

**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): May 05, 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

(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 LLC

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 May 5, 2022, ZimVie Inc. (the “Company”) issued a press release reporting its financial results for the quarter ended March 31, 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 May 5, 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: May 5, 2022

By: /s/ Heather Kidwell
Name: Heather Kidwell
Title: Senior Vice President, Chief Legal and Compliance Officer and
Corporate Secretary

ZimVie Reports First Quarter 2022 Financial Results

- **Third party net sales of \$234.7 million, inclusive of \$120.6 million in dental net sales and \$114.1 million in spine net sales**
- **Net loss of (\$25.7) million; net loss as a percentage of net sales of (10.9%); adjusted net income^[1] of \$13.1 million**
- **Diluted EPS of (\$0.98); adjusted diluted EPS of \$0.50^[1]**
- **Adjusted EBITDA^[1] of \$33.8 million; adjusted EBITDA margin^[1] of 14.4%**
- **Cash balance of \$104.3 million at March 31, 2022**

WESTMINSTER, Colorado, May 5, 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 March 31, 2022. Management will host a corresponding conference call today, May 5, 2022 at 4:30 p.m. Eastern Time.

“We are very pleased to report our first quarterly results as a newly-spun, independent company,” said Vafa Jamali, President and Chief Executive Officer of ZimVie. “With renewed focus, we see an incredible opportunity to grow our leadership presence in the dental and spine markets, and we look forward to executing on our plan to improve the performance of our business over time.”

First Quarter 2022 Financial Results

Third party net sales for the first quarter of 2022 was \$234.7 million, a decrease of (4.6%) on a reported basis and (2.7%) on a constant currency^[1] basis, versus the first quarter of 2021. Third party dental segment net sales of \$120.6 million increased by \$7.2 million, or 6.4% on a reported basis and 9.2% on a constant currency^[1] basis, primarily driven by implant and digital dentistry net sales growth, partially offset by one less selling day in Q1 2022 versus Q1 2021. Third party spine segment net sales of \$114.1 million decreased by (\$18.5) million, or (13.9%) on a reported basis and (12.9%) on a constant currency^[1] basis, driven by the exit of a number of unprofitable markets in late 2021, the discontinuation of certain products, ongoing competition in the spine market, the impact of COVID-19, distributor bulk orders in the first quarter of 2021 that did not recur, and the impact of one less selling day.

Net loss for the first quarter of 2022 was (\$25.7) million, a decline of (\$26.1) million versus the first quarter of 2021, and as a percentage of net sales was (10.9%). Net loss for the first quarter of 2022 included \$11.6 million of incremental share-based compensation expense due to replacement awards provided in connection with the separation from Zimmer Biomet. Adjusted net income^[1] for the first quarter of 2022 was \$13.1 million, a decline of (\$7.6) million versus the same prior year period.

Diluted EPS was (\$0.98) and adjusted diluted EPS^[1] was \$0.50. Weighted average shares outstanding was 26.057 million and fully diluted weighted average shares outstanding was 26.066 million.

Adjusted EBITDA^[1] for the first quarter of 2022 was \$33.8 million, or 14.4% of third party sales, a decrease of (\$6.0) million compared to the first quarter of 2021. The decrease was primarily due to lower sales and higher excess and obsolete inventory expenses in the spine segment, partially offset by higher dental segment sales and timing delays of costs to continue to stand-up ZimVie as an independent public company.

ZimVie is reaffirming full-year 2022 financial guidance:

Projected Year Ending December 31, 2022	
Net sales	\$1.0 billion (Flat to 2021 third party net sales)
Adjusted EBITDA margin ^[2]	13.1% to 13.6% (Flat to 50 bps improvement)
Adjusted EPS ^[2]	\$2.10 to \$2.30

[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.

Continued uncertainty due to the ongoing COVID-19 pandemic could materially impact the company's projections.

