	9.1%	60.7%	20.4%	23.2%

For the three months ended September 30, 2024, the decrease in the effective tax rate was due primarily to a benefit from a release of tax reserves of \$2.9 million in the current period and a higher stock compensation windfall benefit of \$1.5 million, partially offset by higher income before income taxes of \$54.5 million. For the nine months ended September 30, 2024, the decrease in the effective tax rate was due primarily to a benefit from a release of tax reserves of \$3.7 million in the current period, a higher stock compensation windfall benefit of \$2.1 million, and lower income before income taxes of \$44.3 million.

NOTE 15. RESTRUCTURING AND OTHER COSTS

For the three months ended September 30, 2024, the Company incurred restructuring and other costs primarily related to employee termination benefits as a part of the 2024 Synergy Plan. The 2024 Synergy Plan was designed to optimize the organizational structure of Globus by reducing the size of our workforce. Impacted employees were notified during January 2024 and July 2024. Totals include stock based compensation expense, classified in accordance with ASC *Topic 420, Exit or Disposal Cost Obligations*, where applicable.

The following table provides a summary of recognized pre-tax costs for the three and nine months ended September 30, 2024:

<i>(In thousands)</i>	Three Months Ended September 30, 2024		Nine Months Ended September 30, 2024	
	Cost of Sales	\$	35	\$
Research and Development		570		2,090
Selling, General and Administrative		250		3,486
Restructuring Costs		5,191		23,766
Total restructuring and other costs	\$	6,046	\$	29,520

The following table provides a summary of activity related to the restructuring program for the three and nine months ended September 30, 2024:

<i>(In thousands)</i>	Three Months Ended September 30, 2024		Nine Months Ended September 30, 2024	
	Beginning Balance	\$	8,930	\$
Charges		6,046		29,520
Cash Payments		(9,352)		(18,997)
Settled non-cash		(855)		(5,754)
September 30, 2024	\$	4,769	\$	4,769

NOTE 16. LEASES

The Company leases certain equipment, vehicles, office and storage facilities via various operating and financing lease agreements. Our leases have initial lease terms ranging from one year to seventeen years. Certain lease agreements require the Company to pay taxes, insurance, and maintenance, and provide for options to extend the term beyond the initial lease termination date. We use judgment to determine whether it is reasonably possible that we will extend the lease beyond the initial term and the length of the

possible extension. Leases that have terms of less than 12 months are treated as short-term and we do not recognize right-of-use assets or lease liabilities for such leases. We generally estimate discount rates using our incremental borrowing rate, and based on other information available, at commencement date of a lease when determining the present value of future payments as most of our leases do not provide an implicit rate.

The Company includes financing lease right-of-use assets in other assets, short-term financing lease liabilities in accrued expenses, and long-term financing lease liabilities in other liabilities on the condensed consolidated balance sheet. Operating lease expense is recognized, on a straight-line basis over the term of the lease, as a component of operating income on the condensed consolidated statement of operations and comprehensive income. Finance leases amortize the right-of-use assets and amortize the interest on the lease liability over the term of the lease.

Amounts reported in the condensed consolidated balance sheet were as follows:

<i>(In thousands)</i>	September 30, 2024	December 31, 2023
Asset:		
Operating lease right-of-use asset	\$ 52,824	\$ 59,931
Finance lease right-of-use asset	1,682	797
Total leased assets	\$ 54,506	\$ 60,728
Liabilities:		
Current:		
Operating lease liability	11,040	11,967
Finance lease liability	1,035	475
Long-term:		
Operating lease liability	86,376	91,037
Finance lease liability	709	337
Total lease liabilities	\$ 99,160	\$ 103,816

The table below summarizes the Company's lease costs arising from the operating and financing lease obligations:

<i>(In thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	Lease expense:			
Operating lease expense	\$ 6,554	\$ 2,357	\$ 18,754	\$ 4,287
Finance lease expense				
Depreciation of right-of-use asset	191	85	542	85
Interest expense on lease liabilities	28	6	85	6
Total lease expense	\$ 6,773	\$ 2,448	\$ 19,381	\$ 4,378

