

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 9, 2022

ZimVie Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-41242
(Commission File Number)

87-2007795
(IRS Employer
Identification No.)

10225 Westmoor Drive
Westminster, Colorado
(Address of Principal Executive Offices)

80021
(Zip Code)

Registrant's Telephone Number, Including Area Code: 303 443-7500

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	ZIMV	The Nasdaq Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition.

On November 9, 2022, ZimVie Inc. (the “Company”) issued a press release reporting its financial results for the quarter ended September 30, 2022. The press release is attached hereto as Exhibit 99.1 and the information set forth therein is incorporated herein by reference and constitutes a part of this report.

The information contained in Item 2.02 of this report, including Exhibit 99.1 hereto, is being furnished and shall not be deemed to be “filed” with the Securities and Exchange Commission for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section and is not incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated November 9, 2022
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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.

ZimVie Inc.

Date: November 9, 2022

By: /s/ Heather Kidwell

Name: Heather Kidwell

Title: Senior Vice President, Chief Legal and Compliance
Officer and Corporate Secretary



ZimVie Reports Third Quarter 2022 Financial Results

- **Third party net sales of \$213.3 million**
- **Net income of \$0.8 million; net income margin of 0.4%; adjusted net income^[1] of \$12.9 million**
- **Diluted EPS of \$0.03; adjusted diluted EPS^[1] of \$0.49**
- **Adjusted EBITDA^[1] of \$29.4 million; adjusted EBITDA margin^[1] of 13.8%**
- **Cash and cash equivalents of \$116.0 million at September 30, 2022**
- **Reaffirming full-year 2022 guidance for third party net sales, adjusted EBITDA margin^[2], and adjusted EPS^[2]**

WESTMINSTER, Colorado, November 9, 2022 (GLOBE NEWSWIRE) – ZimVie Inc. (Nasdaq: ZIMV), a global life sciences leader in the dental and spine markets, today reported financial results for the quarter ended September 30, 2022. Management will host a corresponding conference call today, November 9, 2022, at 4:30 p.m. Eastern Time.

“I am pleased with our operational progress and the work we are doing to enhance our portfolios in both dental and spine. Our TSX and T3® PRO Tapered dental implants and Encode® Emergence Healing Abutment are gaining traction, while we remain focused on innovating around our core spine platform and driving adoption of our clinically differentiated motion preservation solutions,” said Vafa Jamali, President and Chief Executive Officer of ZimVie. “We continue to transform the business by tactically innovating in strategic areas.”

Third Quarter 2022 Financial Results

Third party net sales for the third quarter of 2022 were \$213.3 million, a decrease of (10.6%) on a reported basis and (6.8%) on a constant currency^[1] basis, versus the third quarter of 2021. Third party dental segment net sales of \$105.1 million decreased by (\$4.3) million, or (3.9%) on a reported basis, but increased 1.6% on a constant currency^[1] basis. The sales decrease includes the negative impact of approximately \$1.0 million due to a one-day shutdown of our Palm Beach Gardens dental facility during Hurricane Ian. Third party spine segment net sales of \$108.2 million decreased by (\$21.1) million, or (16.4%) on a reported basis and (13.9%) on a constant currency^[1] basis, driven by the exit of a number of unprofitable markets in late 2021, the discontinuation of certain products, the impact of the third party net sales retained by Zimmer Biomet Holdings, Inc. (“Zimmer Biomet”) until we complete our separation activities in certain markets, and continued competitive pressures in the spine market.

Net income for the third quarter of 2022 was \$0.8 million, an increase of \$31.1 million versus the net loss of (\$30.2) million in the third quarter of 2021, and as a percentage of total net sales was 0.4%. The increase in net income was primarily due to lower inventory charges, the release in the 2022 third quarter of a spin-related contingent liability with Zimmer Biomet, and certain income tax benefits, including a benefit in the 2022 third quarter from a favorable Puerto Rico tax ruling related to the intercompany sale of intellectual property prior to the spin. Adjusted net income^[1] for the third quarter of 2022 was \$12.9 million, an increase of \$5.7 million versus the same prior year period and excludes the benefit of the aforementioned favorable tax ruling.