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 Holdings, Inc. ("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 at 2:30 p.m. MT / 4:30 p.m. ET on May 5 to discuss its first quarter 2022 financial results. The call may be accessed through an operator by calling 1-877-883-0383 for domestic callers and 1-412-902-6506 for international callers using conference ID: 3977855. A live and archived webcast of the event will be available at <https://investor.zimvie.com/>.

Further, an investor presentation containing additional business and financial information of the company is available at <https://investor.zimvie.com/>.

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 loss on a GAAP basis, as detailed in the reconciliations presented later in this press release. Adjusted EBITDA margin is Adjusted EBITDA divided by Adjusted Net Sales for the applicable period. Adjusted Net Sales is calculated by excluding certain items from net sales on a GAAP basis, as detailed in the reconciliations presented later in this press release.

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 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,” “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 (“FDA”) 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 businesses will not be separated successfully or such separation 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 (“EU”) 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 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 March 31,	
	2022	2021
Net Sales		
Third party, net	\$ 234,682	\$ 245,940
Related party, net	919	1,791
Total Net Sales	235,601	247,731
Cost of products sold, excluding intangible asset amortization	(85,010)	(80,091)
Related party cost of products sold, excluding intangible asset amortization	(797)	(1,211)
Intangible asset amortization	(20,905)	(21,883)
Research and development	(17,653)	(13,429)
Selling, general and administrative	(134,112)	(129,085)
Restructuring	(742)	(482)
Acquisition, integration, divestiture and related	(9,005)	(1,225)
Operating Expenses	(268,224)	(247,406)
Operating (Loss) Income	(32,623)	325
Other income (expense), net	255	(362)
Interest expense, net	(711)	(153)
Loss Before Income Taxes	(33,079)	(190)
Income tax benefit	7,423	617
Net (Loss) Income	\$ (25,656)	\$ 427
(Loss) Income Per Common Share - Basic	\$ (0.98)	\$ 0.02
(Loss) Income Per Common Share - Diluted	(0.98)	0.02

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

	March 31, 2022	December 31, 2021
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 104,259	\$ 100,399
Accounts receivable, net of allowance for credit losses of \$14,001 and \$16,545, respectively	156,151	164,241
Related party receivable	23,974	—
Inventories	239,281	246,832
Prepaid expenses and other current assets	25,446	25,380
Total Current Assets	549,111	536,852
Property, plant and equipment, net of accumulated depreciation of \$394,986 and \$418,191, respectively	170,537	180,243
Goodwill	263,015	267,810
Intangible assets, net	735,999	766,175
Other assets	55,603	75,656
Total Assets	\$ 1,774,265	\$ 1,826,736
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable	\$ 39,108	\$ 45,026
Related party payable	26,261	—
Income taxes payable	17,067	6,278
Other current liabilities	123,088	133,280
Current portion of long-term debt	14,025	—
Total Current Liabilities	219,549	184,584
Deferred income taxes, net	147,030	129,475
Lease liability	41,589	45,317
Other long-term liabilities	11,743	15,983
Non-current portion of debt	541,898	—
Total Liabilities	961,809	375,359
Stockholders' Equity:		
Common stock, \$0.01 par value, 150,000 shares authorized Shares, issued and outstanding, of 26,077 and 0, respectively	261	—
Preferred stock, \$0.01 par value, 15,000 shares authorized, 0 shares issued and outstanding	—	—
Additional paid in capital	878,948	—
Accumulated deficit	(9,307)	—
Net parent company investment	—	1,494,157
Accumulated other comprehensive loss	(57,446)	(42,780)
Total Stockholders' Equity	812,456	1,451,377
Total Stockholders' Equity	812,456	1,451,377
Total Liabilities and Stockholders' Equity	\$ 1,774,265	\$ 1,826,736