Future minimum lease payments under non-cancellable leases as of September 30, 2024 are as follows:

<i>(In thousands)</i>	Finance Leases	Operating Leases
Remaining 2024	\$ 335	\$ 12,569
2025	968	16,567
2026	433	14,705
2027	83	13,387
2028	15	11,501
Thereafter	5	74,005
Total minimum lease payments	\$ 1,841	\$ 142,733
Less: amount representing interest	(97)	(45,317)
Present value of obligations under leases	1,744	97,416
Less: current portion	(1,035)	(11,040)
Long-term lease obligations	\$ 709	\$ 86,376

The table below summarizes the Company's supplemental cash flow information and assumptions used:

<i>(In thousands, except weighted average lease term and discount rate)</i>	Nine Months Ended	
	September 30, 2024	September 30, 2023
Other supplemental cash flow information:		
Cash paid for amounts included in measurement of lease liabilities		
Operating cash flows from operating leases	\$ 12,463	\$ 3,567
Operating cash flows for finance leases	85	6
Financing cash flows for finance leases	945	55
Total cash paid for amounts included in the measurement of lease liabilities	<u>\$ 13,493</u>	<u>\$ 3,628</u>
Right-of-use assets obtained in exchange for lease obligations		
Operating leases	\$ 1,643	\$ 3,146
Financing leases	\$ —	\$ —
Weighted-average remaining lease term		
Operating leases	7.5	9.9
Financing leases	0.2	2.8
Weighted-average discount rate		
Operating leases	0.7%	5.2%
Financing leases	0.7%	4.3%

NOTE 17. 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 known or probable, and can be reasonably estimated, the estimated loss or range of loss is disclosed. In most cases, significant judgment is required to estimate the amount and timing of a loss to be recorded. While it is not possible to predict the outcome for most of the matters discussed, we believe it is possible that costs associated with them could have a material adverse impact on our consolidated earnings, financial position or cash flows.

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 MIS[®], CORBEL[®], MAGNIFY[®]-S, HEDRON IA[™], 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. On December 14, 2023, a jury returned a defense verdict in favor of Globus. On September 30, 2024, Moskowitz Family LLC filed an appeal to the verdict. The outcome of this litigation cannot be determined, nor can we estimate a range of potential loss, therefore, we have not recorded a liability, outside of counsel fees, related to this litigation as of September 30, 2024.

NOTE 18. SEGMENT AND GEOGRAPHIC INFORMATION

Operating segments are defined as components of an organization 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 have identified two operating segments, Musculoskeletal Solutions and Enabling Technologies, based on how management reviews the business, makes investing and resource allocation decisions and assesses operating performance. We aggregate these operating segments into one reportable segment, based on conclusions reached after considering relevant factors such as economic similarity, customer base, regulatory environment, production processes, nature of services and products provided, and our comprehensive approach to product development and offerings targeting patient needs through procedural-based solutions.

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

<i>(In thousands)</i>	Net Sales			
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
United States	\$ 495,789	\$ 309,315	\$ 1,478,174	\$ 788,924
International	129,916	74,324	383,888	163,018
Total	\$ 625,705	\$ 383,639	\$ 1,862,062	\$ 951,942

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

<i>(In thousands)</i>	Property and Equipment, Net	
	As of	
	September 30,	December 31,
	2024	2023
United States	\$ 522,250	\$ 527,332
International	45,572	59,600
Total	\$ 567,822	\$ 586,932

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, 2023, which are included in our Annual Report on Form 10-K filed with the SEC on February 21, 2024.

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.

We are an engineering-driven company with a history of rapidly developing and commercializing advanced products and procedures to address treatment challenges. With numerous products launched since the founding of the Company, we offer a comprehensive portfolio of innovative and differentiated technologies that treat a variety of musculoskeletal conditions. We separate our products and services into two major categories: Musculoskeletal Solutions and Enabling Technologies.