Basic and diluted EPS each was \$0.03 and adjusted diluted EPS^[1] was \$0.49. Weighted average shares outstanding for basic EPS and diluted EPS was 26.1 million and 26.2 million, respectively.

Adjusted EBITDA^[1] for the third quarter of 2022 was \$29.4 million, or 13.8% of third party net sales, an increase of \$5.8 million, or an additional 390 basis points of margin, compared to the third quarter of 2021.

Cash and cash equivalents at the end of the third quarter of 2022 were \$116.0 million.

Full-year 2022 financial guidance:

We are reaffirming guidance for third party net sales of \$915 to \$930 million, with expectations for the dental business to deliver mid single digit growth in constant currency^[2] and the spine business to decline in the low double digits in constant currency^[2].

We are reaffirming our adjusted EBITDA margin^[2] guidance of flat to 50bps improvement from prior year margin of 13.1%.

We are reaffirming adjusted EPS^[2] guidance of \$1.80 to \$2.00.

[1] This is a non-GAAP financial measure. Refer to "Note on Non-GAAP Financial Measures" and the reconciliations in this release for further information.

[2] This is a non-GAAP financial measure for which a reconciliation to the most directly comparable GAAP financial measure is not available without unreasonable efforts. Refer to "Forward-Looking Non-GAAP Financial Measures" in this release for further information.

Financial Information

The financial information included in this release for periods prior to March 1, 2022 is derived from the financial statements and records of the dental and spine businesses of Zimmer Biomet due to the fact that during such periods, ZimVie was still a wholly-owned subsidiary of, and operated under those businesses of, Zimmer Biomet.

Conference Call

ZimVie will host a conference call today, November 9, 2022, at 4:30 p.m. ET to discuss its third quarter 2022 financial results. To access the call, please register online at <https://investor.zimvie.com/events-presentations/event-calendar>. A live and archived audio webcast will also be available on this site.

About ZimVie

ZimVie is a global life sciences leader in the dental and spine markets that develops, manufactures, and delivers a comprehensive portfolio of products and solutions designed to support dental tooth replacement and restoration procedures and treat a wide range of spine pathologies. In March 2022 the company became an independent, publicly traded spin-off of the dental and spine business units of Zimmer Biomet to breathe new life, dedicated energy, and strategic focus to its portfolio of trusted brands and products. From its headquarters in Westminster, Colorado, and additional facilities around the globe, the company serves customers in over 70 countries worldwide with a robust offering of dental and spine solutions including differentiated product platforms supported by extensive clinical evidence. For more information about ZimVie, please visit us at www.ZimVie.com. Follow @ZimVie on Twitter, Facebook, LinkedIn, or Instagram.

Note on Non-GAAP Financial Measures

This press release includes non-GAAP financial measures that differ from financial measures calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). These non-GAAP financial measures may not be comparable to similar measures reported by other companies and should be considered in addition to, and not as a substitute for, or superior to, other measures prepared in accordance with GAAP.

Adjusted EBITDA is a non-GAAP financial measure provided in this release for certain periods, and is calculated by excluding certain items from net income (loss) on a GAAP basis, as detailed in the reconciliations presented later in this press release. Adjusted EBITDA margin is Adjusted EBITDA divided by third party net sales for the applicable period.

Sales change information in this release is presented on a GAAP (reported) basis and on a constant currency basis. Constant currency percentage changes exclude the effects of foreign currency exchange rates. They are calculated by translating current and prior-period sales at the same predetermined exchange rate. The translated results are then used to determine year-over-year percentage increases or decreases.

Net income (loss) and diluted earnings (loss) per share in this release are presented on a GAAP (reported) basis and on an adjusted basis. Adjusted net income (loss) and adjusted diluted earnings per share exclude the effects of certain items, which are detailed in the reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures presented later in this press release.

Reconciliations of these non-GAAP measures to the most directly comparable GAAP financial measures are included in this press release.