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

	For the Three Months Ended March	
	31,	
	2022	2021
Cash flows (used in) provided by operating activities:		
Net (loss) income	\$ (25,656)	\$ 427
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	32,554	32,972
Share-based compensation	13,472	1,425
Deferred income tax provision	(17,901)	(5,616)
Other non-cash items	122	(274)
Changes in operating assets and liabilities		
Income taxes	11,258	256
Accounts receivable	(10,117)	7,497
Related party receivables	(24,214)	—
Inventories	8,726	4,965
Accounts payable and accrued liabilities	(8,639)	(25,136)
Related party payables	26,368	—
Other assets and liabilities	(15,872)	3,519
Net cash (used in) provided by operating activities	(9,899)	20,035
Cash flows used in investing activities:		
Additions to instruments	(4,040)	(10,422)
Additions to other property, plant and equipment	(2,047)	(1,550)
Other investing activities	(2,000)	(2,200)
Net cash used in investing activities	(8,087)	(14,172)
Cash flows provided by (used in) financing activities:		
Net transactions with Zimmer Biomet	6,920	(70)
Dividend paid to Zimmer Biomet	(540,567)	—
Proceeds from term loans	595,000	—
Payments on term loans	(34,000)	—
Debt issuance costs	(5,170)	—
Payments related to tax withholding for share-based compensation	(157)	—
Proceeds from stock option activity	125	—
Repayments of debt due to Zimmer Biomet	—	(7,274)
Net cash provided by (used in) financing activities	22,151	(7,344)
Effect of exchange rates on cash and cash equivalents	(305)	(778)
Increase (decrease) in cash and cash equivalents	3,860	(2,259)
Cash and cash equivalents, beginning of year	100,399	27,418
Cash and cash equivalents, end of period	\$ 104,259	\$ 25,159

Net Sales by Segment and Region (in thousands)

	For the Three Months Ended March 31,			Foreign Exchange Impact	Constant Currency % Change
	2022	2021	Change (%)		
United States	\$ 68,329	\$ 63,123	8.2%	-	8.2%
International	52,240	50,229	4.0%	-6.5%	10.5%
Total Dental Net Sales	120,569	113,352	6.4%	-2.8%	9.2%
United States	86,591	100,067	-13.5%	-	-13.5%
International	27,522	32,521	-15.4%	-4.1%	-11.3%
Total Spine Net Sales	114,113	132,588	-13.0%	-1.0%	-12.0%
Total Third Party Net Sales	234,682	245,940	-4.6%	-1.0%	-2.7%
Related Party Net Sales	919	1,791	-48.7%	-	-
Total Net Sales	\$ 235,601	\$ 247,731	-4.9%	-2.2%	-2.7%

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

	For the Three Months Ended March 31, 2022						
	Net Sales	Cost of products sold, excluding intangible asset amortization	Operating expenses, excluding cost of products sold	Operating (loss) income	Net (loss) income	Diluted EPS	
Reported	\$ 235,601	\$ (85,807)	\$ (182,417)	\$ (32,623)	\$ (25,656)	\$ (0.98)	
Pre vs. post-spin cost structure differences ^[1]	—	—	5,271	5,271	5,271	0.20	
Restructuring ^[2]	—	—	742	742	742	0.03	
Acquisition, integration, divestiture and related ^[3]	—	—	9,005	9,005	9,005	0.34	
European medical device regulation ^[4]	—	—	1,857	1,857	1,857	0.07	
One-time carve-out allocations and other one-time costs ^[5]	—	(2,039)	4,540	2,501	2,501	0.10	
Intangible asset amortization	—	—	20,905	20,905	20,905	0.80	
Related party	(919)	797	—	(122)	(122)	(0.00)	
One-time share-based compensation expense ^[6]	—	1,664	9,981	11,646	11,646	0.45	
Tax effect of above adjustments	—	—	—	—	(13,087)	(0.50)	
Adjusted	\$ 234,682	\$ (85,385)	\$ (130,116)	\$ 19,182	\$ 13,062	\$ 0.50	