NuVasive Merger

On September 1, 2023, pursuant to that certain merger agreement (the “Merger Agreement”) with NuVasive, Inc. (“NuVasive”) and Zebra Merger Sub Inc. (“Merger Sub”), Merger Sub, a wholly owned subsidiary of the Company, merged with and into NuVasive, with NuVasive surviving as a wholly owned subsidiary of the Company (the “Merger”). Under the Merger Agreement, each share of common stock, par value \$0.001 per share, of NuVasive issued and outstanding immediately prior to the effective time (other than certain excluded shares as described in the Merger Agreement) was cancelled and converted into the right to receive 0.75 fully paid and non-assessable shares of Class A common stock of Globus Medical, \$0.001 par value per share, and the right to receive cash in lieu of fractional shares.

Product & Service Categories

While we group our revenue 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, unique surgical instruments, and neuromonitoring services, 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. Our neuromonitoring services use proprietary software-driven nerve detection and avoidance technology and include IONM to aid spine surgery.

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 and services has been within the United States, where we sell our products and services 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 nine months ended September 30, 2024, international net sales accounted for approximately 20.6% of our total net sales. We have sold our products and services in approximately 65 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 and Neuromonitoring Services 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 condensed 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 condensed consolidated financial statements, and the reported amounts of sales and expenses during the reporting periods. Except for updates to accounting policies and estimates as a result of the Merger described in Note 2 to the accompanying condensed consolidated financial statements, 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, 2023](#).

Results of Operations

We manage our business globally within two operating segments, which is consistent with how our management reviews our business, makes investment and resource allocation decisions and assesses operating performance. We have concluded that these operating segments are aggregated into one reportable segment, based on the aggregation criteria.

Three Months Ended September 30, 2024 Compared to the Three Months Ended September 30, 2023

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:

<i>(In thousands, except percentages)</i>	Three Months Ended		Change	
	September 30,		\$	%
	2024	2023		
United States	\$ 495,789	\$ 309,315	\$ 186,474	60.3%
International	129,916	74,324	55,592	74.8%
Total net sales	\$ 625,705	\$ 383,639	\$ 242,066	63.1%

In the United States, the increase in net sales was \$186.5 million, or 60.3%, for the three month period ended September 30, 2024 and was significantly driven by the Merger. From a product standpoint, domestic musculoskeletal solutions sales increased by \$172.9 million, mainly driven by sales increases in spine products of \$146.1 million, and neuromonitoring solution product and services of \$17.1 million. Domestic enabling technology sales increased by \$13.5 million compared to the prior year, driven by higher unit placement.

International net sales increased by \$55.6 million, or 74.8% for the three month period ended September 30, 2024 and was significantly driven by the Merger. From a product standpoint, the increase was mainly due to musculoskeletal solutions sales increase of \$58.5 million, primarily due to spine products. Regionally, the increase was driven by sales growth in the Europe and Middle East (“EMEA”) region by \$27.1 million, Latin America (“LATAM”) region by \$6.4 million and Asia Pacific (“APAC”) region by \$21.5 million. International enabling technology sales decreased by \$2.9 million compared to the three months ended September 30, 2023.

Cost of Sales

<i>(In thousands, except percentages)</i>	Three Months Ended		Change	
	September 30,		\$	%
	2024	2023		
Cost of sales (exclusive of amortization of intangibles)	\$ 270,515	\$ 135,390	\$ 135,125	99.8%
Percentage of net sales	43.2%	35.3%		

The \$135.1 million or 99.8% increase in cost of sales was driven primarily by increases to inventory product costs of \$59.4 million from increased volume significantly due to the Merger. Additionally, there was increased amortization of inventory fair value step-up of \$41.7 million, due to three months of post-acquisition amortization occurring in the current period as compared to one month in the prior period. Further, increases in costs of sales were also impacted by increased depreciation of \$9.9 million, and increased changes in excess and obsolete inventory reserves of \$5.2 million.