Management uses non-GAAP financial measures internally to evaluate the performance of the business. Additionally, management believes these non-GAAP measures provide meaningful incremental information to investors to consider when evaluating the performance of the company. Management believes these measures offer the ability to make period-to-period comparisons that are not impacted by certain items that can cause dramatic changes in reported income but that do not impact the fundamentals of our operations. The non-GAAP measures enable the evaluation of operating results and trend analysis by allowing a reader to better identify operating trends that may otherwise be masked or distorted by these types of items that are excluded from the non-GAAP measures.

Forward-Looking Non-GAAP Financial Measures

This press release also includes certain forward-looking non-GAAP financial measures for the year ending December 31, 2022. We calculate forward-looking non-GAAP financial measures based on internal forecasts that omit certain amounts that would be included in GAAP financial measures. We have not provided quantitative reconciliations of these forward-looking non-GAAP financial measures to the most directly comparable forward-looking GAAP financial measures because the excluded items are not available on a prospective basis without unreasonable efforts. For example, the timing of certain transactions is difficult to predict because management's plans may change. In addition, the company believes such reconciliations would imply a degree of precision and certainty that could be confusing to investors. It is probable that these forward-looking non-GAAP financial measures may be materially different from the corresponding GAAP financial measures.

Cautionary Note Regarding Forward-looking Statements

This press release contains forward-looking statements within the meaning of federal securities laws, including, among others, any statements about our expectations, plans, intentions, strategies, or prospects. We generally use the words "may," "will," "expects," "believes," "anticipates," "plans," "estimates," "projects," "assumes," "guides," "targets," "forecasts," "sees," "seeks," "should," "could," "would," "predicts," "potential," "strategy," "future," "opportunity," "work toward," "intends," "guidance," "confidence," "positioned," "design," "strive," "continue," "track," "look forward to" and similar expressions to identify forward-looking statements. All statements other than statements of historical or current fact are, or may be deemed to be forward-looking statements. Such statements are based upon the current beliefs, expectations, and assumptions of management and are subject to significant risks, uncertainties, and changes in circumstances that could cause actual outcomes and results to differ materially from the forward-looking statements. These risks, uncertainties and changes in circumstances include, but are not limited to: the effects of the COVID-19 global pandemic and other adverse public health developments on the global economy, our business and operations and the business and operations of our suppliers and customers, including the deferral of elective procedures and our ability to collect accounts receivable; dependence on new product development, technological advances and innovation; shifts in the product category or regional sales mix of our products and services; supply and prices of raw materials and products; pricing pressures from competitors, customers, dental practices and insurance providers; changes in customer demand for our products and services caused by demographic changes or other factors; challenges relating to changes in and compliance with governmental laws and regulations affecting our U.S. and international businesses, including regulations of the U.S. Food and Drug Administration and foreign government regulators, such as more stringent requirements for regulatory clearance of products; competition; the impact of healthcare reform measures; reductions in reimbursement levels by third-party payors; cost containment efforts sponsored by government agencies, legislative bodies, the private sector and healthcare group purchasing organizations, including the volume-based procurement process in China; control of costs and expenses; dependence on a limited number of suppliers for key raw materials and outsourced activities; the ability to obtain and maintain adequate intellectual property protection; breaches or failures of our information

technology systems or products, including by cyberattack, unauthorized access or theft; the ability to retain the independent agents and distributors who market our products; our ability to attract, retain and develop the highly skilled employees we need to support our business; the effect of mergers and acquisitions on our relationships with customers, suppliers and lenders and on our operating results and businesses generally; a determination by the Internal Revenue Service that the distribution or certain related transactions should be treated as taxable transactions; financing transactions undertaken in connection with the separation and risks associated with additional indebtedness; the impact of the separation on our businesses and the risk that the separation and the results thereof may be more difficult, time-consuming and/or costly than expected, which could impact our relationships with customers, suppliers, employees and other business counterparties; restrictions on activities following the distribution in order to preserve the tax-free treatment of the distribution; the ability to form and implement alliances; changes in tax obligations arising from tax reform measures, including European Union rules on state aid, or examinations by tax authorities; product liability, intellectual property and commercial litigation losses; changes in general industry and market conditions, including domestic and international growth rates; changes in general domestic and international economic conditions, including inflation and interest rate and currency exchange rate fluctuations; and the impact of the ongoing financial and political uncertainty on countries in the Euro zone on the ability to collect accounts receivable in affected countries. You are cautioned not to rely on these forward-looking statements, since there can be no assurance that these forward-looking statements will prove to be accurate. Forward-looking statements speak only as of the date they are made, and we expressly disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Media Contact Information:

ZimVie

Laura Driscoll • Laura.Driscoll@ZimVie.com
(774) 284-1606

Investor Contact Information:

Gilmartin Group LLC

Marissa Bych • Marissa@gilmartinir.com

ZIMVIE INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Net Sales				
Third party, net	\$ 213,274	\$ 238,681	\$ 681,323	\$ 748,234
Related party, net	1,303	938	3,419	4,842
Total Net Sales	214,577	239,619	684,742	753,076
Cost of products sold, excluding intangible asset amortization	(58,311)	(90,549)	(223,332)	(256,397)
Related party cost of products sold, excluding intangible asset amortization	(1,319)	(789)	(3,177)	(3,506)
Intangible asset amortization	(19,357)	(21,527)	(60,178)	(65,041)
Research and development	(14,502)	(15,064)	(47,437)	(43,929)
Selling, general and administrative	(129,345)	(135,990)	(389,509)	(405,065)
Restructuring	(689)	(914)	(6,486)	(2,291)
Acquisition, integration, divestiture and related	(7,727)	(5,053)	(25,455)	(12,011)
Operating Expenses	(231,250)	(269,886)	(755,574)	(788,240)
Operating Loss	(16,673)	(30,267)	(70,832)	(35,164)
Other income (expense), net	615	(119)	977	(392)
Interest expense, net	(6,242)	(114)	(11,847)	(308)
Loss Before Income Taxes	(22,300)	(30,500)	(81,702)	(35,864)
Income tax benefit	23,131	251	48,165	1,301
Net Income (Loss)	\$ 831	\$ (30,249)	\$ (33,537)	\$ (34,563)
Income (Loss) Per Common Share - Basic	\$ 0.03	\$ (1.16)	\$ (1.29)	\$ (1.33)
Income (Loss) Per Common Share - Diluted	0.03	(1.16)	(1.29)	(1.33)

ZIMVIE INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)
(unaudited)

	September 30, 2022	December 31, 2021
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 116,008	\$ 100,399
Accounts receivable, net of allowance for credit losses of \$14,749 and \$16,545, respectively	156,858	164,241
Related party receivable	15,870	—
Inventories	224,232	246,832
Prepaid expenses and other current assets	33,255	25,380
Total Current Assets	<u>546,223</u>	<u>536,852</u>
Property, plant and equipment, net of accumulated depreciation of \$382,411 and \$418,191, respectively	150,293	180,243
Goodwill	254,403	267,810
Intangible assets, net	639,544	766,175
Other assets	38,898	75,656
Total Assets	<u>\$ 1,629,361</u>	<u>\$ 1,826,736</u>
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable	\$ 41,075	\$ 45,026
Related party payable	19,893	—
Income taxes payable	6,365	6,278
Other current liabilities	136,136	133,280
Current portion of long-term debt	14,025	—
Total Current Liabilities	<u>217,494</u>	<u>184,584</u>
Deferred income taxes, net	104,883	129,475
Lease liability	23,739	45,317
Other long-term liabilities	14,014	15,983
Non-current portion of debt	535,455	—
Total Liabilities	<u>895,585</u>	<u>375,359</u>
Commitments and Contingencies		
Stockholders' Equity:		
Common stock, \$0.01 par value, 150,000 shares authorized Shares, issued and outstanding, of 26,088 and 0, respectively	261	—
Preferred stock, \$0.01 par value, 15,000 shares authorized, 0 shares issued and outstanding	—	—
Additional paid in capital	890,686	—
Accumulated deficit	(17,188)	—
Net parent company investment	—	1,494,157
Accumulated other comprehensive loss	(139,983)	(42,780)
Total Stockholders' Equity	<u>733,776</u>	<u>1,451,377</u>
Total Stockholders' Equity	<u>733,776</u>	<u>1,451,377</u>
Total Liabilities and Stockholders' Equity	<u>\$ 1,629,361</u>	<u>\$ 1,826,736</u>