	For the Three Months Ended March 31, 2021						
	Net Sales	Cost of products sold, excluding intangible asset amortization	Operating expenses, excluding cost of products sold	Operating (loss) income	Net (loss) income	Diluted EPS	
Reported	\$ 247,731	\$ (81,302)	\$ (166,104)	\$ 325	\$ 427	\$ 0.02	
Pre vs. post-spin cost structure differences ^[1]	—	—	951	951	951	0.04	
Restructuring ^[2]	—	—	482	482	482	0.02	
Acquisition, integration, divestiture and related ^[3]	—	—	1,225	1,225	1,225	0.05	
European medical device regulation ^[4]	—	—	379	379	379	0.01	
One-time carve-out allocations and other one-time costs ^[5]	—	—	1,572	1,572	1,572	0.06	
Intangible asset amortization	—	—	21,883	21,883	21,883	0.84	
Related party	(1,791)	1,211	—	(580)	(580)	(0.02)	
One-time share-based compensation expense ^[6]	—	—	—	—	—	—	
Tax effect of above adjustments	—	—	—	—	(5,722)	(0.22)	
Adjusted	\$ 245,940	\$ (80,091)	\$ (139,612)	\$ 26,237	\$ 20,617	\$ 0.79	

[1] Reflects certain items captured in the GAAP carve-out financial statements that will not continue 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 expense is related to Zimmer Biomet's restructuring plans instituted in the fourth quarters of 2019 and 2021 with an overall objective of reducing costs to allow investment in higher priority growth opportunities. These costs 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. Allocations totaled \$2.5 million and \$1.6 million for the first quarter of 2022 and 2021, respectively. Remaining amounts represent income or (expense) amounts related to various other transformational initiatives.

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

Reconciliation of Adjusted Net Sales and Adjusted EBITDA (in thousands)

	<u>For the Three Months Ended March 31,</u>	
	2022	2021
Net Sales	\$ 235,601	\$ 247,731
Related party, net	(919)	(1,791)
Products conveyed at spin ^[1]	—	152
Adjusted Net Sales	<u>\$ 234,682</u>	<u>\$ 246,092</u>
Net (Loss) Income	(25,656)	427
Interest expense, net	711	153
Income tax benefit	(7,423)	(617)
Depreciation and amortization	32,554	32,972
EBITDA	186	32,935
Share-based compensation	14,407	2,879
Goodwill impairment	—	—
Restructuring ^[2]	742	482
Acquisition, integration, divestiture and related ^[3]	9,005	1,225
Related party income	(122)	(580)
European medical device regulation ^[4]	1,857	379
Pre vs. post-spin cost structure differences ^[5]	5,271	951
One-time carve-out allocations and other one-time costs ^[6]	2,501	1,572
Adjusted EBITDA	<u>\$ 33,847</u>	<u>\$ 39,843</u>
<i>Net Income (Loss) Margin ^[7]</i>	<i>-10.9%</i>	<i>0.2%</i>
<i>Adjusted EBITDA Margin ^[8]</i>	<i>14.4%</i>	<i>16.2%</i>

[1] Reflects net sales related to products that were not part of the ZimVie business for the periods presented, but were conveyed to ZimVie in the spin.

[2] Restructuring expense is related to Zimmer Biomet's restructuring plans instituted in the fourth quarters of 2019 and 2021 with an overall objective of reducing costs to allow investment in higher priority growth opportunities. These costs 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 EU MDR for previously-approved products.

[5] Reflects certain items captured in the GAAP carve-out financial statements that will not continue 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.

[6] One-time expenses captured through allocations made for purposes of the GAAP carve-out financial statement results. Allocations totaled \$2.5 million and \$1.6 million for the first quarter of 2022 and 2021, respectively. Remaining amounts represent income or (expense) amounts related to various other transformational initiatives.

[7] Net Income (Loss) Margin is calculated as Net Income (Loss) divided by Net Sales for the applicable period, each on a GAAP basis.

[8] Adjusted EBITDA Margin is Adjusted EBITDA divided by Adjusted Net Sales for the applicable period, which is calculated by adjusting Net Sales on a GAAP basis for the above items.