Research and Development Expenses

<i>(In thousands, except percentages)</i>	Three Months Ended		Change	
	September 30,		\$	%
	2024	2023		
Research and development	\$ 35,380	\$ 29,329	\$ 6,051	20.6%
Percentage of net sales	5.7%	7.6%		

The \$6.1 million or 20.6% increase in research and development expenses shows our continued investment in product development. This increase was primarily driven by increased personnel related expenses of \$4.7 million due to increased headcount and parts expended in development of \$1.3 million.

Selling, General and Administrative Expenses

<i>(In thousands, except percentages)</i>	Three Months Ended			
	September 30,		Change	
	2024	2023	\$	%
Selling, general and administrative	\$ 240,738	\$ 156,206	\$ 84,532	54.1%
Percentage of net sales	38.5%	40.7%		

The increase of \$84.5 million or 54.1% in selling, general and administrative expenses was primarily driven by increases to personnel related expenses by \$60.3 million due to increased headcount primarily from the Merger, increases to taxes and fees by \$4.6 million, consulting and outside service expenses by \$4.6 million, and rent expenses by \$4.1 million.

Provision for Litigation, net

<i>(In thousands, except percentages)</i>	Three Months Ended			
	September 30,		Change	
	2024	2023	\$	%
Provision for litigation, net	\$ (676)	\$ 2,924	\$ (3,600)	-123.1%
Percentage of net sales	-0.1%	0.8%		

The \$3.6 million decrease in provision for litigation, net was due to a favorable legal settlements of \$0.7 million during the three months ended September 30, 2024, as compared to the provision expense recorded during the three months ended September 30, 2023.

Amortization of Intangibles

<i>(In thousands, except percentages)</i>	Three Months Ended			
	September 30,		Change	
	2024	2023	\$	%
Amortization of intangibles	\$ 30,076	\$ 13,761	\$ 16,315	118.6%
Percentage of net sales	4.8%	3.6%		

Amortization of intangibles increased by \$16.3 million or 118.6% for the three month period ended September 30, 2024 compared to the three month period ended September 30, 2023, due to the impact of the intangibles acquired from NuVasive, which had \$25.9 million amortization in the current period.

Acquisition-Related Costs

<i>(In thousands, except percentages)</i>	Three Months Ended			
	September 30,		Change	
	2024	2023	\$	%
Acquisition-related costs	\$ (3,617)	\$ 45,625	\$ (49,242)	-107.9%
Percentage of net sales	-0.6%	11.9%		

The decrease in acquisition-related costs compared to prior year was due primarily to the closing of the merger with NuVasive during the three months ended September 30, 2023. During the prior period, costs incurred primarily related to employee-related costs of \$34.0 million and banking and legal fees contingent on the merger closing of \$9.5 million. In the current period, a benefit of \$3.6 million was recognized due to an adjustment in the classification of associated costs.

Restructuring Costs

<i>(In thousands, except percentages)</i>	Three Months Ended			
	September 30,		Change	
	2024	2023	\$	%
Restructuring Costs	\$ 5,191	\$ —	\$ 5,191	—
Percentage of net sales	0.8%	0.0%		

The restructuring costs of \$5.2 million for the three months ended September 30, 2024 were driven by 2024 Synergy Plan employee termination benefits.

Other Income/(expense), Net

(In thousands, except percentages)	Three Months Ended			
	September 30,		Change	
	2024	2023	\$	%
Other income/(expense), net	\$ 8,934	\$ 2,131	\$ 6,803	319.2%
Percentage of net sales	1.4%	0.6%		

The increase of \$6.8 million in other income/(expense), was primarily due to \$15.6 million of foreign currency gain offset by increases in interest expense of \$6.0 million, from amortization of the fair value adjustment on the 2025 Notes from acquisition accounting and other contractual interest incurred. Additionally, interest income decreased by \$2.5 million driven by a lower average marketable securities portfolio size in the current period.