ZIMVIE INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	For the Nine Months Ended September 30,	
	2022	2021
Cash flows provided by operating activities:		
Net loss	\$ (33,537)	\$ (34,563)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	92,469	95,667
Share-based compensation	24,982	2,932
Deferred income tax provision	(51,775)	(13,087)
Loss on disposal of fixed assets	2,817	—
Other non-cash items	900	—
Changes in operating assets and liabilities		
Income taxes	(113)	(1,046)
Accounts receivable	(18,408)	19,820
Related party receivables	(14,418)	—
Inventories	13,400	6,400
Accounts payable and accrued liabilities	12,562	(22,213)
Related party payables	24,172	—
Other assets and liabilities	(19,523)	(11,025)
Net cash provided by operating activities	<u>33,528</u>	<u>42,885</u>
Cash flows used in investing activities:		
Additions to instruments	(9,671)	(19,820)
Additions to other property, plant and equipment	(11,483)	(14,428)
Other investing activities	(1,950)	(3,677)
Net cash used in investing activities	<u>(23,104)</u>	<u>(37,925)</u>
Cash flows provided by (used in) financing activities:		
Net transactions with Zimmer Biomet Holdings, Inc.	6,920	1,304
Dividend paid to Zimmer Biomet Holdings, Inc.	(540,567)	—
Proceeds from term loans	595,000	—
Payments on term loans	(41,012)	—
Debt issuance costs	(5,170)	—
Repayments of debt due to Zimmer Biomet Holdings, Inc.	—	(8,048)
Other financing activities	37	(800)
Net cash provided by (used in) financing activities	<u>15,208</u>	<u>(7,544)</u>
Effect of exchange rates on cash and cash equivalents	(10,023)	(761)
Increase (decrease) in cash and cash equivalents	15,609	(3,345)
Cash and cash equivalents, beginning of year	100,399	27,418
Cash and cash equivalents, end of period	<u>\$ 116,008</u>	<u>\$ 24,073</u>
Supplemental schedule of noncash investing and financing activities:		
Derecognition of right-of-use assets	\$ (14,174)	\$ —
Derecognition of lease liabilities	15,303	—

SUPPLEMENTAL FINANCIAL INFORMATION AND NON-GAAP FINANCIAL MEASURES (UNAUDITED)

Total Net Sales by Segment and Region (in thousands)

	For the Three Months Ended September 30,			Foreign Exchange Impact	Constant Currency % Change
	2022	2021	Change (%)		
United States	\$ 66,699	\$ 67,433	-1.1%	-	-1.1%
International	38,422	41,950	-8.4%	-14.2%	5.8%
Total Dental Net Sales	105,121	109,383	-3.9%	-5.5%	1.6%
United States	87,146	97,496	-10.6%	-	-10.6%
International	21,007	31,802	-33.9%	-9.8%	-24.2%
Total Spine Net Sales	108,153	129,298	-16.4%	-2.4%	-13.9%
Total Third Party Net Sales	213,274	238,681	-10.6%	-3.8%	-6.8%
Related Party Net Sales	1,303	938	38.9%	-	-
Total Net Sales	\$ 214,577	\$ 239,619	-10.5%	-3.6%	-6.8%

	For the Nine Months Ended September 30,			Foreign Exchange Impact	Constant Currency % Change
	2022	2021	Change (%)		
United States	\$ 205,191	\$ 198,194	3.5%	-	3.5%
International	138,648	144,881	-4.3%	-10.3%	6.0%
Total Dental Net Sales	343,839	343,075	0.2%	-4.4%	4.6%
United States	266,515	306,683	-13.1%	-	-13.1%
International	70,969	98,476	-27.9%	-7.2%	-20.7%
Total Spine Net Sales	337,484	405,159	-16.7%	-1.8%	-14.9%
Total Third Party Net Sales	681,323	748,234	-8.9%	-3.0%	-6.0%
Related Party Net Sales	3,419	4,842	-29.4%	-	-
Total Net Sales	\$ 684,742	\$ 753,076	-9.1%	-3.1%	-6.0%