Income Tax Provision

(In thousands, except percentages)	Three Months Ended			
	September 30,		Change	
	2024	2023	\$	%
Income tax provision	\$ 5,196	\$ 1,537	\$ 3,659	238.0%
Effective income tax rate	9.1%	60.7%		

The decrease in the effective tax rate was due primarily to a benefit from a release of tax reserves of \$2.9 million in the current period and a higher stock compensation windfall benefit of \$1.5 million, partially offset by higher income before income taxes of \$54.5 million.

A discussion of our Results of Operations for the three months ended September 30, 2023 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 September 30, 2023 Compared to the Three Months Ended September 30 2022.**” on our [Form 10-Q filed on November 7, 2023](#).

Nine Months Ended September 30, 2024 Compared to the Nine Months Ended September 30, 2023

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)	Nine Months Ended			
	September 30,		Change	
	2024	2023	\$	%
United States	\$ 1,478,174	\$ 788,924	\$ 689,250	87.4%
International	383,888	163,018	220,870	135.5%
Total net sales	<u>\$ 1,862,062</u>	<u>\$ 951,942</u>	<u>\$ 910,120</u>	<u>95.6%</u>

In the United States, the increase in net sales was \$689.3 million, or 87.4% for the nine month period ended September 30, 2024 and was significantly driven by the Merger. From a product standpoint, domestic musculoskeletal solutions increased by \$667.6 million, mainly driven by sales increases in spine products of \$556.1 million and neuromonitoring solution product and services of \$77.4 million. Enabling technology increased by \$21.7 million compared to the prior year, driven by higher unit placement.

International net sales increased by \$220.9 million for the nine month period ended September 30, 2024 and was driven significantly by the Merger. From a product standpoint, it was mainly due to musculoskeletal solutions sales increase of \$223.0 million, primarily due to spine products. The increase was driven by sales growth in the EMEA region by \$95.8 million, the LATAM region by \$25.7 million and the APAC region by \$80.8 million, respectively. International enabling technology decreased by \$2.1 million compared to the nine months ended September 30, 2023.

Cost of Sales

<i>(In thousands, except percentages)</i>	Nine Months Ended		Change	
	September 30,		\$	%
	2024	2023		
Cost of sales	\$ 772,042	\$ 282,688	\$ 489,354	173.1%
Percentage of net sales	41.5%	29.7%		

The \$489.4 million or 173% increase in cost of sales was driven primarily by increases to inventory product costs of \$220.0 million from increased volume significantly due to the Merger. Additionally, there was increased amortization of inventory fair value step-up of \$149.0 million due to nine months of post-acquisition amortization occurring in the current period as compared to one month in the prior period. Further, increases in costs of sales were impacted by increased depreciation of \$34.8 million, and increased changes in excess and obsolete inventory reserves of \$11.8 million.

Research and Development Expenses

<i>(In thousands, except percentages)</i>	Nine Months Ended		Change	
	September 30,		\$	%
	2024	2023		
Research and development	\$ 130,346	\$ 71,758	\$ 58,588	81.6%
Percentage of net sales	7.0%	7.5%		

The \$58.6 million or 81.6% increase in research and development expenses shows our continued investment in product development. This increase was primarily driven by increased personnel related expenses of \$35.7 million due to increased headcount, and acquired IPR&D charge of \$12.6 million from the asset acquisition closed in the first quarter of 2024.

Selling, General and Administrative Expenses

<i>(In thousands, except percentages)</i>	Nine Months Ended		Change	
	September 30,		\$	%
	2024	2023		
Selling, general and administrative	\$ 727,567	\$ 398,691	\$ 328,876	82.5%
Percentage of net sales	39.1%	41.9%		

The net increase of \$328.9 million or 82.5% in selling, general and administrative expenses was primarily due to increased personnel related expenses of \$240.1 million driven by increased headcount primarily from the Merger. Additionally, taxes and fees increased by \$21.4 million, consulting and outside service expenses by \$14.9 million, and rent expenses by \$11.3 million.

Provision for Litigation, net

<i>(In thousands, except percentages)</i>	Nine Months Ended		Change	
	September 30,		\$	%
	2024	2023		
Provision for litigation, net	\$ 628	\$ 184	\$ 444	241.3%
Percentage of net sales	0.0%	0.0%		

The provision for litigation was consistent across the periods, with net provision charge slightly higher in the current period as compared to the prior period. The main driver in the current period was a case accrual for \$0.8 million along with adjustments to other reserves, partially offset by a favorable settlement of \$0.7 million.

Amortization of Intangibles

<i>(In thousands, except percentages)</i>	Nine Months Ended		Change	
	September 30,		\$	%
	2024	2023		
Amortization of intangibles	\$ 89,461	\$ 22,909	\$ 66,552	290.5%
Percentage of net sales	4.8%	2.4%		

Amortization of intangibles increased by \$66.6 million, or 290.5%, for the nine month period ended September 30, 2024, as compared to the nine month period ended September 30, 2023, due to the impact of the intangibles acquired from NuVasive, which had \$77.3 million amortization in the current period.

Acquisition-Related Costs

<i>(In thousands, except percentages)</i>	Nine Months Ended		Change	
	September 30,		\$	%
	2024	2023		
Acquisition-related costs	\$ 12,535	\$ 52,693	\$ (40,158)	-76.2%
Percentage of net sales	0.7%	5.5%		

The decrease in acquisition-related costs compared to prior year was due primarily to the closing of the merger with NuVasive during the three months ended September 30, 2023. During the current period, the cost of \$12.5 million was primarily driven by the charge of \$8.6 million recorded as a change to the fair value of business acquisition liabilities resulting from changes in contract terms, market conditions and the achievement of certain performance conditions. Additionally, there was an increase of \$1.5 million in employee related costs. During the prior period, costs incurred are primarily related to the closing of the Merger, including employee-related costs personnel related charges for fees and severance of \$34.0 million and banking and legal fees contingent on the merger closing of \$9.5 million.

Restructuring Costs

<i>(In thousands, except percentages)</i>	Nine Months Ended		Change	
	September 30,		\$	%
	2024	2023		
Restructuring Costs	\$ 23,766	\$ —	\$ 23,766	100.0%
Percentage of net sales	1.3%	0.0%		

The restructuring costs of \$23.8 million for the nine months ended September 30, 2024 were due to employee termination benefits associated with the 2024 Synergy Plan.

Other Income/(expense), Net

<i>(In thousands, except percentages)</i>	Nine Months Ended		Change	
	September 30,		\$	%
	2024	2023		
Other income, net	\$ (9,662)	\$ 17,379	\$ (27,041)	-155.6%
Percentage of net sales	-0.5%	1.8%		

The decrease of \$27.0 million in other income/(expense), was primarily due to higher interest expense of \$20.7 million, from amortization of the fair value adjustment on the 2025 Notes from acquisition accounting and other contractual interest incurred. In addition, interest income decreased by \$7.0 million driven from a lower average marketable securities portfolio size in the current period.

Income Tax Provision

<i>(In thousands, except percentages)</i>	Nine Months Ended		Change	
	September 30,		\$	%
	2024	2023		
Income tax provision	\$ 19,576	\$ 32,560	\$ (12,984)	-39.9%
Effective income tax rate	20.4%	23.2%		

The decrease in the effective tax rate was due primarily to a benefit from a release of tax reserves of \$3.7 million in the current period, a higher stock compensation windfall benefit of \$2.1 million, and lower income before income taxes of \$44.3 million.

A discussion of our Results of Operations for the nine months ended September 30, 2023 can be found in “**Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations: Results of Operations; Nine Months Ended September 30, 2023 Compared to the Nine Months Ended September 30, 2022.**” on our [Form 10-Q filed on November 7, 2023](#).