Reconciliation of Adjusted Net Income and Adjusted EPS (in thousands, except per share data)

For the Three Months Ended September 30, 2022

	Net Sales	Cost of products sold, excluding intangible asset amortization	Operating expenses, excluding cost of products sold	Operating Income (Loss)	Net Income (Loss)	Diluted EPS
Reported	\$ 214,577	\$ (59,630)	\$ (171,620)	\$ (16,673)	\$ 831	\$ 0.03
Pre vs. post-spin cost structure differences ^[1]	-	-	-	-	-	-
Restructuring ^[2]	-	-	689	689	689	\$ 0.03
Acquisition, integration, divestiture and related ^[3]	-	-	7,727	7,727	7,727	\$ 0.30
European medical device regulation ^[4]	-	-	2,279	2,279	2,279	\$ 0.09
One-time carve-out allocations and other one-time costs ^[5]	-	-	(349)	(349)	(349)	\$ (0.01)
Intangible asset amortization	-	-	19,357	19,357	19,357	\$ 0.74
Related party	(1,303)	1,319	-	16	16	\$ 0.00
One-time share-based compensation expense ^[6]	-	-	1,000	1,000	1,000	\$ 0.04
Tax effect of above adjustments	-	-	-	-	(12,929)	\$ (0.49)
Favorable Puerto Rico tax ruling ^[7]	-	-	-	-	(5,712)	\$ (0.22)
Adjusted	\$ 213,274	\$ (58,311)	\$ (140,917)	\$ 14,046	\$ 12,909	\$ 0.49

For the Three Months Ended September 30, 2021

	Net Sales	Cost of products sold, excluding intangible asset amortization	Operating expenses, excluding cost of products sold	Operating Income (Loss)	Net Income (Loss)	Diluted EPS
Reported	\$ 239,619	\$ (91,338)	\$ (178,548)	\$ (30,267)	\$ (30,249)	\$ (1.16)
Pre vs. post-spin cost structure differences ^[1]	-	-	1,249	1,249	1,249	\$ 0.05
Restructuring ^[2]	-	-	914	914	914	\$ 0.04
Acquisition, integration, divestiture and related ^[3]	-	-	5,053	5,053	5,053	\$ 0.19
European medical device regulation ^[4]	-	-	1,307	1,307	1,307	\$ 0.05
One-time carve-out allocations and other one-time costs ^[5]	-	5,562	5,280	10,842	10,842	\$ 0.42
Intangible asset amortization	-	-	21,527	21,527	21,527	\$ 0.83
Related party	(938)	789	-	(149)	(149)	\$ (0.01)
One-time share-based compensation expense ^[6]	-	-	-	-	-	\$ -
Tax effect of above adjustments	-	-	-	-	(3,305)	\$ (0.13)
Favorable Puerto Rico tax ruling ^[7]	-	-	-	-	-	\$ -
Adjusted	\$ 238,681	\$ (84,987)	\$ (143,218)	\$ 10,476	\$ 7,189	\$ 0.28

[1] Reflects certain items captured in the GAAP carve-out financial statements that have not continued post-spin, including, but not limited to, facilities that did not convey with ZimVie in the spin, redundant personnel costs incurred as a result of the spin, and the difference between the pre-spin allocations of Zimmer Biomet's corporate costs in accordance with GAAP, versus the expected post-spin corporate costs for ZimVie.

[2] Restructuring expenses in Q3 2022 are related to a restructuring plan instituted in June 2022 and were primarily related to employee termination benefits. Restructuring expenses in Q3 2021 are related to Zimmer Biomet's restructuring plans instituted in the fourth quarters of 2019 and 2021 and were primarily related to employee termination benefits, contract terminations and retention period compensation and benefits.

[3] Acquisition, integration, divestiture, and related costs are limited to a specific period of time and related to ZimVie being established as a standalone public company.

[4] Expenses incurred for initial compliance with the European Union ("EU") Medical Device Regulation ("MDR") for previously- approved products.

[5] One-time expenses captured through allocations made for purposes of the GAAP carve-out financial statement results. The adjustment to cost of products sold in Q3 2021 were one-time charges due to the spine brand rationalization project.

[6] One-time share-based compensation expense due to replacement awards provided in connection with the separation from Zimmer Biomet.

[7] Tax benefit in Q3 2022 from a favorable Puerto Rico tax ruling related to the intercompany sale of intellectual property prior to the spin.

Reconciliation of Adjusted EBITDA (in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Net Sales				
Third party, net	\$ 213,274	\$ 238,681	\$ 681,323	\$ 748,234
Related party, net	1,303	938	3,419	4,842
Total Net Sales	\$ 214,577	\$ 239,619	\$ 684,742	\$ 753,076
Net Income (Loss)	831	(30,249)	(33,537)	(34,563)
Interest expense, net	6,242	114	11,847	308
Income tax benefit	(23,131)	(251)	(48,165)	(1,301)
Depreciation and amortization	29,787	32,019	92,054	95,667
EBITDA	13,729	1,633	22,199	60,111
Share-based compensation	5,288	2,701	25,917	8,806
Restructuring ^[1]	689	914	6,486	2,291
Acquisition, integration, divestiture and related ^[2]	7,727	5,053	25,455	12,011
Related party income	16	(149)	(242)	(1,129)
European medical device regulation ^[3]	2,279	1,307	6,554	2,535
Pre vs. post-spin cost structure differences ^[4]	—	1,249	5,271	4,412
One-time carve-out allocations and other one-time costs ^[5]	(349)	10,842	2,850	12,497
Adjusted EBITDA	\$ 29,379	\$ 23,550	\$ 94,490	\$ 101,534
Net Income (Loss) Margin ^[6]	0.4%	-12.6%	-4.9%	-4.6%
Adjusted EBITDA Margin ^[7]	13.8%	9.9%	13.9%	13.6%

[1] In June 2022, we instituted a restructuring plan and the expenses incurred in the three and nine months ended September 30, 2022 under this plan were primarily related to employee termination benefits. Zimmer Biomet instituted restructuring plans in the fourth quarters of 2019 and 2021, and the restructuring costs we incurred under those plans were primarily related to employee termination benefits, contract terminations and retention period compensation and benefits.

[2] Acquisition, integration, divestiture, and related costs are limited to a specific period of time and related to ZimVie being established as a standalone public company.

[3] Expenses incurred for initial compliance with the EU MDR for previously-approved products.

[4] Reflects certain items captured in the GAAP carve-out financial statements that have not continued post-spin, including, but not limited to, facilities that did not convey with ZimVie in the spin, redundant personnel costs incurred as a result of the spin, and the difference between the pre-spin allocations of Zimmer Biomet's corporate costs in accordance with GAAP, versus the expected post-spin corporate costs for ZimVie.

[5] One-time expenses captured through allocations made for purposes of the GAAP carve-out financial statement results.

[6] Net Income (Loss) Margin is calculated as Net Income (Loss) divided by total net sales for the applicable period

[7] Adjusted EBITDA Margin is Adjusted EBITDA divided by third party net sales for the applicable period.

Reconciliation of Adjusted Effective Tax Rate

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Effective tax rate	103.7 %	0.8 %	59.0 %	3.6 %
Tax effect of adjustments made to earnings before taxes(1)	(157.1)	13.4	(71.3)	17.4
Other certain tax adjustments	-	-	(0.9)	-
Adjusted effective tax rate	(53.4) %	14.2 %	(13.2) %	21.0 %

[1] Includes intangible asset amortization; restructuring and other cost reduction initiatives; acquisition, integration, divestiture and related; litigation; EU MDR; and other charges.