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, contingent consideration achievement obligations, potential future business or intellectual property acquisitions, and to service our 2025 Notes. 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. Our Senior Convertible Notes, with a principal balance of \$450 million are due March 2025. We anticipate being able to support this need through existing or new sources of liquidity. Future litigation or requirements to escrow funds could also materially impact our liquidity and our ability to invest in and operate our business on an ongoing basis. We may, 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.

Line of Credit

In September 2023, we entered into an unsecured credit agreement with U.S. Bank National Association, as administrative agent, Citizens Bank, N.A., as syndication agent, Royal Bank of Canada, as documentation agent, U.S. Bank National Association and Citizens Bank, N.A., as joint lead arrangers and joint book runners, and the other lenders referred to therein (the “September 2023 Credit Agreement”), that provides a revolving credit facility permitting borrowings up to \$400.0 million and has a termination date of September 27, 2028. We may request an increase in the revolving commitments in an aggregate amount not to exceed (i) \$200 million or (ii) so long as the Leverage Ratio (as defined in the September 2023 Credit Agreement) is at least 0.25 to 1.00 less than the applicable Leverage Ratio then required under the September 2023 Credit Agreement, an unlimited amount. Revolving Loans under the September 2023 Credit Agreement bear interest at either a base rate or the Term SOFR Rate (as defined in the September 2023 Credit Agreement) plus, in each case, an applicable margin, as determined in accordance with the provisions of the September 2023 Credit Agreement. The Applicable Margin ranges from 0.125% to 0.625% for the Base Rate and 1.125% to 1.625% for the Term SOFR Rate. We may also request Swingline Loans (as defined in the September 2023 Credit Agreement) at either the Base Rate or the Daily Term SOFR Rate. The September 2023 Credit Agreement is guaranteed by certain direct or indirect wholly owned subsidiaries of the Company. The September 2023 Credit Agreement contains financial and other customary covenants, including a funded net indebtedness to adjusted EBITDA ratio. As of September 30, 2024, we have not borrowed under the September 2023 Credit Agreement and we are in compliance with all covenants.

Cash Flows

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

<i>(In thousands)</i>	Nine Months Ended September 30,		2024-2023 Change
	2024	2023	\$
Net cash provided by/(used in) operating activities	\$ 310,299	\$ 138,825	\$ 171,474
Net cash provided by/(used in) investing activities	(71,929)	(17,647)	(54,282)
Net cash provided by/(used in) financing activities	(87,429)	5,449	(92,878)
Effect of foreign exchange rate changes on cash	4,533	2,527	2,006
Increase (decrease) in cash and cash equivalents	<u>\$ 155,474</u>	<u>\$ 129,154</u>	<u>\$ 26,320</u>

Cash Provided by Operating Activities

The higher net cash provided by operating activities for the nine month period ended September 30, 2024 was primarily the result of higher net income after adjusting out non-cash add-backs and non-cash expenses, primarily due to the Merger. These include increased amortization of purchase accounting related fair value step up of inventory of \$149.0 million, increased depreciation and amortization of \$112.2 million, and increased amortization of the fair value step up with respect to our 2025 Note of \$20.0 million, partially offset by unfavorable changes in accounts receivable of \$63.6 million, deferred income taxes of \$46.7 million, and accrued expenses and other liabilities of \$20.2 million.

Cash Used in Investing Activities

The higher cash used in investing activities for the nine month period ended September 30, 2024 was due primarily to less inflows from net maturities of marketable securities of \$289.8 million as we manage our liquidity, as well as increased purchases of property and equipment of \$42.9 million primarily from increased production resulting from the Merger. These were partially offset by decreased outflows for the acquisition of businesses, net of cash acquired of \$278.4 million, with immaterial acquisitions occurring in the current period as compared to the prior period that was primarily driven by the Merger.

Cash Used in Financing Activities

The higher net cash used in financing activities for the nine month period ended September 30, 2024 was primarily the result of increased repurchases of Class A common stock of \$84.8 million, and increased payments of business acquisition-related liabilities of \$31.1 million, partially offset by higher proceeds from the exercise of stock options of \$29.8 million.

A discussion of our Cash Flows for the nine months ended September 30, 2023 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 November 7, 2023](#).

Contractual Obligations and Commitments

In connection with the NuVasive merger, the Company acquired additional obligations and commitments, including, but not limited to i) the 2025 Notes, with a principal balance of \$450.0 million, ii) contingent consideration arrangements associated with certain historical NuVasive acquisitions, and iii) operating lease and finance lease obligations. Refer to the Notes to the condensed consolidated financial statements for further description of our 2025 Notes (Note 11), contingent consideration arrangements (Notes 6 and 12), and lease obligations (Note 15).

Recently Adopted and 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; (q) Recently Adopted 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, the risks and costs associated with the integration of the NuVasive business and our ability to successfully integrate and achieve anticipated synergies with the integration, health epidemics, pandemics and similar outbreaks, 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 in this Quarterly Report on Form 10-Q and throughout our [Annual Report on Form 10-K for the year-ended December 31, 2023](#), 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, 2023](#) 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 September 30, 2024. 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 September 30, 2024, 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 September 30, 2024 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 17. Commitments and Contingencies**” above.

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

Item 1A. Risk Factors

Risk factors that could cause our actual results to differ from our expectations and that could negatively impact our business, results of operations and financial condition are discussed in our 2023 Annual Report on Form 10-K filed on February 21, 2024. If any of these risks actually occur, our business, results of operations, financial condition and future growth prospects could be materially and adversely affected. You should carefully read and consider each of these risks, together with all of the other information set forth in this Quarterly Report on Form 10-Q. The risks and uncertainties described are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial may also materially adversely affect our business, results of operations, financial condition and future growth prospects, and our stock price.

There have been no material changes to the risk factors set forth in Item 1A. “Risk Factors” of our [2023 Annual Report on Form 10-K filed on February 21, 2024](#).

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. On September 27, 2023, the share repurchase program was expanded by authorizing the Company to repurchase an additional \$350.0 million of the Company’s Class A common stock.

The following table provides the activity related to share repurchases for the third quarter of 2024.

(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)
July 1, 2024 - July 31, 2024	—	\$ —	—	\$ 190,261
August 1, 2024 - August 31, 2024	—	—	—	190,261
September 1, 2024 - September 30, 2024	—	—	—	190,261
Total	—	—	—	—

(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. On September 27, 2023, the share repurchase program was expanded by authorizing the Company to repurchase an additional \$350.0 million of the Company’s Class A common stock. 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

None.

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
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)

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- * 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: November 5, 2024

/s/ DANIEL T. SCAVILLA

Daniel T. Scavilla
President and Chief Executive Officer
(Principal Executive Officer)
and Director

Dated: November 5, 2024

/s/ KEITH PFEIL

Keith Pfeil
Chief Financial Officer and Chief Operating Officer
Chief Accounting Officer
Executive Vice President
(Principal Financial Officer)

**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: November 5, 2024

/s/ DANIEL T. SCAVILLA

Daniel T. Scavilla
Chief Executive Officer
President
(Principal Executive Officer)

**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: November 5, 2024

/s/ KEITH PFEIL

Keith Pfeil
Chief Financial Officer and Chief Operating Officer
Chief Accounting Officer
Executive Vice President
(Principal Financial Officer)

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code), Daniel T. Scavilla, Chief Executive Officer, and Keith Pfeil, Executive Vice President, Chief Financial Officer and Chief Operating 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 September 30, 2024 (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: November 5, 2024

/s/ DANIEL T. SCAVILLA

Daniel T. Scavilla
Chief Executive Officer
President
(Principal Executive Officer)

Date: November 5, 2024

/s/ KEITH PFEIL

Keith Pfeil
Chief Financial Officer and Chief Operating Officer
Chief Accounting Officer
Executive Vice President
(Principal Financial Officer)

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